

Board's Report to the Shareholders of Mahindra First Choice Wheels Limited

Your Directors present their Thirty First Report together with the audited financial statements of your Company for the year ended 31st March,2025.

FINANCIAL HIGHLIGHTS AND STATE OF COMPANY'S AFFAIRS

(Rs.in Lakhs)

Particulars	For the year ended 31 st March,2025	For the year ended 31 st March,2024
Total Income	31,318.99	76,743.43
Profit/(Loss) before Depreciation, Finance Costs and Taxation	(578.07)	(9,335.57)
Less: Depreciation and Amortization	1,198.64	1,461.31
Profit/(Loss) before Finance costs and Tax	(1,776.71)	(10,796.88)
Less: Finance Costs	103.10	97.28
Profit/(Loss) before Exceptional Item	(1,879.81)	(10,894.16)
(Loss) /Profit before Tax	(1,879.81)	(10,894.16)
Provision for Tax/tax of earlier years	0.00	(13.60)
Profit /(Loss) for the year	(1,879.81)	(10,880.57)
Other Comprehensive Income, net of tax	(54.66)	43.20
Total Comprehensive income / (loss) for the period	(54.66)	43.20
Balance of Profit/(Loss) for earlier years	(49,369.67)	(38,489.10)
Adjusted against share premium account	42,820.63	0.00
Profit or (Loss) for the year	(1,879.81)	(10,880.57)
Balance of Profit/ (Loss) carried forward	(8,428.85)	-49,369.67
Net Worth	9,335.74	11,296.35

There are no material changes and commitments affecting the financial position of the Company after the end of financial year till the date of this report.

DIVIDEND

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

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

AMOUNTS TRANSFERRED TO RESERVES

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

OPERATIONS

In the previous year, MFCWL implemented significant strategic changes, including discontinuing its inventory-heavy business and focusing on its services business to maintain its leadership position. These changes led to a reduction in gross revenue but achieved the objective of moving toward profitability.

At the industry level, new car retail saw approximately 4% year-on-year (YoY) growth in FY'25. The used car industry also experienced moderate 3% growth, with organized players focusing on improving margins.

MFCWL's services businesses, including Yard Management Services, Vehicle Inspections, and Auctions, remained profitable, driven by a robust vehicle supply and achieving a revenue growth of 15% YoY. New initiatives in FY'25 included expanding offline auctions and claims inspections.

The Company expanded its revised retail model, "Select," which is designed to be scalable. By the end of March 2025, MFCWL had grown this network to 31 stores. Additionally, the Company continued to develop its Car & Bike (C&B) platform to enhance customer experience and streamline the used car buying process.

Improved profitability was driven by increased volume, enhanced value offerings, and growing market share, particularly in the services business lines. In FY'25, MFCWL's focus on scaling existing businesses, prioritizing growth drivers, and developing new services strengthened its value proposition for enterprise clients, enabling the company to achieve profitability at the EBITDA level.

MFCWL's strategic pivots and focused approach have positioned it well for future success. By concentrating on core businesses, optimizing retail operations, and expanding the profitable "Select" retail model, the Company is poised for accelerated growth in FY'26. The ongoing development of the Car & Bike platform and the resilience of the services businesses demonstrate MFCWL's commitment to delivering exceptional experiences for customers and clients.

In FY'26, the company plans to test new initiatives within the current ecosystem of Services business and Value-Added Services (VAS) to drive future growth and scale.

SHARE CAPITAL

During the year under review Company had allotted 5,65,022 Equity Shares upon Compulsory Conversion of last tranche of 1,26,00,000 Non-Cumulative Compulsorily Convertible Preference Shares (NCCCPS).

The Order of the National Company Law Tribunal, Mumbai Bench sanctioning Composite Scheme of Amalgamation between Fifth Gear Ventures Private Limited (FGVL/Transferor Company) and Mahindra First Choice Wheels Limited (Company/Transferee Company) and their respective Shareholders passed on 11th February,2025, provides for combination of Authorised Share Capital of the Transferor Company with the Transferee Company as an integral part of the Scheme.

With the merger of FGVL with the Company becoming effective from 15th March,2025, the Authorised Share Capital of your Company, as at the end of the year under review, was Rs. 170,50,00,000 consisting of 9,55,00,000 Equity Shares of Rs. 10/- each and 7,50,00,000 0.001% Non-Cumulative Compulsorily Convertible Preference Shares (NCCCPS) of Rs. 10/- each, while the issued and paid-up Equity Share Capital stood at Rs. 94,04,15,530.

HOLDING COMPANY

Mahindra Holdings Limited is the Holding Company of your Company and Mahindra and Mahindra Limited is your ultimate Holding Company.

SUBSIDIARIES, JOINT VENTURE AND ASSOCIATE COMPANIES

During the year under review, Fifth Gear Ventures Limited, Company's Wholly Owned Subsidiary was merged with the Company with effect from 15th March,2025 pursuant to the Order of The National Company Law Tribunal, Mumbai Bench.

Your Company does not have any subsidiary as at the end of the financial year under review i.e., 31st March,2025.

However prescribed Form AOC 1, containing suitable disclosures in this connection, is attached to the Financial Statement and forms part of the Annual Report of the year under review.

MERGER OF FIFTH GEAR VENTURES LIMITED WITH THE COMPANY

The National Company Law Tribunal, Mumbai Bench, has approved the Composite Scheme of Amalgamation and Arrangement amongst Mahindra First Choice Wheels Ltd Limited (MFCWL) with First Gear Ventures Limited (FGVL) and their respective Shareholder ("Scheme") vide its order dated 11 February,2025. The Appointed Date of the Scheme is 1st April,2024 and the Scheme is effective from 15th March 2025. Pursuant to the Scheme becoming effective, FGVL ceased to be the subsidiary of MFCWL with effect from 15th March,2025.

CONSOLIDATED FINANCIAL STATEMENTS

Your Company was availing exemption from preparation and presentation of Consolidated Financial Statements, vide Notification G.S.R 742(E) dated 27th July, 2016 of The Ministry of Corporate Affairs, provided the Company meets the conditions as mentioned in the said Notification. Accordingly, the Company had not been preparing Consolidated Financial Statements since it had met all requirements mentioned in the aforesaid notification.

With the merger of Fifth Gear Ventures Limited, Company's Wholly Owned Subsidiary, with the Company becoming effective from 15th March, 2025, pursuant to the Order of The National Company Law Tribunal, Mumbai Bench, there is no requirement to avail the exemption. The Company does not have any subsidiary, joint venture or associate company as at the end of the financial year under review.

BOARD OF DIRECTORS

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

Sr. No.	Name of Director & DIN	Designation	Executive / Non - Executive	Independent/Non-Independent
1.	Mr. Ramesh Iyer (DIN: 00220759)	Director & Chairman of the Board	Non-Executive	Non-Independent
2.	Dr. Narendra Mairpady (DIN: 00536905)	Director	Non-Executive	Independent
3.	Mrs. Sonu Bhasin (DIN: 02872234)	Director	Non-Executive	Independent
4.	Mr. Amit Kumar Sinha (DIN: 09127387)	Director	Non-Executive	Non-Independent
5.	Mr. Sanjay Labroo (DIN: 00009629)	Director	Non-Executive	Non-Independent
6.	Mr. Anupam Thareja (DIN: 01091533)	Director	Non-Executive	Non-Independent

Mahindra First Choice Wheels Limited

7.	Mr. Vijesh Thota (DIN: 09128139)	Director	Non-Executive	Non-Independent
8.	Mr. Rob Huting (DIN: 07976619)	Director	Non-Executive	Non-Independent
9.	Mr. Christopher Hansen (DIN:07189662)	Director	Non-Executive	Non-Independent
10.	Mr. Mohammed Turra (DIN: 08736844)	Managing Director & CEO	Executive	Non-Independent

Mr. Mohammed Turra was appointed as an Additional Director w.e.f. 1st April,2024 and his appointment as Director was approved by the Members of the Company at their Annual General Meeting held on 26th July,2024.

Mr. Rajeev Dubey Stepped down as Chairman of the Board and as a Director of the Company with effect from 27th July,2024. Mr. Ramesh Iyer, Director, was appointed as Chairman of the Board with effect from 27th July,2024.

Mr. Ashutosh Pandey (DIN: 08166731) resigned as Managing Director & Chief Executive Officer of the Company with effect from 1st October,2024.

Mr. Ramesh Iyer (DIN: 00220759), Mr. Vijesh Thota (DIN: 09128139) and Mr. Amit Kumar Sinha (DIN: 09127387) retire by rotation and being eligible, have offered themselves for reappointment and your Board recommends to the Shareholders for approval at their forthcoming Annual General Meeting.

Suitable resolutions seeking the approval of the Members of the Company for the appointment of Mr. Jyotin Kantilal Mehta (DIN: 00033518) as a Director, not liable to retire by rotation, as well as Independent Director of the Company under Section 149, 152 and other applicable provisions of the Companies Act,2013, for a period of 5 years with effect from 18th September, 2025, are included in the notice convening forthcoming Annual General Meeting of the Members of the Company to be held later this year.

The Board had, at its Meeting held on 15th April,2025, considered the recommendation of the Nomination and Remuneration Committee and the matter of appointment collectively and formed an opinion that Mr. Jyotin Kantilal Mehta is a person of integrity and possesses relevant expertise and experience which would be beneficial for the Management of the Company.

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

Your Company has further received declarations from Mrs. Sonu Bhasin (DIN: 02872234) and Dr. Narendra Mairpady (DIN: 00536905), Independent Directors, to the effect that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013.

The Independent Directors of your Company have confirmed compliance pursuant to the Section 150 of the Companies Act, 2013 read with Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014, as amended, with respect to the inclusion of their names in the data bank of Independent Directors maintained by the Indian Institute of Corporate Affairs (IICA), Manesar and its subsequent renewal.

ANNUAL EVALUATION OF PERFORMANCE OF DIRECTORS

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

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

CODES OF CONDUCT

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

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

BOARD MEETINGS

The Board of Directors met 6 (Six) times during the year under review viz., on 1st May, 2024, 26th July, 2024, 24th October, 2024, 27th January, 2025, 27th February, 2025 and 20th March, 2025.

The maximum interval between any two meetings did not exceed 120 days.

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

Name of Director	Number of Board Meetings Attended during the year.
Dr. Narendra Mairpady	6
Mrs. Sonu Bhasin	4
Mr. Amit Kumar Sinha	5
Mr. Ramesh Iyer	6
Mr. Sanjay Labroo	3
Mr. Anupam Thareja	3
Mr. Vijesh Thota	4
Mr. Rob Huting	6
Mr. Christopher Hansen	2
Mr. Mohammed Turra	6

GENERAL MEETINGS

The 30th Annual General Meeting of the Members of the Company was held on 26th July,2024.

An Extra Ordinary General Meeting of the Members of the Company was held on 27th September,2024.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- (i) in the preparation of the annual accounts, applicable accounting standards had been followed;
- (ii) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year viz., 31st March,2025 and of the profit and loss of the Company for the year ended on that date;
- (iii) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) the Directors had prepared the annual accounts on a going concern basis;

(v) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

APPOINTMENTS OF/CHANGES IN KEY MANAGERIAL PERSONNEL

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

1. Mr. Mohammed Turra was Whole-time Director designated as Managing Director & Chief Executive Officer Designate for the period from 1st April,2024 to 30th September,2024.
2. Mr. Mohammed Turra is Managing Director & Chief Executive Officer from 1st October,2024 to 31st March,2029.
3. Mr. Ashutosh Pandey resigned as Managing Director & Chief Executive Officer of the Company with effect from 1st October,2024;

Subsequent to the closure of the financial year ended 31st March,2025, Mrs. Anita Halbe resigned as Company Secretary with effect from the close of the business hours of 1st April,2025 and Mr. Shreekrushna Joshi was appointed as Company Secretary with effect from 15th April,2025.

COMMITTEES OF THE BOARD

The following are the details of Committees of the Board:

AUDIT COMMITTEE

As at the end of the financial year under review, the Audit Committee comprised of Dr. Narendra Mairpady (Chairman), Mrs. Sonu Bhasin and Mr. Ramesh Iyer as its Members.

The Audit Committee met 5 (Five) times during the financial year under review viz.; on 1st May,2024, 26th July,2024, 24th October,2024, 27th January,2025 and 27th February,2025.

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

Director	Designation	No. of meetings attended
Dr. Narendra Mairpady	Chairman	5
Mrs. Sonu Bhasin	Member	3
Mr. Ramesh Iyer	Member	5

NOMINATION AND REMUNERATION COMMITTEE

As at the end of the financial year under review, the Nomination and Remuneration Committee comprised of Mr. Amit Kumar Sinha (Chairman), Dr. Narendra Mairpady and Mrs. Sonu Bhasin as its Members.

The Nomination and Remuneration Committee met 3 (Three) times during the year under review viz., on 1st May,2024, 26th July,2024 and 24th October,2024.

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

Director	Designation	No. of Meetings attended
Mr. Amit Kumar Sinha	Chairman	3
Dr. Narendra Mairpady	Member	3
Mrs. Sonu Bhasin	Member	2

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

MEETING OF INDEPENDENT DIRECTORS

The Independent Directors of the Company met on 6th January,2025 during the year, without the presence of the Chairman or Managing Director or other Non-Independent Directors or Chief Financial Officer or any other Management Personnel. The Meeting was conducted in an informal and flexible manner to enable the Independent Directors to discuss matters pertaining to, inter alia, review of performance of Non-Independent Directors and the Board as a whole, assess the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

VIGIL MECHANISM

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

AUDITORS

STATUTORY AUDITOR

At the 28th Annual General Meeting held on 26th July,2022, M/s. B S R & Co. LLP, Chartered Accountants, (ICAI Registration No. 101248W/W-100022) were appointed as Statutory Auditor of the Company for a second term of 5 consecutive years to hold office until the conclusion of the 33rd Annual General Meeting to be held in the year 2027.

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

SECRETARIAL AUDITOR

Your Company had appointed M/s. MMJB & Associates LLP, Practicing Company Secretary (Certificate of Practice Number: 9346), to conduct the Secretarial Audit of the Company for the financial year 2024-2025.

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

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

MAINTENANCE OF COST ACCOUNTS AND RECORDS

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

INTERNAL AUDITOR

Your Board had appointed Mr. K N Vaidyanathan, a professional having qualification and rich experience, as Internal Auditor of the Company for the year ended 31st March, 2025.

COST AUDITOR

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

REPORTING OF FRAUDS BY AUDITORS

During the year under review, the Statutory Auditor and Secretarial Auditor had not reported any instances of frauds committed in the Company by its officers or employees to the Board pursuant to Section 143 (12) of the Companies Act 2013.

POLICY ON CRITERIA FOR APPOINTMENT/REMOVAL OF DIRECTORS AND SENIOR MANAGEMENT PERSONNEL AND SUCCESSION PLANNING FOR ORDERLY SUCCESSION TO THE BOARD AND THE SENIOR MANAGEMENT AND POLICY FOR REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES

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

- (a) Policy on Criteria for Appointment/Removal of Directors and Senior Management Personnel and succession planning for orderly succession to the board and the senior management.

- (b) Policy for remuneration of the Directors, Key Managerial Personnel and other employees.

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

Policy (b) mentioned above sets out the approach to Compensation of Directors, Key Managerial Personnel and other employees in Mahindra First Choice Wheels Limited. Both these Policies, as amended, are provided as **Annexures II A and II B** and the same form part of this Report.

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

RISK MANAGEMENT POLICY

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

CORPORATE SOCIAL RESPONSIBILITY POLICY

During the year under review, the provisions of Section 135 of the Companies Act, 2013, were not applicable to your Company.

INTERNAL FINANCIAL CONTROLS

Your Company has in place adequate internal financial controls with reference to the Financial Statements commensurate with the size, scale and complexity of its operations. Your Company conducts reviews, at regular intervals, to assess the adequacy of financial and operating controls for the business of the Company. Statutory Auditors have audited the Internal Financial Controls over Financial Reporting of the Company as of 31st March, 2025. Significant issues, if any, are brought to the attention of the Audit Committee. Statutory Auditors and internal auditors are invited to attend Audit Committee meetings. Corrective actions, if required, are being taken up immediately to ensure that the internal financial control system remains robust and as an effective tool.

PEOPLE

Your Company has over 657 people on its rolls as at 31st March, 2025. Your Company acknowledges its commitment to regional development and improving the standard of living of the people in the region.

SAFETY, HEALTH AND ENVIRONMENT

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

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

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

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

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

EMPLOYEE STOCK OPTION PLAN

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

PUBLIC DEPOSITS

Your Company had not accepted any deposits from the public, or its employees, within the meaning of Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014 during the year under review and there is no amount which qualifies as deposit outstanding as on the date of balance sheet and not in compliance with the requirement of chapter V of the Companies Act, 2013.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

During the year under review, your Company had not made any investment or given loans/ guarantees or provided any security in connection with a loan, particulars in respect of which are required to be given under section 186 of the Companies Act, 2013.

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

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

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

There were no material contacts or arrangements or transactions with related parties, particulars of which are required to be reported in terms of Section 134 of the Companies Act 2013.

ANNUAL RETURN

Pursuant to Section 92(3) and Section 134(3)(a) of the Companies Act, 2013, as amended, a copy of the Annual Return of the Company, prepared in prescribed Form MGT-7, for the year ended 31st March, 2025, has been placed on the website of the Company, which can be accessed at the web-address: <https://www.mahindrafirstchoice.com>. The Company is no longer required to attach to its Board's Report the extract of the Annual Return under Form MGT-9.

As per the Rule 12 of Companies (Management and Administration) Rules, 2014 as amended, a copy of the annual return shall also be filed with the Registrar with prescribed fees.

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

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

The Company has Zero Tolerance towards sexual harassment at the workplace. A detailed POSH Policy is in place as per the requirements of The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 ("Act").

Internal Committee ("IC") have been constituted to redress complaints of sexual harassment and the Company has complied with the provisions relating to the constitution of IC under the Act. Half of the total members of the IC are women.

During the fiscal year, the Company received one complaint under the aforesaid Act and the same was resolved.

Continuous awareness in this area has been created through the POSH campaign and e-learning module reiterating the commitment of the Company in providing a safe workplace to all its employees.

GENERAL

The Managing Director of the Company did not receive any remuneration or commission from the subsidiary of your Company.

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

1. Issue of Equity Shares with differential rights as to dividend, voting or otherwise.
2. Issue of Shares (Including Sweat Equity Shares) to employees of the Company under any Scheme.
3. Significant or material orders by Regulators or Courts or Tribunals which impact the going concern status and the Company's operations in future.
4. Shares having voting rights not exercised directly by the employees and for the purchase of which or subscription to which loan was given by the Company. (as there is no scheme pursuant to which such persons can beneficially hold shares as envisaged under section 67(3) (c) of the Companies Act, 2013).
5. Change in the nature of business of your Company.
6. During the year, the Company has not made any application and there is no proceeding pending under the Insolvency and Bankruptcy Code, 2016 (31 of 2016).
7. During the year, the Company has not made any one-time settlement for loans taken from the Banks or Financial Institutions, and hence the details of difference between amount of the valuation done at the time of one-time settlement and the valuation done while taking loan from the Banks or Financial Institutions along with the reasons thereof is not applicable.
8. There was no revision of financial statements and Board's Report of the Company during the year under review.

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

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

SUSTAINABILITY

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

ACKNOWLEDGEMENTS

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

For and on behalf of the Board

Mohammed Turra
Managing Director & CEO
DIN: 08736844
Place: Mumbai,
Date: 15th April, 2025

Amit Kumar Sinha
Director
DIN: 09127387

**ANNEXURE I TO THE BOARD'S REPORT
FOR THE YEAR ENDED 31ST MARCH, 2025**

**MMJB & Associates LLP
Company Secretaries
Ecstasy, 803/804, 8th Floor,
City of Joy, J.S.D Road,
Mulund (West), Mumbai- 400080, (T) 022- 31008600**

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

for the Financial Year Ended March 31, 2025

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

To,
The Members,
Mahindra First Choice Wheels Limited
Gateway Bldg., Apollo Bunder,
Mumbai – 400001

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

Auditor's Responsibility:

Our responsibility is to express an opinion on the compliance of the applicable laws and maintenance of records based on audit. We have conducted the audit in accordance with the applicable Auditing Standards issued by The Institute of Company Secretaries of India. The Auditing Standards requires that the Auditor shall comply with statutory and regulatory requirements and plan and perform the audit to obtain reasonable assurance about compliance with applicable laws and maintenance of records.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the financial year ended on March 31, 2025 (hereinafter called the 'Audit Period') complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2025 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment; **(Overseas Direct Investment and External Commercial Borrowings are not applicable to the Company during the Audit Period)**
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'): -
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; **(Not Applicable to the Company during the Audit Period)**
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; **(Not Applicable to the Company during the Audit Period)**
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; **(Not Applicable to the Company during the Audit Period)**
 - (d) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021; **(Not Applicable to the Company during the Audit Period)**
 - (e) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021; **(Not Applicable to the Company during the Audit Period)**
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021 **(Not Applicable to the Company during the Audit Period);**
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; **(Not Applicable to the Company during the Audit Period)** and
- (vi) As identified, no law is specifically applicable to the company.

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

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

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards etc. as mentioned above.

We further report that

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

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

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

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

We further report that during the audit period:-

1. The Company has converted 1,26,00,000 0.001% Non-Cumulative Compulsorily Convertible Preference Shares of face value of ₹ 10 each into 5,65,022 equity shares of face value of ₹ 10 each at premium of ₹ 213/-.
2. The National Company Law Tribunal has passed order dated March 15, 2025 for approval of Merger of Fifth Gear Ventures Limited ("wholly owned subsidiary") with the Company w.e.f. March 11, 2025.

**For MMJB & Associates LLP
Company Secretaries**

**Bhavisha Jewani
Designated Partner**

FCS: 8503

CP: 9346

PR: 2826/2022

Date: April 15, 2025

Place: Mumbai

UDIN: F008503G000112761

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

To
The Members,
Mahindra First Choice Wheels Limited
Gateway Bldg., Apollo Bunder,
Mumbai – 400001

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

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

For MMJB & Associates LLP
Company Secretaries

Bhavisha Jewani
Designated Partner

FCS: 8503

CP: 9346

PR: 2826/2022

UDIN: F008503G000112761

Date: April 15, 2025

Place: Mumbai

**ANNEXURE II A TO THE BOARD'S REPORT
FOR THE YEAR ENDED 31ST MARCH, 2025**

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

DEFINITIONS

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

"Board" means Board of Directors of the Company.

"Company" means Mahindra First Choice Wheels Ltd.

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

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

"HR" means the Human Resource department of the Company.

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

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

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

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

I. APPOINTMENT OF DIRECTORS

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

REMOVAL OF DIRECTORS

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

SENIOR MANAGEMENT PERSONNEL

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

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

II. SUCCESSION PLANNING:

Purpose

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

Board:

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

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

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

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

Senior Management Personnel:

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

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

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

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

Policy Statement

The Talent Management framework of the Mahindra Group has been created to address three basic issues:

- 1) Given the strategic business plans, do we have the skills and competencies required to implement them? If not, how do we create them – by developing them internally or through lateral induction from outside?
- 2) For critical positions, what is the succession pipeline?
- 3) What are the individual development plans for individuals both in the succession pipeline as well as others?

The framework lays down an architecture and processes to address these questions using the **3E** approach:

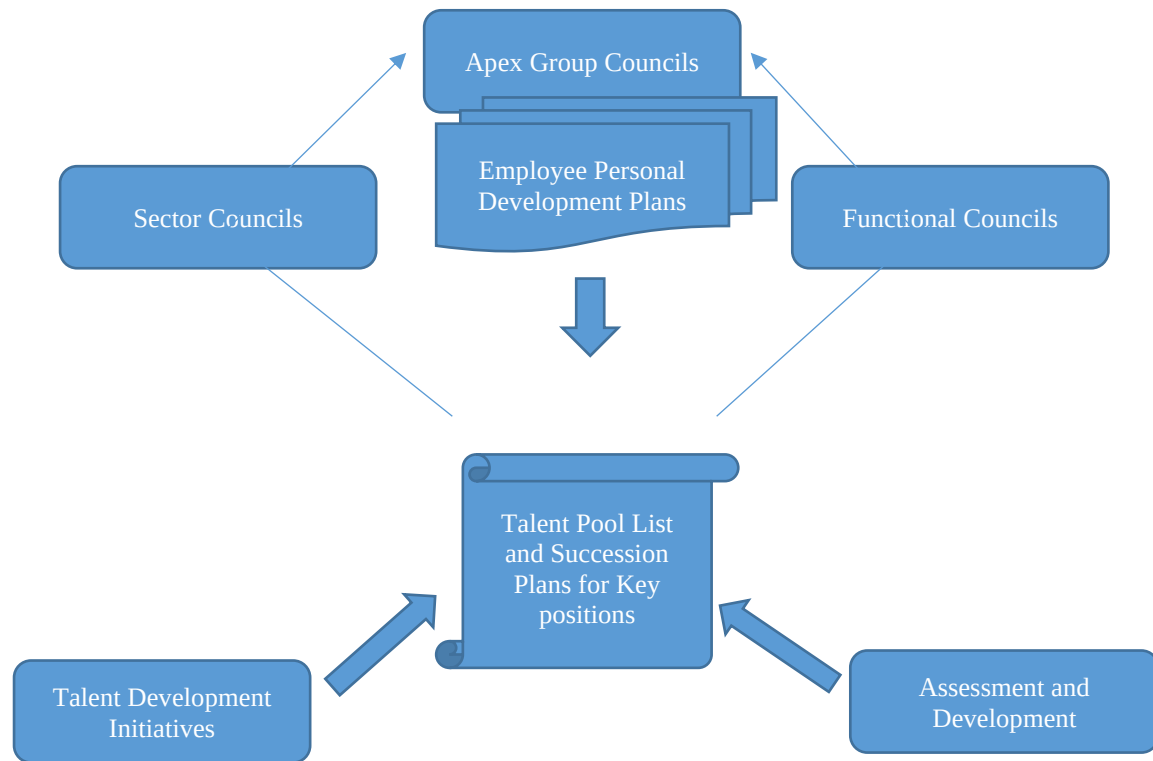
- a) **Experience** i.e. both long and short-term assignments. This has 70% weightage
- b) **Exposure** i.e. coaching and mentoring – 20% weightage
- c) **Education** i.e. learning and development initiatives – 10% weightage

The Talent Management process is applicable to all employees. Over the years, the Talent Management framework has become a well-structured and process-oriented system which is driven by an interactive and collaborative network of Talent Councils at the Group and Sector Levels.

These Talent Councils, which consist mainly of senior business leaders supported by HR, are a mix of Sector (Business) and Functional Councils coordinated by an Apex Talent Council, headed by the Group Chairman.

The Apex Council reviews the work done by the Talent Councils and facilitates movement of talent across Sectors. The Sector/Functional Councils meet regularly throughout the year and the Apex Council interacts with each one of them separately once a year, and in addition conducts an integrated meeting where the Chairpersons of all the Councils are present.

The Talent Management process can be represented pictorially as under:



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

For and on behalf of the Board

Mohammed Turra
Managing Director & CEO
DIN: 08736844
Place: Mumbai,
Date: 15th April,2025

Amit Kumar Sinha
Director
DIN: 09127387

**ANNEXURE II B TO THE BOARD'S REPORT
FOR THE YEAR ENDED 31ST MARCH, 2025**

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

Purpose

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

Policy Statement

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

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

Non-executive including independent directors:

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

Executive Directors:

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

Key Managerial Personnel (KMPs)

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

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

Employees

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

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

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

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

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

Mahindra First Choice Wheels Limited

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

For and on behalf of the Board

Mohammed Turra
Managing Director & CEO
DIN: 08736844
Place: Mumbai,
Date: 15th April,2025

Amit Kumar Sinha
Director
DIN: 09127387

**ANNEXURE III TO THE BOARD'S REPORT
FOR THE YEAR ENDED 31ST MARCH, 2025**

PARTICULARS AS PER RULE 8(3) OF THE COMPANIES (ACCOUNTS) RULES, 2014 AND FORMING PART OF THE DIRECTORS REPORT FOR THE YEAR ENDED 31ST MARCH, 2025.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE OUTGO:

(A) Conservation of energy:

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

Though the activities of the Company are not power intensive, various measures are taken to contain and bring about saving in power consumption through improved operational methods, better house-keeping and awareness programs.

- (ii) the steps taken by the Company for utilizing alternate sources of energy: **Not Applicable**

- (iii) the capital investment on energy conservation equipment: **Nil**

(B) Technology absorption:

- (i) the efforts made towards technology absorption: **None**

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

- (iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year: **Not Applicable**

(a) the details of technology imported:

(b) the year of import

(c) whether the technology been fully absorbed:

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

- (iv) the expenditure incurred on Research and Development: **Nil**

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

Foreign exchange earnings and outgo:

	<i>(Rupees in Lakhs)</i>	
	For the year ended 31st March, 2025	For the year ended 31 st March, 2024
Foreign Currency Earnings	481.16	892.34
Foreign Exchange Outgo	1.53	3.13

For and on behalf of the Board

Mohammed Turra
Managing Director & CEO
DIN: 08736844
Place: Mumbai,
Date: 15th April, 2025

Amit Kumar Sinha
Director
DIN: 09127387

**ANNEXURE IV TO THE BOARD'S REPORT
FOR THE YEAR ENDED 31ST MARCH,2025**

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

Sr. No.	Particulars	ESOS 2010	ESOS 2015
(a)	options granted	-	-
(b)	options vested	-	-
(c)	options exercised	-	-
(d)	the total number of shares arising as a result of exercise of option	-	-
(e)	options lapsed	-	1,04,981
(f)	the exercise price	Rs. 10/-	Rs. 10/-
(g)	variation of terms of options	Nil	Nil
(h)	money realized by exercise of options	-	-
(i)	total number of options in force as at 31 st March,2025	 27,13,123	 13,75,142
(j)	(i) employee wise details of options granted to key managerial personnel	-	-
	(ii) any other employee who receives a grant of options in any one year of option amounting to five percent or more of options granted during that year	-	-
	Total Number of employees	-	-
	(iii) identified employees who were granted option, during any one year, equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	-	-

For and on behalf of the Board

Mohammed Turra
Managing Director & CEO
DIN: 08736844
Place: Mumbai,
Date: 15th April,2025

Amit Kumar Sinha
Director
DIN: 09127387

Independent Auditor's Report

To the Members of Mahindra First Choice Wheels Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Mahindra First Choice Wheels Limited (the "Company") which comprise the balance sheet as at 31 March 2025, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2025, and its loss and other comprehensive loss, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

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

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

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

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

Independent Auditor's Report (Continued)**Mahindra First Choice Wheels Limited****Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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

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

Independent Auditor's Report (Continued)

Mahindra First Choice Wheels Limited

- b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books except for the matters stated in the paragraph 2(B)f below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014.
 - c. The balance sheet, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account.
 - d. In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.
 - e. On the basis of the written representations received from the directors as on 01 April 2025 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2025 from being appointed as a director in terms of Section 164(2) of the Act.
 - f. the modification relating to the maintenance of accounts and other matters connected therewith are as stated in the paragraph 2A(b) above on reporting under Section 143(3)(b) of the Act and paragraph 2B(f) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014.
 - g. With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- B. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- a. The Company has disclosed the impact of pending litigations as at 31 March 2025 on its financial position in its financial statements - Refer Note 25 to the financial statements.
 - b. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - c. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
 - d (i) The management has represented that, to the best of their knowledge and belief, as disclosed in the Note 33 to the financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
 - (ii) The management has represented that, to the best of their knowledge and belief, as disclosed in the Note 33 to the financial statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Parties ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
 - (iii) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (i) and (ii) above, contain any material misstatement.
 - e. The Company has neither declared nor paid any dividend during the year.

Independent Auditor's Report (Continued)

Mahindra First Choice Wheels Limited

- f. Based on our examination which included test checks, the Company has used accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the respective software except that the audit trail was not enabled at the database level to log any direct data changes for such accounting software used for maintaining the books of account till 05 July 2024. Further, where audit trail (edit log) facility was enabled and operated throughout the year for the accounting software, we did not come across any instance of the audit trail feature being tampered with and the audit trail has been preserved by the Company as per the statutory requirements for record retention.
- C. With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act:

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

For B S R & Co. LLP

Chartered Accountants

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

Kaushal Mehta

Partner

Place: Mumbai

Date: 15 April 2025

Membership No.: 118321

ICAI UDIN:25118321BMOXOI5726

Annexure A to the Independent Auditor's Report on the Financial Statements of Mahindra First Choice Wheels Limited for the year ended 31 March 2025

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.
- (B) The Company has maintained proper records showing full particulars of intangible assets.
- (ii) (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has a regular programme of physical verification of its Property, Plant and Equipment by which all property, plant and equipment are verified during the year. In accordance with this programme, all property, plant and equipment were verified during the year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No discrepancies were noticed on such verification.
- (c) The Company does not have any immovable property (other than immovable properties where the Company is the lessee and the leases agreements are duly executed in favour of the lessee). Accordingly, clause 3(i)(c) of the Order is not applicable.
- (d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year.
- (e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no proceedings initiated or pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.
- (iii) (a) The inventory, has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable and procedures and coverage as followed by management were appropriate. No discrepancies were noticed on verification between the physical stocks and the book records that were more than 10% in the aggregate of each class of inventory.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been sanctioned any working capital limits in excess of five crore rupees in aggregate from banks and financial institutions on the basis of security of current assets at any point of time of the year. Accordingly, clause 3(ii)(b) of the Order is not applicable to the Company.
- (iv) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not provided any guarantee or security or granted any secured loan or advances in the nature of loans, secured or unsecured, to companies, firms, limited liability partnerships or any other parties during the year. The Company has made investments in other parties and granted unsecured loans to other parties in respect of which the requisite information is as below. The Company has not made any investments in or granted any unsecured loan to Companies, firms and limited liability partnership during the year.
- (a) Based on the audit procedures carried on by us and as per the information and explanations given to us the Company has provided loans to other parties as below:

Annexure A to the Independent Auditor's Report on the Financial Statements of Mahindra First Choice Wheels Limited for the year ended 31 March 2025
(Continued)

Particulars	Loans (Amount in Rs in Lakhs)
Aggregate amount during the year Others	Nil
Balance outstanding as at 31 March 2025 Others*	0.72

**As per the Companies Act, 2013*

- (b) According to the information and explanations given to us and based on the audit procedures conducted by us, in our opinion the terms and conditions of the investments made and unsecured loans granted are, prima facie, not prejudicial to the interest of the Company. The Company has not provided any guarantee or security or granted any advances in the nature of loans during the year.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, in the case of unsecured loans given to the other parties, the repayment of principal has been stipulated and the repayments or receipts have been regular. Further, the Company has not given any advance in the nature of loan to any party during the year.
- (d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there is no overdue amount for more than ninety days in respect of loans given. Further, the Company has not given any advances in the nature of loans to any party during the year.
- (e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there is no loan granted falling due during the year, which has been renewed or extended or fresh loans granted to settle the overdues of existing loans given to same party. Further, the Company has not given any advance in the nature of loans to any party during the year.
- (f) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment.
- (iv) According to the information and explanations given to us and on the basis of our examination of records of the Company, the Company has neither made any investments nor has it given loans or provided guarantee or security and therefore the relevant provisions of Sections 185 and 186 of the Companies Act, 2013 ("the Act") are not applicable to the Company. Accordingly, clause 3(iv) of the Order is not applicable.
- (v) The Company has not accepted any deposits or amounts which are deemed to be deposits from the public. Accordingly, clause 3(v) of the Order is not applicable.
- (vi) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Act for the products traded by it and services provided by it. Accordingly, clause 3(vi) of the Order is not applicable.
- (vii) (a) The Company does not have liability in respect of Service tax, Duty of excise, Sales tax and Value added tax during the year since effective 1 July 2017, these statutory dues has been

Annexure A to the Independent Auditor's Report on the Financial Statements of Mahindra First Choice Wheels Limited for the year ended 31 March 2025
(Continued)

subsumed into GST.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion, the undisputed statutory dues including Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, or other statutory dues have been regularly deposited by the Company with the appropriate authorities.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, no undisputed amounts payable in respect of Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs or Cess or other statutory dues were in arrears as at 31 March 2025 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, statutory dues relating to Goods and Service Tax and Income-Tax which have not been deposited on account of any dispute are as follows:

Name of the statute	Nature of the dues	Amount (Rs. in Lakhs)*	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	59.20	AY 2013-14 & AY 2018-19	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	1.12	AY 2018-19	Income tax Officer
The Maharashtra Value Added Tax Act, 2002	Value Added Tax	*53.13	FY 2005-06 to FY 2007-08, FY 2009-10 to FY 2010-11	Maharashtra Sales Tax Tribunal
The Central Sales Tax Act, 1956	Central Sales Tax	*91.94	FY 2005-06 to FY 2007-08, FY 2009-10 to FY 2010-11	Maharashtra Sales Tax Tribunal
The Maharashtra Value Added Tax Act, 2002	Value Added Tax	*641.14	FY 2008-09 & FY 2016-17 & FY 2012-13	Joint Commissioner of Sales Tax (Appeals)
The Goods and Service Tax, 2017	Goods and Service Tax	*79.22	FY 2017-18	Appellate Authority, Commissioner (GST)
The Goods and Service Tax, 2017	Goods and Service Tax	*100.92	FY 2019-20	Appellate Authority,

Annexure A to the Independent Auditor's Report on the Financial Statements of Mahindra First Choice Wheels Limited for the year ended 31 March 2025
(Continued)

Name of the statute	Nature of the dues	Amount (Rs. in Lakhs)*	Period to which the amount relates	Forum where dispute is pending
				Commissioner (GST)
The Goods and Service Tax, 2017	Goods and Service Tax	215.69	FY 2020-21	Appellate Authority, Commissioner (GST)
The Goods and Service Tax, 2017	Goods and Service Tax	*4.21	FY 2022-23	Appellate Authority, Commissioner (GST)

* Note : The Amount mentioned above is net off amount deposited under protest.

- (vii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year.
- (x) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company did not have any loans or borrowings from any lender during the year. Accordingly, clause 3(ix)(a) of the Order is not applicable to the Company.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been declared a wilful defaulter by any bank or financial institution or government or government authority.
- (c) In our opinion and according to the information and explanations given to us by the management, the Company has not obtained any term loans. Accordingly, clause 3(ix)(c) of the Order is not applicable.
- (d) The Company has not raised any funds on short term basis. Accordingly, clause 3(ix)(d) of the Order is not applicable.
- (e) The Company does not hold any investment in any subsidiary (as defined under the Act) during the year ended 31 March 2025. Accordingly, clause 3(ix)(e) is not applicable.
- (x) (a) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments). Accordingly, clause 3(x)(a) of the Order is not applicable.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, clause 3(x)(b) of the Order is not applicable.
- (xi) (a) During the course of our examination of the books and records of the Company and according to the information and explanations given to us, considering the principles of materiality outlined in Standards on Auditing, we report that no fraud by the Company or on the Company has been noticed or reported during the year.

**Annexure A to the Independent Auditor's Report on the Financial Statements of Mahindra First Choice Wheels Limited for the year ended 31 March 2025
(Continued)**

- (b) A report under sub-section (12) of Section 143 of the Act has been filed by us in Form ADT-4 as prescribed under Rule 13 of the Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- (c) Establishment of vigil mechanism is not mandated for the Company. We have taken into consideration the whistle blower complaints received under the vigil mechanism established voluntarily by the Company during the year and shared with us while determining the nature, timing and extent of our audit procedures.
- (xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, clause 3(xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us, the transactions with related parties are in compliance with Section 177 and 188 of the Act, where applicable, and the details of the related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (iv) (a) Based on information and explanations provided to us and our audit procedures, in our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
 - (b) We have considered the internal audit reports of the Company issued till date for the period under audit.
- (xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected to its directors and hence, provisions of Section 192 of the Act are not applicable to the Company.
- (xvi) (a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(a) of the Order is not applicable.
 - (b) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(b) of the Order is not applicable.
 - (c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, clause 3(xvi)(c) of the Order is not applicable.
 - (d) According to the information and explanations provided to us, the Group (as per the provisions of the Core Investment Companies (Reserve Bank) Directions, 2016) has more than one CIC as part of the Group. The Group has four CICs as part of the Group
- (xvii) The Company has incurred cash losses of Rs 1,286.35 lakhs in the current financial year and Rs 10,183.97 lakhs in the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors during the year. Accordingly, clause 3(xviii) of the Order is not applicable.
- (xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- (xx) The requirements as stipulated by the provisions of Section 135 are not applicable to the

B S R & Co. LLP

**Annexure A to the Independent Auditor's Report on the Financial Statements
of Mahindra First Choice Wheels Limited for the year ended 31 March 2025
(Continued)**

Company. Accordingly, clauses 3(xx)(a) and 3(xx)(b) of the Order are not applicable.

For B S R & Co. LLP

Chartered Accountants

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

Kaushal Mehta

Partner

Place: Mumbai

Date: 15 April 2025

Membership No.: 118321

ICAI UDIN:25118321BMOXOI5726

Annexure B to the Independent Auditor's Report on the financial statements of Mahindra First Choice Wheels Limited for the year ended 31 March 2025

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

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

Opinion

We have audited the internal financial controls with reference to financial statements of Mahindra First Choice Wheels Limited ("the Company") as of 31 March 2025 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2025, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's and Board of Directors' Responsibilities for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls with Reference to Financial Statements

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial

**Annexure B to the Independent Auditor's Report on the financial statements of Mahindra First Choice Wheels Limited for the year ended 31 March 2025
(Continued)**

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

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

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

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

Chartered Accountants

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

Kaushal Mehta

Partner

Place: Mumbai

Membership No.: 118321

Date: 15 April 2025

ICAI UDIN:25118321BMOXOI5726

MAHINDRA FIRST CHOICE WHEELS LIMITED

CIN: U64200MH1994PLC083996

Balance Sheet

As at 31 March 2025

(Currency : Indian rupees in lakhs)

	<i>Note No.</i>	31 March 2025	31 March 2024
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	3	1,310.46	1,605.27
Goodwill	4B	3,141.05	3,141.05
Other intangible assets	4	1,738.58	1,927.56
Intangible assets under development	4A	32.58	294.42
Financial assets			
(i) Loans	6	319.56	320.91
(ii) Other financial assets	7	191.97	155.13
Income tax assets (net)		1,470.49	1,500.88
Other non-current assets	8	137.95	119.89
Total non-current assets		8,342.64	9,065.11
CURRENT ASSETS			
Inventories		3.45	4.90
Financial assets			
(i) Investments	5	3,371.98	571.87
(ii) Trade receivables	9	8,160.06	11,123.95
(iii) Cash and cash equivalents	10	1,089.10	1,869.43
(iv) Bank balances other than (iii) above	10	310.00	107.04
(v) Loans	6	0.72	3,521.97
(vi) Other financial assets	7	70.02	1,626.26
Other current assets	8	3,062.77	5,430.47
Total current assets		16,068.10	24,255.89
TOTAL ASSETS		24,410.74	33,321.00
EQUITY AND LIABILITIES			
EQUITY			
Equity share capital	11	9,111.12	9,054.62
Other equity			
Equity component	12A	-	1,260.00
Reserves and Surplus	12B	199.24	901.68
Items of other comprehensive income	12C	25.39	80.05
Equity attributable to owners of the company		9,335.75	11,296.35
LIABILITIES			
NON-CURRENT LIABILITIES			
Financial liabilities			
(i) Lease liabilities		800.43	978.08
(ii) Other financial liabilities	13	308.91	308.91
Provisions	14	1,099.88	1,060.21
Deferred tax liabilities (Net)	15	-	-
Total non-current liabilities		2,209.22	2,347.20
CURRENT LIABILITIES			
Financial liabilities			
(i) Lease liabilities		427.13	410.25
(ii) Trade payables			
(a) Total outstanding dues of Micro Enterprises and Small Enterprises	16	101.15	91.15
(b) Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises	16	7,403.20	12,392.97
(iii) Other financial liabilities	13	3,440.26	4,752.68
Other current liabilities	17	1,198.27	1,786.50
Provisions	14	295.76	243.90
Total current liabilities		12,865.77	19,677.45
Total liabilities		15,074.99	22,024.65
TOTAL EQUITY AND LIABILITIES		24,410.74	33,321.00

The accompanying notes 1 to 36 are an integral part of the Financial Statements

In terms of our report attached

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

Chartered Accountants

Firm Registration No. 101248W/W-100022

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

Partner

Membership number: 118321

Mohammed Turra

Managing Director & Chief Executive Officer

DIN: 08736844

Amit Kumar Sinha

Director

DIN: 09127387

Vishal Agarwal

Chief Financial Officer

PAN: AEDPA0253L

Shreekrushna Joshi

Company Secretary

Membership number: A46379

Place : Mumbai

Date: 15 April, 2025

MAHINDRA FIRST CHOICE WHEELS LIMITED

CIN: U64200MH1994PLC083996

Statement of Profit and Loss

for the year ended 31 March 2025

(Currency : Indian rupees in lakhs)

	<i>Note No.</i>	31 March 2025	31 March 2024
INCOME			
Revenue from operations	18	30,978.09	76,292.34
Other income	19	340.90	451.09
Total Income		31,318.99	76,743.43
EXPENSES			
Purchases of stock-in-trade		811.77	43,503.50
Changes in inventories of stock-in-trade	20	1.45	3,486.73
Employee benefits expense	21	7,916.96	11,429.53
Finance costs	22	103.10	97.28
Depreciation and amortisation expense	3 & 4	1,198.64	1,461.31
Other expenses	23	23,166.88	27,659.24
Total Expenses		33,198.80	87,637.59
(Loss) before tax		(1,879.81)	(10,894.16)
Tax Expense			
Deferred tax	15	-	(20.79)
Adjustment in respect of earlier years		-	7.19
Total tax expense		-	(13.60)
(Loss) for the year		(1,879.81)	(10,880.57)
Other comprehensive income/(loss)			
Items that will not be reclassified to profit or loss and its related income tax		-	-
(i) Remeasurements of the defined benefit liabilities (assets)		(54.66)	43.20
Total other comprehensive income/(loss)		(54.66)	43.20
Total comprehensive (loss) for the year		(1,934.47)	(10,837.37)

Earnings per equity share:

(Face value Rs. 10/- per share) (Rupees)

Basic and Diluted	24	(2.06)	(12.21)
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The accompanying notes 1 to 36 are an integral part of the Financial Statements

In terms of our report attached

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

Chartered Accountants

Firm Registration No. 101248W/W-100022

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

Kaushal Mehta

Partner

Membership number: 118321

Mohammed Turra

Managing Director & Chief Executive Officer

DIN: 08736844

Amit Kumar Sinha

Director

DIN: 09127387

Vishal Agarwal

Chief Financial Officer

PAN: AEDPA0253L

Shreekrushna Joshi

Company Secretary

Membership number: A46379

Place : Mumbai

Date: 15 April,2025

MAHINDRA FIRST CHOICE WHEELS LIMITED

CIN: U64200MH1994PLC083996

Statement of Changes in Equity

As at 31 March 2025

(Currency : Indian rupees in lakhs)		
A (i) Equity share capital	31 March 2025	31 March 2024
Issued, subscribed and paid up		
Balance as at the beginning of the year	9,054.62	8,784.32
Add: Equity shares issued during the year	-	-
Conversion of NCCCPs into Equity shares	56.50	270.30
Less: Allotment of shares by ESOP Trust to employees	-	-
Balance as at the end of the year	9,111.12	9,054.62
(ii) Preference share capital		
Balance as at the beginning of the year	1,260.00	1,260.00
Add: NCCCPs issued during the year	-	-
Less: Conversion of NCCCPs into Equity shares	1,260.00	-
Balance as at the end of the year	-	1,260.00

B. Other Equity	Reserves and Surplus			Non Cumulative Compulsory Convertible Preference Shares (NCCCPs)	Items of other comprehensive income Remeasurements of the defined benefit obligations	Total
	Retained Earnings	Securities Premium	Share options outstanding account			
Balance as at 1st April 2023	(33,337.97)	44,381.76	145.23	7,287.75	27.01	18,503.78
Additions on account of business combination (Refer Note 33)	(5,151.13)	-	-	-	9.84	(5,141.29)
Restated balance as at 1st April 2023	(38,489.10)	44,381.76	145.23	7,287.75	36.85	13,362.49
(Loss) for the year	(10,880.57)	-	-	-	-	(10,880.57)
Remeasurements of the defined benefit plans	-	-	-	-	43.20	43.20
Total Comprehensive income for the year	(10,880.57)	-	-	-	43.20	(10,837.37)
Share based payment to employees	-	-	(13.35)	-	-	(13.35)
Conversion of NCCCPs into Equity shares during the year	-	5,757.45	-	(6,027.75)	-	(270.30)
Balance as at 31 March 2024	(49,369.67)	50,139.21	131.88	1,260.00	80.05	2,241.47
Profit/(Loss) for the year	(1,879.81)	-	-	-	-	(1,879.81)
Remeasurements of the defined benefit plans	-	-	-	-	(54.66)	(54.66)
Total Comprehensive income for the year	(1,879.81)	-	-	-	(54.66)	(1,934.47)
Share based payment to employees	-	-	(25.87)	-	-	(25.87)
Adjustment in pursuant with merger scheme (Refer note 12)	42,820.63	(42,820.63)	-	-	-	-
Conversion of NCCCPs into Equity shares during the year	-	1,203.50	-	(1,260.00)	-	(56.50)
Balance as at 31 March 2025	(8,428.85)	8,522.08	106.01	-	25.39	224.63

The accompanying notes 1 to 36 are an integral part of the Financial Statements

In terms of our report attached

For B S R & Co. LLP

Chartered Accountants

Firm Registration No. 101248W/W-100022

For and on behalf of the Board of Directors of

Mahindra First Choice Wheels Limited

Kaushal Mehta

Partner

Membership number: 118321

Mohammed Turra

Managing Director & Chief Executive Officer

DIN: 08736844

Amit Kumar Sinha

Director

DIN: 09127387

Place : Mumbai

Date: 15 April,2025

Vishal Agarwal

Chief Financial Officer

PAN: AEDPA0253L

Shreekrushna Joshi

Company Secretary

Membership number: A46379

MAHINDRA FIRST CHOICE WHEELS LIMITED

CIN: U64200MH1994PLC083996

Cash Flow Statement

for the year ended 31 March 2025

(Currency : Indian rupees in lakhs)

	31 March 2025	31 March 2024
A. Cash flows from operating activities		
(Loss) before tax	(1,879.81)	(10,893.88)
<u>Adjustments for:</u>		
Finance costs - Interest on lease asset	103.10	97.28
Interest income	(97.83)	(348.98)
Loss on property, plant and equipment sold/scrapped/written off (net)	8.27	21.49
Net gain recorded in profit or loss on sale of Mutual Funds	(205.95)	(24.76)
Bad debts written off	370.22	223.06
Sundry balances written back (net)	-	(42.94)
Allowance for expected credit losses	86.33	1,349.22
Allowance for doubtful advances	1,499.89	2,821.97
Depreciation and amortisation expense	1,198.64	1,461.31
Share based payment expenses	(25.87)	(13.35)
Total	2,936.80	5,544.30
Operating cash inflows/(outflows)	1,056.99	(5,349.58)
Movements in working capital:		
Decrease / (Increase) in trade receivables	1,007.44	(2,901.77)
Decrease in inventories	1.45	3,486.73
Decrease in other assets	3,649.78	1,066.91
Decrease in trade payables	(4,979.77)	(77.72)
Increase / (Decrease) in provisions	36.87	(458.28)
(Decrease) / Increase in other current liabilities	(1,887.69)	284.00
	(2,171.92)	1,399.87
Cash (used in) operations	(1,114.93)	(3,949.71)
Income taxes refund	30.39	39.71
Net cash (used in) operating activities (A)	(1,084.54)	(3,910.00)
B. Cash flows from investing activities		
Inter corporate deposits given	-	(3,500.00)
Inter corporate deposits matured	3,500.00	5,000.00
Payments to acquire mutual funds	(7,212.03)	(1,704.81)
Proceeds on sale of mutual funds	4,617.87	1,215.79
Bank deposits placed	(414.98)	(61.03)
Bank deposits matured	207.04	27.53
Interest received	342.41	341.53
Payments to acquire property, plant and equipment and other intangible assets	(184.86)	(611.50)
Proceeds from sale of property, plant and equipment	5.29	72.15
Net cash (used in) investing activities (B)	860.74	779.66

MAHINDRA FIRST CHOICE WHEELS LIMITED

CIN: U64200MH1994PLC083996

Cash Flow Statement

for the year ended 31 March 2025

(Currency : Indian rupees in lakhs)

	31 March 2025	31 March 2024
C. Cash flows from financing activities		
Payment of lease liabilities (including interest)	(556.58)	(765.86)
Net cash generated financing activities (C)	(556.58)	(765.86)
Net Increase/(Decrease) in cash and cash equivalents (A+B+C)	(780.38)	(3,896.20)
Cash and cash equivalents at the beginning of the year	1,869.48	5,765.68
Cash and cash equivalents at the end of the year	1,089.10	1,869.48

Notes to the statement of cash flows:

(a) The above Cash Flow statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard (Ind AS) 7 - "Statement of Cash Flows"

(b) Cash and cash equivalents

Components of cash and cash equivalents:-

	31 March 2025	31 March 2024
Cash on hand	0.06	0.05
Balance with banks:		
In current accounts	1,089.04	1,869.43
Balances as per statement of cash flows	1,089.10	1,869.48

The accompanying notes 1 to 36 are an integral part of the Financial Statements

In terms of our report attached.

For B S R & Co. LLP

Chartered Accountants

Firm Registration No. 101248W/W-100022

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

Kaushal Mehta

Partner

Membership number: 118321

Mohammed Turra

Managing Director & Chief Executive Officer

DIN: 08736844

Amit Kumar Sinha

Director

DIN: 09127387

Place : Mumbai

Date: 15 April,2025

Vishal Agarwal

Chief Financial Officer

PAN: AEDPA0253L

Shreekrushna Joshi

Company Secretary

Membership number: A46379

MAHINDRA FIRST CHOICE WHEELS LIMITED

Notes to the financial statements for the year ended 31 March 2025

1. Corporate information:

The financial statements comprise financial statements of Mahindra First Choice Wheels Limited (“the Company” or “MFCWL”) for the year ended 31 March 2025. The Company is an unlisted Public Company domiciled in India.

Mahindra First Choice Wheels Limited is principally engaged in services led business which includes providing vehicle inspection & valuation services, yard management services, providing online pricing guidance and enabling franchisees by facilitating them to procure & sell used vehicles.

2. Material Accounting Policies:

2.1 Statement of Compliance:

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

2.2 Basis of preparation and presentation:

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

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

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

MAHINDRA FIRST CHOICE WHEELS LIMITED

Notes to the financial statements for the year ended 31 March 2025 (Continued)

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

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

2.3 Business combinations:

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

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

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

2.4 Goodwill:

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

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

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

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

MAHINDRA FIRST CHOICE WHEELS LIMITED

Notes to the financial statements for the year ended 31 March 2025 (Continued)

Estimated impairment of goodwill

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

2.5 Revenue recognition:

Sale of goods:

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

Sale of Services:

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

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

Unbilled revenue:

Revenue wherein services are performed but billing yet to be done is recognized as an unbilled revenue.

MAHINDRA FIRST CHOICE WHEELS LIMITED

Notes to the financial statements for the year ended 31 March 2025 (Continued)

2.6 Dividend and interest income:

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

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

2.7 Operating lease rental income:

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

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

2.8 Foreign currencies:

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

2.9 Employee benefits:

a) Short term employee benefits are recognised as an expense at the undiscounted amount in the Statement of Profit and Loss for the year in which the related service is rendered.

b) Post-employment benefits

i) Defined Contribution Plan: Provident and Family Pension Fund

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

MAHINDRA FIRST CHOICE WHEELS LIMITED

Notes to the financial statements for the year ended 31 March 2025 (Continued)

ii) Defined Benefit Plan: Gratuity (unfunded)

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

c) Other long-term employment benefits – Compensated Absences

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

2.10 Share-based payment arrangements:

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

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

2.11 Taxation:

a) Current tax

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

b) Deferred tax

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

MAHINDRA FIRST CHOICE WHEELS LIMITED

Notes to the financial statements for the year ended 31 March 2025 (Continued)

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

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

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

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

Current and deferred tax for the year

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

2.12 Property, plant and equipment:

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

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

Estimated useful life of the assets are given below:

- Leasehold improvements over the period of the lease.
- Office equipment - 2 to 5 years.
- Furniture & Fixtures - 1 to 10 years.
- Computers and servers - 3 to 8 years.
- Vehicles - 3 years for used vehicles or 5 years for new vehicles.
- Plant and equipment - 5 to 15 years.
- Electrical Fitting - 2 to 5 years.

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

MAHINDRA FIRST CHOICE WHEELS LIMITED

Notes to the financial statements for the year ended 31 March 2025 (Continued)

2.13 Intangible assets:

a) Intangible assets acquired separately:

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

b) Intangible assets under development:

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

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

c) Derecognition of intangible assets

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

d) Useful lives of intangible assets:

Estimated useful lives of the intangible assets are as follows:

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

2.14 Impairment of tangible and intangible assets other than goodwill:

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

MAHINDRA FIRST CHOICE WHEELS LIMITED

Notes to the financial statements for the year ended 31 March 2025 (Continued)

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

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

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

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

2.15 Leases:

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

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

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

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

The Company as a lessee

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and restoration cost, less any lease incentives received.

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

MAHINDRA FIRST CHOICE WHEELS LIMITED

Notes to the financial statements for the year ended 31 March 2025 (Continued)

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

2.16 Inventories:

Inventories beyond 90 days from the date of valuation or purchase are valued at Cost or Net Realisable Value whichever is lower.

2.17 Provisions and Contingencies:

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

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

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

2.18 Financial Instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. A trade receivable without a significant financing component is initially measured at the transaction price. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

2.19 Financial assets

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

Financial assets are subsequently measured at fair value.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or

MAHINDRA FIRST CHOICE WHEELS LIMITED

Notes to the financial statements for the year ended 31 March 2025 *(Continued)*

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

Impairment of financial assets

The Company applies the Expected Credit Loss (ECL) model for recognising impairment loss on trade receivables wherein the Company measures the loss allowance at an amount equal to lifetime expected credit losses. With respect to other financial assets, the Company provides for loss allowance based on its assessment of credit risk considering the recoverability. Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

De-recognition of financial assets

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

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

2.20 Financial liabilities and equity instruments

a) Classification as debt or equity

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

b) Equity instruments

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

c) Financial liabilities

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

MAHINDRA FIRST CHOICE WHEELS LIMITED

Notes to the financial statements for the year ended 31 March 2025 (Continued)

Financial liabilities subsequently measured at amortised cost

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

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

De-recognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

2.21 Cash and cash equivalents:

Cash and cash equivalents in the balance sheet comprise cash on hand, cheques and drafts on hand, balance with banks in current accounts and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of change in value.

2.22 Earnings Per Share:

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

MAHINDRA FIRST CHOICE WHEELS LIMITED

Notes to the financial statements for the year ended 31 March 2025 (Continued)

shares. Diluted earnings per share reflects the potential dilution that could occur if securities or other contracts to issue equity shares were exercised or converted during the year.

2.23 Use of estimates and judgments:

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions, that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses at the date of these financial statements and the reported amounts of revenues and expenses for the years presented. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed at each balance sheet date. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected.

Key sources of estimation uncertainty at the date of financial statements, which may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year, is in respect of useful lives of property, plant and equipment, intangible assets, fair value of financial assets/liabilities and impairment of investments.

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

- (i) Useful lives of property, plant and equipment and intangible assets – refer note 2.12
- (ii) Fair value of financial assets and liabilities and investments – refer note 2.19 and 2.20
- (iii) Goodwill - refer note 4 B.

Recent Pronouncements

Ministry of Corporate Affairs (“MCA”) notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. For the year ended 31 March 2025, MCA has notified Ind AS-117 Insurance Contracts and amendments to Ind AS 116 – Leases, relating to sale and leaseback transactions, applicable to the Company w.e.f. 01 April 2024. The Company has reviewed the new pronouncements and based on its evaluation has determined that it does not have any significant impact in its financial statements.

MAHINDRA FIRST CHOICE WHEELS LIMITED

Notes forming part of the Financial Statements

As at 31 March 2025

(Currency : Indian rupees in lakhs)

3. Property, plant and equipment

Carrying Amount of:	As at 31 March 2025	As at 31 March 2024
Improvements to Leasehold Property	7.45	2.80
Office Equipment	44.59	27.19
Furniture and Fixtures	31.06	27.87
Electrical Fittings	1.69	2.35
Computers	72.28	185.78
Vehicles	29.10	30.91
Total - (a)	186.17	276.90
Right-of-use asset	1,124.29	1,328.38
Total	1,310.46	1,605.28

(a) Property, plant and equipment (owned)

Description of Assets	Improvements to Leasehold Property	Office Equipment	Furniture and Fixtures	Electrical Fittings	Computers	Vehicles	Total
Cost							
Balance as at 31 March 2023	56.17	118.98	42.70	5.81	936.55	234.15	1,394.36
Additions during the year	19.35	11.35	4.44	2.96	59.50	32.60	130.20
Disposal during the year	19.35	18.73	26.36	4.42	137.64	146.14	352.64
Additions on account of merger (refer note 31)	-	31.52	13.72	-	69.66	-	114.90
Balance as at 31 March 2024	56.17	143.12	34.50	4.35	928.07	120.61	1,286.82
Additions during the year	5.14	32.16	6.94	-	1.76	30.36	76.35
Disposal during the year	-	51.01	0.66	1.20	181.76	41.05	275.67
Balance as at 31 March 2025	61.31	124.27	40.78	3.15	748.07	109.92	1,087.50
Accumulated depreciation							
Balance as at 31 March 2023	46.37	87.40	8.53	2.70	642.63	115.37	903.00
Depreciation expense for the year	12.52	22.81	6.73	1.27	190.58	51.07	284.98
Disposal during the year	5.52	10.17	11.83	1.97	134.56	76.74	240.79
Additions on account of merger (refer note 31)	-	15.89	3.20	-	43.64	-	62.73
Balance as at 31 March 2024	53.37	115.93	6.63	2.00	742.29	89.70	1,009.92
Depreciation expense for the year	0.49	12.02	3.39	0.60	105.71	27.47	149.68
Disposal during the year	-	48.27	0.30	1.14	172.21	36.35	258.27
Balance as at 31 March 2025	53.86	79.68	9.72	1.46	675.79	80.82	901.33
Net carrying amount as at 31 March 2024	2.80	27.19	27.87	2.35	185.78	30.91	276.90
Net carrying amount as at 31 March 2025	7.45	44.59	31.06	1.69	72.28	29.10	186.17

(b) Right of use assets

Description of Assets	Property	Vehicles	Total
Balance as at 31 March 2023	2,303.89	170.27	2,474.16
Additions during the year	997.69	72.87	1,070.56
Disposal during the year	272.24	128.02	400.26
Balance as at 31 March 2024	3,029.34	115.12	3,144.46
Additions during the year	270.58	35.77	306.35
Disposal during the year	-	19.56	19.56
Balance as at 31 March 2025	3,299.92	131.33	3,431.25
Accumulated depreciation			
Balance as at 31 March 2023	1,314.83	22.32	1,337.15
Depreciation expense for the year	647.58	50.59	698.17
Disposal during the year	182.98	36.26	219.24
Balance as at 31 March 2024	1,779.43	36.65	1,816.08
Depreciation expense for the year	463.91	36.75	500.66
Disposal during the year	-	9.78	9.78
Balance as at 31 March 2025	2,243.34	63.62	2,306.96
Net carrying amount as at 31 March 2024	1,249.91	78.47	1,328.38
Net carrying amount as at 31 March 2025	1,056.58	67.71	1,124.29

MAHINDRA FIRST CHOICE WHEELS LIMITED

Notes forming part of the Financial Statements

As at 31 March 2025

(Currency : Indian rupees in lakhs)

4. Other intangible assests

Carrying Amount of:	As at 31 March 2025	As at 31 March 2024
Computer Software	15.70	23.13
Websites	1,722.85	1,904.42
Non-Compete Fees	0.00	0.00
Customer Relationships	0.00	0.00
Service Provider Contracts	0.01	0.01
Acquisition of service contracts and Intellectual Property	0.00	0.00
Trade Mark	0.00	0.00
Copy Rights	0.00	0.00
Total	1,738.58	1,927.57

Description of Assets	Computer Software	Websites	Non-Compete Fees	Customer Relationships	Service Provider Contracts	Acquisition of service contracts and Intellectual Property	Trade Mark	Copy Rights	Total
Cost									
Balance as at 31 March 2023	139.93	390.97	3.17	145.00	25.00	33.50	-	-	737.57
Additions during the year	24.74	1,021.43	-	-	-	-	-	-	1,046.17
Disposal during the year	-	-	-	-	-	-	-	-	-
Additions on account of merger (refer note 31)	22.31	1,690.09	-	-	-	-	10.00	10.00	1,732.40
Balance as at 31 March 2024	186.98	3,102.49	3.17	145.00	25.00	33.50	10.00	10.00	3,516.14
Additions during the year	2.13	357.18	-	-	-	-	-	-	359.31
Disposal during the year	22.31	161.31	-	-	-	-	10.00	10.00	203.62
Balance as at 31 March 2025	166.80	3,298.36	3.17	145.00	25.00	33.50	-	-	3,671.83
Accumulated amortisation expenses									
Balance as at 31 March 2023	131.87	386.50	3.17	145.00	24.99	33.50	-	-	725.02
Amortisation expense during the year	9.98	468.18	-	-	-	-	-	-	478.16
Disposal during the year	-	-	-	-	-	-	-	-	-
Additions on account of merger (refer note 31)	22.00	343.39	-	-	-	-	10.00	10.00	385.40
Balance as at 31 March 2024	163.85	1,198.07	3.17	145.00	24.99	33.50	10.00	10.00	1,588.58
Amortisation expense during the year	9.56	538.75	-	-	-	-	-	-	548.31
Disposal during the year	22.31	161.31	-	-	-	-	10.00	10.00	203.62
Balance as at 31 March 2025	151.10	1,575.51	3.17	145.00	24.99	33.50	0.00	0.00	1,933.27
Net carrying amount as at 31 March 2024	23.13	1,904.42	0.00	0.00	0.01	0.00	0.00	0.00	1,927.56
Net carrying amount as at 31 March 2025	15.70	1,722.85	0.00	0.00	0.01	0.00	0.00	0.00	1,738.56

MAHINDRA FIRST CHOICE WHEELS LIMITED

Notes forming part of the Financial Statements

As at 31 March 2025

(Currency : Indian rupees in lakhs)

4 A. Intangible assets under development

Carrying amount of:	As at 31 March 2025	As at 31 March 2024
Intangible assets under development	32.58	294.42
Total	32.58	294.42

Intangible assets under development (IAUD) Ageing Schedule

As at 31 March 2025	Amount in IAUD for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	15.76	16.82	-	-	32.58

As at 31 March 2024	Amount in IAUD for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	294.42	-	-	-	294.42

4 B. Goodwill

	As at 31 March 2025	As at 31 March 2024
Balance at the beginning of the year	3,141.05	3,141.05
Balance at the end of the year	3,141.05	3,141.05

The Company tests goodwill on an annual basis to ascertain whether there is an indication that the CGU to which the goodwill has been allocated may be impaired. The goodwill impairment test is performed at the level of the CGU that benefit from the synergies of the acquisition and which represents the lowest level at which goodwill is monitored for internal management purposes. The recoverable amount is determined based on higher of value-in-use and fair value less cost of disposal. Where there is no basis for making a reliable estimate of the price at which an orderly transaction to sell the asset would take place between market participants at the measurement date under current market conditions, the recoverable amount is determined by value-in-use. In determining the value-in-use, cash flow projections approved by appropriate level of management are considered. In circumstances where a reliable value-in-use estimate is difficult to make whereas market value of the asset or the CGU or group of CGUs is readily available, the latter is used for the determination of recoverable amount with appropriate adjustments, where applicable. Apart from the observable market information, significant management estimates and judgments are used to determine the recoverable amounts based on value-in-use.

Key assumptions used for determination of value-in-use amount includes estimated growth rates (including terminal growth rates), margins and discount rates. Cash flow projections are considered for next 3-5 years and represent management's best estimate about future developments with due consideration for past performance. Cash flows beyond the five-year period are extrapolated using terminal growth rates.

The value-in-use calculation for the year used discount rates of 11.5% and terminal growth of 5%.

No impairment was identified in FY 2024-25 (FY2023-23: Nil)

MAHINDRA FIRST CHOICE WHEELS LIMITED

Notes forming part of the Financial Statements

As at 31 March 2025

(Currency : Indian rupees in lakhs)

5. Investments

	31 March 2025		31 March 2024	
	Number of units	Non-current Current	Number of units	Non-current Current
A. Fair Value through Profit and Loss				
<i>Quoted Investments in Mutual funds</i>				
HDFC Liquid Fund - Growth	26,465	- 1,333.85	- -	-
SBI Overnight Fund - Regular Growth	-	- -	14,858 -	571.87
SBI Liquid Fund - Growth	27,114	- 1,088.83	14,858 -	-
ICICI Prudential Liquid Fund - Growth	1,86,021	- 707.42	- -	-
Nippon India Liquid Fund - Growth	3,859	- 241.88	- -	-
	2,43,459	- 3,371.98	29,716	- 571.87

Other disclosures

Aggregate amount of unquoted investments	-	- -	- -	-
Aggregate amount of quoted investments	-	- 3,371.98	- -	571.87
Aggregate Market value of quoted investments	-	- 3,371.98	- -	571.87
Aggregate amount of impairment in the value of investments	-	- -	- -	-

Note:

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

6. Loans

	31 March 2025		31 March 2024	
	Non-current	Current	Non-current	Current
Loans to related parties				
Unsecured, considered good				
Employee Stock Option Scheme Trust		319.56 -	319.44	-
Other Loans				
Unsecured, considered good				
Corporate deposits with HDFC Ltd.		- -	-	3,500.00
Loans to employees				
Unsecured, considered good		- 0.72	1.47	21.97
Doubtful		- -	-	35.00
Less: Allowance for doubtful advances		- -	-	(35.00)
		- 0.72	1.47	3,521.97
		319.56	320.91	3,521.97

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

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

7. Other financial assets

	31 March 2025		31 March 2024	
	Non- Current	Current	Non- Current	Current
Security Deposits				
Unsecured, considered good	183.21	65.17	151.34	248.58
Doubtful	0.29	-	0.29	-
Less: Allowance for doubtful advances	(0.29)	-	(0.29)	-
	183.21	65.17	151.34	248.58
Financial assets at amortised cost:				
Bank Deposits with more than 12 months maturity	8.76	-	3.79	-
Interest accrued but not due	-	4.15	-	248.73
Other financial assets*				
Unsecured, considered good	-	0.70	-	1,128.95
Doubtful	-	1,461.49	-	1,440.88
Less: Allowance for doubtful advances	-	(1,461.49)	-	(1,440.88)
	-	0.70	-	1,128.95
	191.97	70.02	155.13	1,626.26

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

* Includes trade financing to select dealers with a return commensurate with performance.

MAHINDRA FIRST CHOICE WHEELS LIMITED

Notes forming part of the Financial Statements

As at 31 March 2025

(Currency : Indian rupees in lakhs)

8. Other non financial assets

	31 March 2025		31 March 2024	
	Non- Current	Current	Non- Current	Current
Capital advances	-	-	-	1.91
Balance with Government authorities (other than income taxes)	98.61	-	103.61	-
Advances to Suppliers*				
Considered good	-	1,471.46	-	2,686.32
Doubtful	-	3,685.22	-	2,170.94
Less: Allowance for doubtful advances	-	(3,685.22)	-	(2,170.94)
	-	1,471.46	-	2,686.32
Prepaid Expenses	37.25	119.11	10.71	228.24
Deferred Expenses	2.09	29.63	5.57	42.60
Goods and Services Tax (GST)	-	1,442.57	-	2,471.41
TOTAL	137.95	3,062.77	119.89	5,430.48

*The above included an amount of Rs.1,165.77 lakhs made to bulk buyers for purchase of vehicles which was not received. Pursuant to this aforesaid misappropriation and considering the related uncertainties, the Company had provided an amount of Rs.965.77 lakhs in the previous year. The Company during the current year recovered an amount of Rs.45.32 lakhs and provided for the balance amount Rs.154.68 lakhs.

9. Trade receivables

	31 March 2025	31 March 2024
Unsecured, considered good	8,160.06	11,123.95
Doubtful	2,025.08	1,938.75
Less: Allowance for expected credit loss	(2,025.08)	(1,938.75)
	8,160.06	11,123.95
Dues from related parties	269.62	495.63

Except for above dues from related parties, there are, no trade or other receivables due from directors or other officers of the Company either severally or jointly with any other person and no trade or other receivable due from firms or private companies respectively in which any director is a partner or a director or a member. For terms and conditions relating to related party receivables, refer Note 29.

As at 31 March 2025	Outstanding for following periods from date of invoice						Total
	Unbilled	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables – considered good	6,613.67	1,252.04	294.35	-	-	-	8,160.06
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	150.92	651.87	597.57	624.72	2,025.08
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables– considered good	-	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
Trade Receivables Ageing Schedule FY25	6,613.67	1,252.04	445.27	651.87	597.57	624.72	10,185.14
As at 31 March 2024	Outstanding for following periods from date of invoice						Total
	Unbilled	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables – considered good	6,036.61	3,384.63	674.50	912.22	115.99	-	11,123.95
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	127.56	321.29	497.68	611.13	353.13	1,910.78
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	27.97	-	-	27.97
(iv) Disputed Trade Receivables– considered good	-	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
Trade Receivables Ageing Schedule FY24	6,036.61	3,512.19	995.79	1,437.87	727.12	353.13	13,062.70

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

MAHINDRA FIRST CHOICE WHEELS LIMITED

Notes forming part of the Financial Statements

As at 31 March 2025

(Currency : Indian rupees in lakhs)

10. Cash and bank balances

Cash and cash equivalents

Balances with banks

- In current accounts

- Fixed Deposit with original maturity less than 3 months

Cash on hand

31 March 2025 31 March 2024

1,089.04

1,859.38

-

10.00

0.06

0.05

1,089.10

1,869.43

Other bank balances

Balances with Banks:

- Fixed deposits with original maturity greater than 3 months but less than 12 months

310.00

107.04

310.00

107.04

MAHINDRA FIRST CHOICE WHEELS LIMITED

Notes forming part of the Financial Statements

As at 31 March 2025

(Currency : Indian rupees in lakhs)

11. Equity share capital

	31 March 2025		31 March 2024	
	Number of shares	Amount	Number of shares	Amount
Authorised:				
Number of equity shares of face value Rs 10 each	9,55,00,000	9,550.00	9,55,00,000	9,550.00
Number of Preference Shares of face value Rs.10 each	7,50,00,000	7,500.00	7,50,00,000	7,500.00
Issued, subscribed and paid up:				
Number of equity Shares of face value Rs 10 each fully paid up	9,34,76,531	9,347.66	9,07,73,504	9,077.36
Add: Conversion of NCCCPS into Equity shares during the year	5,65,022	56.50	27,03,027	270.30
	9,40,41,553	9,404.16	9,34,76,531	9,347.66
Equity Shares				
Less: Equity shares of Rs 10 each fully paid up issued to ESOP Trust constituted under the Employees' Stock Option Scheme (ESOS) but not yet allotted to employees	29,30,401	293.04	29,30,401	293.04
	9,11,11,152	9,111.12	9,05,46,130	9,054.62
Total Equity Share Capital	9,11,11,152	9,111.12	9,05,46,130	9,054.62
0.001% Non-Cumulative Compulsorily Convertible Preference Shares ('NCCCPS') of Rs 10 each issued and fully paid	1,26,00,000	1,260.00	7,28,77,500	7,287.75
Add: Issued During the year	-	-	-	-
Less: Conversion of NCCCPS into Equity shares during the year	1,26,00,000	1,260.00	6,02,77,500	6,027.75
	-	-	1,26,00,000	1,260.00

Note:

The reduction of Rs 293.04 lakhs (29,30,401 Equity shares of Rs 10/- each), (As at 31 March 2023 – Rs. 293.04 lakhs (29,30,401 equity shares of Rs 10/- each)) held by ESOS Trust as per the Employee Stock Option Scheme (ESOS).

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

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

	31 March 2025		31 March 2024	
	Number of shares	Amount	Number of shares	Amount
Issued, subscribed and paid up:				
Equity Share Capital				
Balance at the beginning of the year	9,34,76,531	9,347.66	9,07,73,504	9,077.36
Add: Conversion of NCCCPS into Equity shares during the year	5,65,022	56.50	27,03,027	270.30
Adjusted Issued, Subscribed and Paid up share capital	9,40,41,553	9,404.16	9,34,76,531	9,347.66

Terms/ rights attached to equity shares:

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

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

Terms/ rights attached to Preference Shares

During the year, the Company has Non cumulatative Compulsarily Convertiable preference shares having par value of Rs. 10 per share.

Conversion: The Compulsorily Convertible preference Shares has been converted into Equity Shares during the current year. The conversion shall be mandatorily made on the earlier of i) next round of external investment in the Company or ii) end of 24 months from the date of allotment of NCCCPS. The Conversion is made at a price/rate which is at 10% discount to the value per share as per the valuation at the time of such fund infusion, subject to necessary compliances under FEMA and also subject to minimum floor price of Rs. 223 per NCCCPS. Since there has not been any next round of fund infusion by an external investment within the period of 24 months, the NCCCPS has been mandatorily converted into Equity Shares at the minimum floor price of Rs. 223/- (Rupees Two Hundred and Twenty three) per NCCCPS (including a premium of Rs.213 per share).

Dividend: The holders of the NCCCPS carried a non-cumulative dividend at the fixed rate of 0.001% per year, out of the profits of the company.

MAHINDRA FIRST CHOICE WHEELS LIMITED

Notes forming part of the Financial Statements

As at 31 March 2025

(Currency : Indian rupees in lakhs)

11. Equity share capital (Continued)

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

	Number of Shares Equity Shares with Voting rights As at 31 March 2025	Number of Shares Equity Shares with Voting rights As at 31 March 2024
Mahindra Holdings Limited, Holding Company	5,14,40,556	5,08,75,534

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

Equity Shares Name of the shareholder	31 March 2025		31 March 2024	
	No. of shares	% held	No. of shares	% held
Mahindra Holdings Limited	5,14,40,556	54.70%	5,08,75,534	54.43%
PHI Management Solutions Pvt Ltd	1,61,84,054	17.21%	1,61,84,054	17.31%
Valiant Mauritius Partners FDI Limited	1,09,28,388	11.62%	1,09,28,388	11.69%
Manheim Export SARL	76,24,037	8.11%	76,24,037	8.16%

Preference Shares

Preference Shares Name of the shareholder				
Mahindra Holdings Limited	-	0.00%	1,26,00,000	100.00%

(iv) Shares reserved for issue under ESOP options:

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

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

(v) Details of shares held by promoters:

As at 31 March 2025

Promoter Name	Instrument	No of shares	% of Total Shares	% Change during the year
Mahindra Holdings Limited, Holding Company	Equity Shares	5,14,40,556	54.70%	1.11%
Mahindra Holdings Limited, Holding Company	Convertible Preference Shares	-	0.00%	-100.00%

As at 31 March 2024

Promoter Name	Instrument	No of shares	% of Total Shares	% Change during the year
Mahindra Holdings Limited, Holding Company	Equity Shares	5,08,75,534	54.43%	4.96%
Mahindra Holdings Limited, Holding Company	Convertible Preference Shares	1,26,00,000	100.00%	-80.97%

MAHINDRA FIRST CHOICE WHEELS LIMITED

Notes forming part of the Financial Statements

As at 31 March 2025

(Currency : Indian rupees in lakhs)

Other equity	31 March 2025	31 March 2024
12A) Equity component of compound financial instruments		
Equity component of Non-Cumulative Compulsorily Convertible Preference Shares (NCCCCPS)	1,260.00	7,287.75
Less: Conversion of NCCCCPS into Equity shares	1,260.00	6,027.75
Total	-	1,260.00
12B) Reserves and Surplus		
Retained earnings	(8,428.85)	(49,369.40)
Securities premium	8,522.08	50,139.21
Share option outstanding account	106.01	131.88
Total	199.24	901.69
Retained earnings		
Balance as at the beginning of the year	(49,369.67)	(38,489.10)
Profit/(Loss) for the year	(1,879.81)	(10,880.57)
Transfer to Share premium account*	42,820.63	-
Balance at the end of year	(8,428.85)	(49,369.67)
Securities premium		
Balance as at the beginning of the year	50,139.21	44,381.76
Shares issue at premium	1,203.50	5,757.45
Transfer to retained earning*	(42,820.63)	-
Balance as at the end of the year	8,522.08	50,139.21

Securities premium is received pursuant to the further issue of equity shares at a premium net of the share issue expenses. This is a non-distributable reserve except for the following instances where the the share premium account may be applied;

- towards the issue of unissued shares of the Company to the members of the Company as fully paid bonus shares;
- for the purchase of its own shares or other securities;
- in writing off the preliminary expenses of the Company;
- in writing off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the Company; and
- in providing for the premium payable on the redemption of any redeemable preference shares or of any debentures of the Company.

* The retained earnings of the Company as on the appointed date being adjusted against the credit balance in the securities premium account per the scheme approved by NCLT.

Share option outstanding account

Balance as at the beginning of the year	131.88	145.23
Add:- (forfeiture)/allotment of shares by ESOP Trust to employees	(25.87)	(13.35)
Balance at the end of year	106.01	131.88

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

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

MAHINDRA FIRST CHOICE WHEELS LIMITED

Notes forming part of the Financial Statements

As at 31 March 2025

(Currency : Indian rupees in lakhs)

	31 March 2025	31 March 2024
12C) Items of other comprehensive income		
Equity instruments at fair value through other comprehensive income	-	-
Remeasurements of the defined benefit plans	25.39	80.05
Total other equity	25.39	80.05

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

Remeasurements of the defined benefit plans

Balance as at the beginning of the year	80.05	36.84
Remeasurements of the defined benefit plans	(54.66)	43.20
Balance at the end of year	25.39	80.05

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

13. Other financial liabilities

	31 March 2025		31 March 2024	
	Non- Current	Current	Non- Current	Current
Other financial liabilities measured at amortised cost				
Security Deposits *	-	1,942.12	-	2,373.98
Monies adjusted from share capital and reserves and surplus on account of shares held by ESOP trust	308.91	-	308.91	-
Capital creditors	-	25.24	-	38.19
Other employee related liabilities	-	658.34	-	1,115.58
Other advances	-	814.56	-	1,224.93
Total other financial liabilities	308.91	3,440.26	308.91	4,752.68

Note:

* Deposits are re-payable on demand.

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

14. Provisions

	31 March 2025		31 March 2024	
	Non- Current	Current	Non- Current	Current
Provision for employee benefits				
- Compensated absences	444.21	160.25	483.12	161.18
- Gratuity (Refer Note 27)	655.67	135.51	577.09	82.72
Total provisions	1,099.88	295.76	1,060.21	243.90

MAHINDRA FIRST CHOICE WHEELS LIMITED

Notes forming part of the Financial Statements

As at 31 March 2025

(Currency : Indian rupees in lakhs)

15. Deferred tax liabilities (net)

(i) Movement of Deferred Tax

	As at beginning of the year	31 March 2025 Reversed during the year	As at end of the year
Tax effect of items constituting deferred tax liabilities on account of Business combination	-	-	-
(i) Movement of Deferred Tax		31 March 2024 Reversed during the year	As at end of the year
Tax effect of items constituting deferred tax liabilities on account of Business combination	(20.79)	20.79	-

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

	31 March 2025	31 March 2024
Unabsorbed depreciation	5,472.01	4,462.38
Unabsorbed business losses (refer details below)	21,392.81	20,172.05
Provision for doubtful debt and advances	7,172.09	5,585.87
Provision for retirement benefits	1,395.64	1,304.10
Pertains to Property plants & equipment and Intangibles	189.01	670.87

The unrecognised tax losses carried forward expire as follows:

Expiry Year	31 March 2025	31 March 2024
Financial year 2025-2026	2,191.97	2,191.97
Financial year 2026-2027	772.83	772.83
Financial year 2027-2028	903.23	903.23
Financial year 2028-2029	465.49	465.49
Financial year 2029-2030	2,178.99	2,178.99
Financial year 2030-2031	12,456.56	12,456.56
Financial year 2031-2032	1,202.98	1,202.98
Financial year 2032-2033	1,220.76	-
Total	21,392.81	20,172.05

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

	31 March 2025	31 March 2024
Loss before tax	(1,879.81)	(10,894.16)
Income tax expense calculated at 26%	(488.75)	(2,832.48)
Effect of expenses that is non-deductible in determining taxable profit	-	-
Effect of unused tax losses for which no deferred tax asset is recognised	488.75	2,832.48
Income tax expense recognised in Statement of Profit and Loss	-	-

MAHINDRA FIRST CHOICE WHEELS LIMITED

Notes forming part of the Financial Statements

As at 31 March 2025

(Currency : Indian rupees in lakhs)

16: Trade payables

	31 March 2025	31 March 2024
Total outstanding dues of micro enterprises and small enterprises (Refer note 30)	101.15	91.15
Total outstanding dues of creditors other than micro enterprises and small enterprises	7,403.20	12,392.97
Total Trade Payables	7,504.35	12,484.12

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

As at 31 March 2025	Outstanding for following periods from date of invoice					Total
	Unbilled	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) Total Outstanding dues of Micro enterprises and Small Enterprises	-	101.15	-	-	-	101.15
(ii) Total outstanding dues of Creditors other than Micro enterprises and Small Enterprises	5,202.19	1,772.45	64.68	351.14	12.75	7,403.20
(iii) Disputed dues of Micro enterprises and Small Enterprises	-	-	-	-	-	-
(iv) Disputed dues of Creditors other than Micro enterprises and Small Enterprises	-	-	-	-	-	-
Trade Payables Ageing Schedule FY25	5,202.19	1,873.60	64.68	351.14	12.75	7,504.35

As at 31 March 2024	Outstanding for following periods from date of invoice					Total
	Unbilled	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) Total Outstanding dues of Micro enterprises and Small Enterprises	7.15	84.00	-	-	-	91.15
(ii) Total outstanding dues of Creditors other than Micro enterprises and Small Enterprises	7,183.77	2,534.73	1,718.74	643.56	312.17	12,392.97
(iii) Disputed dues of Micro enterprises and Small Enterprises	-	-	-	-	-	-
(iv) Disputed dues of Creditors other than Micro enterprises and Small Enterprises	-	-	-	-	-	-
Trade Payables Ageing Schedule FY24	7,190.92	2,618.73	1,718.74	643.56	312.17	12,484.12

17. Other current liabilities

	31 March 2025	31 March 2024
Contract liabilities	691.17	819.67
Government dues		
i) Provident fund	62.44	77.43
ii) Employees' state insurance and Profession tax	1.91	5.40
iii) Tax deducted at source	270.50	257.06
iv) Goods and Services Tax (GST)	121.64	576.00
v) Others	50.60	50.94
	507.09	966.83
Total other liabilities	1,198.26	1,786.50

MAHINDRA FIRST CHOICE WHEELS LIMITED

Notes forming part of the Financial Statements

for the year ended 31 March 2025

(Currency : Indian rupees in lakhs)

18. Revenue from operations

	31 March 2025	31 March 2024
Revenue from contract with customers :-		
Sale of products	622.23	47,879.96
Sale of services	29,183.73	27,325.22
Other operating revenues	1,172.13	1,087.16
	30,978.09	76,292.34

The management determines that the segment information reported under Note 18 above Segment information is sufficient to meet the disclosure objective with respect to disaggregation of revenue under Ind AS 115 Revenue from contract with customers.

Reconciliation of revenue from sale of products	31 March 2025	31 March 2024
Revenue as per contracted price	622.23	47,879.96
Sales returns	-	-
Rebates/ Discounts	-	-
Sale of products	622.23	47,879.96

Contract Balances	31 March 2025	31 March 2024
Contract assets	-	9.54
Contract Liabilities (Note 17)	691.17	819.67

Significant changes in contract assets and liabilities during the year	31 March 2025	31 March 2024
Revenue recognised that was included in the contract liability balance at the beginning of the year	819.67	1,570.09

Sale of services comprises of:

- Franchisee fees	1,595.93	1,980.78
- Commission income	2,568.72	2,261.57
- Vehicle valuation fees	9,224.02	7,998.97
- Vehicle preinspection fees	1,857.83	1,972.92
- Yard management parking fees	10,025.56	8,366.16
- Indian blue book income	1,473.03	1,409.89
- Advertisement revenue	1,442.86	1,379.47
- Consultancy and other affiliate income	18.53	149.20
- Others services	977.25	1,806.26
Revenue from rendering of services	29,183.73	27,325.22

Other operating revenues comprises of:

- Warranty income	699.30	675.87
- Forfeiture of Earnest Money Deposits collected	472.83	411.29
Other operating revenues	1,172.13	1,087.16

MAHINDRA FIRST CHOICE WHEELS LIMITED

Notes forming part of the Financial Statements

for the year ended 31 March 2025

(Currency : Indian rupees in lakhs)

19. Other income

	31 March 2025	31 March 2024
Interest Income (On financial assets measured at amortised cost)		
- Bank deposits	29.86	235.87
- Others	67.97	121.93
Operating lease rental income	22.49	25.60
Net gain recorded in profit or loss on sale of mutual funds	205.95	24.76
Sundry balances written back (net)	-	42.94
Sale of scrap	14.63	-
Total other income	340.90	451.10

20. Changes in inventories of stock-in-trade

Opening Stock-in-trade	4.90	3,491.63
Closing Stock-in-trade	3.45	4.90
Changes in inventories of stock-in-trade	1.45	3,486.73

21. Employee benefits expense

Salaries and wages, including bonus (Refer Note 27)	7,212.85	10,508.08
Contribution to provident and other funds (Refer Note 27)	391.55	563.88
Share based payments to employees (see Note 21A)	(25.87)	(13.35)
Staff welfare expenses	338.43	370.92
Total Employee benefits expense	7,916.96	11,429.53

21A Employee share option plan of the company

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

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

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

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

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

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

MAHINDRA FIRST CHOICE WHEELS LIMITED

Notes forming part of the Financial Statements
for the year ended 31 March 2025

(Currency : Indian rupees in lakhs)

21A Employee share option plan of the company (outstanding)

Options series	Number	Grant date	Expiry date	Exercise price	Fair value at grant date (Rs per option)
1	7,17,655	04-Oct-10	03-Oct-15	10	0.70
2	2,80,023	31-Aug-12	30-Aug-17	10	2.46
3	6,01,781	25-Apr-13	20-Apr-18	10	2.93
4	70,043	02-Sep-13	01-Sep-18	10	2.93
5	6,39,328	30-Jul-15	29-Jul-20	10	0.69
6	71,010	27-Jan-16	26-Jan-21	10	0.69
7	1,50,837	25-Oct-16	24-Oct-21	10	1.25
8	11,311	25-Jan-17	24-Jan-22	10	1.25
9	16,805	27-Jul-17	26-Jul-22	10	2.41
10	2,21,310	16-Oct-17	15-Oct-22	10	2.41
11	2,28,138	15-Oct-18	14-Oct-23	10	2.49
12	61,348	16-Jan-19	16-Jan-24	10	2.49
13	1,43,857	21-Oct-19	21-Oct-24	10	4.14
14	44,015	09-Dec-19	03-Feb-25	10	4.14
15	17,227	19-Oct-20	19-Oct-25	10	4.04
16	96,881	20-Jan-21	20-Jan-26	10	4.04
17	30,059	19-Jan-21	20-Jan-22	10	4.04
18	19,830	29-Apr-21	29-Apr-26	10	7.79
19	1,63,358	22-Jul-21	22-Jul-26	10	7.76
20	41,849	28-Jan-22	28-Jan-27	10	15.04
21	3,27,141	29-Apr-22	06-May-27	10	3.73
22	1,34,459	28-Feb-23	28-Feb-28	10	9.46

1.2 Fair value of share options granted in the year

Inputs into the model	Option series																					
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
Grant date share price (Rs.)	5/-	8/-	9/-	9/-	5/-	5/-	6/-	6/-	8/-	8/-	7/-	7/-	8/-	8/-	8/-	8/-	8/-	8/-	8/-	8/-	8/-	8/-
Exercise price (Rs.)	10/-	10/-	10/-	10/-	10/-	10/-	10/-	10/-	10/-	10/-	10/-	10/-	10/-	10/-	10/-	10/-	10/-	10/-	10/-	10/-	10/-	10/-
Expected volatility	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Option life (Years)	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	1	5	5	5	5.5
Dividend yield	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%
Risk-free interest rate	7.64%-8.38%	8.16%-8.36%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	6.25%	6.25%	5.96%-6.08%	6.14%	6.77%	7.39%	7.46%	7.46%	7.46%

1.3 Movements in share options during the year

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

	31 March 2025		31 March 2024	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Balance at beginning of the year	41,93,246	Rs. 10	46,92,512	Rs. 10
Granted during the year	-	-	-	-
Forfeited during the year	1,04,981	-	4,99,266	-
Exercised during the year	-	-	-	-
Lapsed / expired during the year	-	-	-	-
Balance at end of the year	40,88,265	Rs. 10	41,93,246	Rs. 10

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

1.4 Share options outstanding at the end of the year

The share option outstanding at the end of the year had weighted average exercise price of Rs.10 (as at 31 March 2024: Rs. 10), and the weighted average remaining contractual life of 22 months (as at 31 March 2024: 30 months).

MAHINDRA FIRST CHOICE WHEELS LIMITED

Notes forming part of the Financial Statements

for the year ended 31 March 2025

(Currency : Indian rupees in lakhs)

22. Finance cost

	31 March 2025	31 March 2024
Interest expense		
- On leased assets	103.10	97.28
Total Finance cost	103.10	97.28

23. Other Expenses

Power and fuel	50.21	73.08
Repairs and maintenance - others	61.34	99.18
Rent - yards	8,243.57	7,351.03
Rent- others	124.26	225.93
Rates and taxes	1.66	12.65
Warranty related expenses	231.48	118.61
Vehicle valuation expenses	4,355.63	3,783.22
Preinspection expenses	1,552.72	1,613.95
Business support expenses	676.67	1,601.62
Production, consultancy expenses	446.36	548.05
Printing and stationary	3.73	17.39
Office expenses	60.93	87.57
Bad debts written off (net)	370.22	223.06
Information technology costs	1,805.24	1,939.95
Internet charges	32.09	94.07
Communication charges	106.82	174.50
Insurance charges	86.76	108.99
Allowance for expected credit losses	86.33	1,349.45
Allowance for doubtful advances	1,499.89	2,821.96
Auditor's remuneration and out-of-pocket expenses (See Note below)	40.00	47.65
Director sitting fees	5.60	11.00
Professional fees	1,167.13	1,913.21
Advertisement, promotion and selling expenses	697.33	1,605.48
Travelling expenses	797.45	879.97
Loss on sale / discardment of property, plant and equipment	8.27	21.49
Commission expenses	0.00	402.59
Miscellaneous expenses	655.19	533.58
Total Other Expenses	23,166.88	27,659.23

Note:

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

Audit Fees	38.00	45.50
Reimbursement of expenses	2.00	2.15
Total	40.00	47.65

MAHINDRA FIRST CHOICE WHEELS LIMITED

Notes forming part of the Financial Statements

for the year ended 31 March 2025

(Currency : Indian rupees in lakhs)

24. Earnings per share

Basic and Diluted Earnings Per Share

Particulars	Year ended 31 March 2025 Per Share	Year ended 31 March 2024 Per Share
Basic and Diluted (loss) per share (Rs.)	(2.06)	(12.21)

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

	31 March 2025	31 March 2024
Loss for the year	(1,879.81)	(10,880.57)
Weighted average number of equity shares used in the calculation of basic and diluted earnings per share.	9,10,75,548	8,91,08,260
Basic profit/(loss) per share (Rs.)	(2.06)	(12.21)
Weighted average number of equity shares for the purpose of dilutive earnings per share	9,10,75,548	8,91,08,260
Diluted loss per share (Rs.)	(2.06)	(12.21)

The effect of conversion of 0.001% non-cumulative compulsorily convertible preference shares ('NCCCPS') being anti-dilutive, has not been considered for the purpose of computing diluted loss per share

25. Contingent liabilities and commitments

Claims against the Company not acknowledged as debts comprise of:

Demands raised by Income tax department where the Company is in appeal	60.31	60.31
Demand raised by VAT & GST Department where the Company is in appeal	1,227.14	824.42
Total	1,287.45	884.73

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

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

MAHINDRA FIRST CHOICE WHEELS LIMITED

Notes forming part of the Financial Statements for the year ended 31 March 2025

(Currency : Indian rupees in lakhs)

26. Financials Instruments

Capital management

The company's capital management objectives are:

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

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

Categories of financial assets and financial liabilities

Particulars	31 March 2025			Total
	Amortised Cost	Fair value through Profit or loss	Fair Value through other comprehensive income	
Non-current Financial Assets				
Loans	319.56	-	-	319.56
Bank deposits with more than 12 months maturity	8.76	-	-	8.76
Security Deposits	183.21	-	-	183.21
Current Financial Assets				
Investments	-	3,371.98	-	3,371.98
Trade receivables	8,160.06	-	-	8,160.06
Cash and Cash equivalents	1,089.10	-	-	1,089.10
Bank balances other than cash and cash equivalents	310.00	-	-	310.00
Security Deposits	65.17	-	-	65.17
Loans	0.72	-	-	0.72
Other financial assets	4.85	-	-	4.85
Non-current Financial Liabilities				
Other Financial Liabilities				
Lease Liability	800.43	-	-	800.43
Shares held by ESOS trust	308.91	-	-	308.91
Current Financial Liabilities				
Lease Liability	427.13	-	-	427.13
Trade payables	7,504.35	-	-	7,504.35
Other financial liabilities				
Deposits received from dealers	1,942.12	-	-	1,942.12
Capital creditors	25.24	-	-	25.24
Other employee related liabilities	658.34	-	-	658.34
Other advances	814.56	-	-	814.56

MAHINDRA FIRST CHOICE WHEELS LIMITED

Notes forming part of the Financial Statements for the year ended 31 March 2025

(Currency : Indian rupees in lakhs)

26. Financials Instruments (Continued)

Particulars	31 March 2024			Total
	Amortised Cost	Fair value through Profit or loss	Fair Value through other comprehensive income	
Non-current Financial Assets				
Loans	320.91	-	-	320.91
Bank deposits with more than 12 months maturity	3.79	-	-	3.79
Security Deposits	151.34	-	-	151.34
Current Financial Assets				
Investments	-	571.87	-	571.87
Trade receivables	11,123.95	-	-	11,123.95
Cash and Cash equivalents	1,869.43	-	-	1,869.43
Bank balances other than cash and cash equivalents	107.04	-	-	107.04
Security Deposits	248.58	-	-	248.58
Loans	3,521.97	-	-	3,521.97
Other financial assets	1,377.68	-	-	1,377.68
Non-current Financial Liabilities				
Other Financial Liabilities				
Lease Liability	978.08	-	-	978.08
Shares held by ESOS trust	308.91	-	-	308.91
Current Financial Liabilities				
Lease Liability	410.25	-	-	410.25
Trade payables	12,484.12	-	-	12,484.12
Other financial liabilities				
Deposits received from dealers	2,373.98	-	-	2,373.98
Capital creditors	38.19	-	-	38.19
Other employee related liabilities	1,115.58	-	-	1,115.58
Other advances	1,224.93	-	-	1,224.93

CREDIT RISK

(i) Credit risk management

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

Trade Receivables

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

MAHINDRA FIRST CHOICE WHEELS LIMITED

Notes forming part of the Financial Statements for the year ended 31 March 2025

(Currency : Indian rupees in lakhs)

26. Financials Instruments (Continued)

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

Reconciliation of loss allowance provision for Trade receivables

Particulars	31 March 2025	31 March 2024
Balance as at beginning of the year	1,938.75	637.20
Provision for doubtful debts for the year	456.55	1,553.50
Amounts written off during the year as uncollectible	(370.22)	(251.95)
Balance at end of the year	2,025.08	1,938.75

MARKET RISK

Market risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk namely: currency risk and interest rate risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

LIQUIDITY RISK

(i) Liquidity risk management

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

(ii) Maturity profile of financial liabilities

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

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
<u>Non-derivative financial liabilities</u>				
31 March 2025				
Non-interest bearing				
- Trade payable for goods and services	7,504.35	-	-	-
- Security Deposit	1,942.12	-	-	-
- Lease liabilities	427.13	619.86	180.57	-
- Capital creditors	25.24	-	-	-
- Shares held by ESOS trust	-	-	-	308.91
- Other employee related liabilities	658.34	-	-	-
- Others	814.56	-	-	-
Total	11,371.75	619.86	180.57	308.91
31 March 2024				
Non-interest bearing				
- Trade payable for goods and services	12,484.12	-	-	-
- Security Deposit	2,373.98	-	-	-
- Lease liabilities	160.75	746.10	481.46	-
- Capital creditors	38.19	-	-	-
- Shares held by ESOS trust	-	-	-	308.91
- Other employee related liabilities	1,115.58	-	-	-
- Others	1,224.93	-	-	-
Total	17,397.55	746.10	481.46	308.91

MAHINDRA FIRST CHOICE WHEELS LIMITED

Notes forming part of the Financial Statements

for the year ended 31 March 2025

(Currency : Indian rupees in lakhs)

27. Employee benefits

(a) Defined Contribution Plan

The Company's contribution to Provident Fund and other funds aggregating Rs.391.55 lakhs (31 March 2024: Rs.563.88 lakhs) has been recognised in the Statement of Profit and Loss.

(b) Defined Benefit Plans:

Gratuity

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

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

Asset volatility

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

Changes in bond yields

A decrease in government bond yields will increase plan liabilities.

Inflation risk

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

Life expectancy

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

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

	Valuation as at	
	31 March 2025	31 March 2024
Discount rate(s)	6.80%	7.25%
Expected rate(s) of salary increase	8.50%	8.00%

Unfunded Plan - Gratuity

	31 March 2025	31 March 2024
--	---------------	---------------

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

I. Amounts recognised in profit or loss

Current Service Cost	125.89	188.17
Past service cost	-	-
Net interest expense	44.82	52.21
Total amount included in employee benefit expense	170.71	240.38

II. Amounts recognised in other comprehensive income

Remeasurement (gain)/losses:

Actuarial (gain)/losses arising from changes in -

- financial assumptions	36.29	7.69
- experience adjustments	36.00	(50.89)
- demographic adjustments	(17.63)	-
Total amount recognised in other comprehensive income	54.66	(43.20)

MAHINDRA FIRST CHOICE WHEELS LIMITED

Notes forming part of the Financial Statements

for the year ended 31 March 2025

(Currency : Indian rupees in lakhs)

27. Employee benefits (Continued)

	31 March 2025	31 March 2024
III. Changes in the obligation		
Opening defined benefit obligation	659.80	752.51
Current service cost	125.89	188.17
Past service cost	-	-
Interest expense	44.82	52.21
Remeasurement gains / (losses) arising from changes in -		
i. Demographic Assumptions	(17.63)	-
ii. Financial Assumptions	36.29	7.69
iii. Experience Adjustments	33.42	(50.89)
Benefits paid	(71.69)	(310.36)
Impact of liability assumed or (settled)	(19.73)	20.46
Closing defined benefit obligation	791.18	659.79
Current portion of the above	135.51	82.72
Non-Current portion of the above	655.67	577.09
IV. Actuarial assumptions	31 March 2025	31 March 2024
1. Discount rate	6.80%	7.25%
2. Attrition rate		
Age in Years 21-44	22.00%	18.00%
Age in Years 45-59	14.00%	1.00%

SENSITIVITY ANALYSIS

	31 March 2025		31 March 2024	
	Discount Rate	Salary Escalation Rate	Discount Rate	Salary Escalation Rate
Impact of increase in 100 bps on Defined Benefit obligation	-4.97%	4.98%	-5.79%	5.80%
Impact of decrease in 100 bps on Defined Benefit obligation	5.48%	-4.69%	6.55%	-5.33%

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

MAHINDRA FIRST CHOICE WHEELS LIMITED

Notes forming part of the Financial Statements

for the year ended 31 March 2025

(Currency : Indian rupees in lakhs)

27. Employee benefits (Continued)

PROJECTED PLAN CASH FLOW

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

Maturity Profile	31 March 2025	31 March 2024
Expected Benefits for Year 1	135.51	82.72
Expected Benefits for Year 2	128.97	76.34
Expected Benefits for Year 3	121.03	71.75
Expected Benefits for Year 4	105.20	66.26
Expected Benefits for Year 5	90.97	55.81
Expected Benefits for Year 6	85.74	48.02
Expected Benefits for Year 7	68.24	58.07
Expected Benefits for Year 8	69.48	61.74
Expected Benefits for Year 9	61.03	71.50
Expected Benefits for Year 10 and above	338.34	773.97

The weighted average duration of the defined benefit obligation as at 31 March 2025 is 5.21 years (31 March 2024: 6.15 years)

Experience Adjustments :

	2025	Year Ended 2024 Gratuity	2023
1. Defined Benefit Obligation	791.18	659.79	727.08
2. Fair value of plan assets	-	-	-
3. Surplus/(Deficit)	(791.18)	(659.79)	(727.08)
4. Experience adjustment on plan liabilities [(Gain)/Loss]	33.42	(50.89)	(0.88)
5. Experience adjustment on plan assets [Gain/(Loss)]	-	-	-

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

MAHINDRA FIRST CHOICE WHEELS LIMITED

Notes forming part of the Financial Statements
for the year ended 31 March 2025

(Currency : Indian rupees in lakhs)

28. Fair Value Measurement

Fair Valuation Techniques and Inputs used - Recurring Items

Financial assets/ financial liabilities	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value and sensitivity
	31 March 2025	31 March 2024				
1) Mutual Fund Investments (Quoted)	3,371.98	571.87	Level 1	Quoted bid prices in an active market	-	-

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

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

Fair Valued Hierarchy as at 31 March 2025

	Level 1	Level 2	Level 3	Total
Financial assets				
Current Financials Assets carried at Fair value				
- Current Investments	3,371.98	-	-	3,371.98
Total	3,371.98	-	-	3,371.98

Fair Valued Hierarchy as at 31 March 2024

	Level 1	Level 2	Level 3	Total
Financial assets				
Current Financials Assets carried at Fair value				
- Current Investments	571.87	-	-	571.87
Total	571.87	-	-	571.87

MAHINDRA FIRST CHOICE WHEELS LIMITED

Notes forming part of the Financial Statements for the year ended 31 March 2025

(Currency : Indian rupees in lakhs)

29. Related Party Transactions:

List of Related Parties and Relationships:

Mahindra & Mahindra Limited	Ultimate Holding Company
Mahindra Holdings Limited	Holding Company
Mahindra & Mahindra Financial Services Limited	Fellow Subsidiary Company
Mahindra Integrated Business Solutions Private Limited (Formerly known as Mahindra BPO Services Private Limited)	Fellow Subsidiary Company
Mahindra Summit Agriscience Limited	Fellow Subsidiary Company
NBS International Limited	Fellow Subsidiary Company
Mahindra Rural Housing Finance Limited	Fellow Subsidiary Company
Mahindra Holiday & Resorts India Limited	Fellow Subsidiary Company
Mahindra Lifespace Developers Limited	Fellow Subsidiary Company
Mahindra Emarket Limited	Fellow Subsidiary Company
Mahindra Accelo Limited (Intertrade)	Fellow Subsidiary Company
Mahindra Insurance Brokers Limited	Fellow Subsidiary Company
Mahindra & Mahindra Synergy Division	Fellow Subsidiary Company
Phi Advisors Private Limited	A private company in which a director or manager or his relative is a member or director
MFCWL Employees Stock Option Trust	ESOS Trust Company
Mahindra MSTC Recycling Private Limited	Fellow Subsidiary Company
Tech Mahindra Limited	Associates
Zoomcar India Private Limited	JV of Holding Company
Mahindra & Mahindra AI Division	Fellow Subsidiary Company
Mahindra & Mahindra Swaraj Division	Fellow Subsidiary Company
Classic Legends Private Limited	Fellow Associate
Mahindra Last Mile Mobility Limited	Fellow Subsidiary Company
Mahindra Two Wheelers Limited	Fellow Subsidiary Company
Mahindra Susten Private Limited	a subsidiary of a holding company to which it is also a subsidiary
Mahindra Electric Automobile Limited	Fellow Subsidiary Company

Key Management Personnel (KMP)

Rajeev Dubey	Non Independent Non Executive Chairman
Dr. Narendra Mairpady	Independent Director
Sonu Bhasin	Independent Director
Amit Kumar Sinha	Non Independent Non Executive Director
Ramesh Iyer	Non Independent Non Executive Director
Sanjay Labroo	Non Independent Non Executive Director
Anupam Thareja	Non Independent Non Executive Director
Vijesh Thota	Non Independent Non Executive Director
Rob Huting	Non Independent Non Executive Director
Christopher Hansen	Non Independent Non Executive Director
Ashutosh Pandey (Till 30th Sept 2024)	Managing Director & Chief Executive Officer
Vishal Agarwal	Chief Financial Officer
Mohammed Turra (w.e.f. 1st Apr 2024)	Managing Director & Chief Executive Officer
Ashish Nilkanth Diwanji (Till 18th Aug 2024)	Chief Financial Officer
Anita Halbe (Till 1st Apr 2025)	Company Secretary
Shreekrushna Joshi (w.e.f. 15th Apr 2025)	Company Secretary

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

	31 March 2025	31 March 2024
Trade payables		
Ultimate holding company	164.53	2,120.08
Fellow subsidiary companies		
Mahindra Integrated Business Solutions Private Limited	2.14	3.25
Mahindra & Mahindra Financial Services Limited	-	7.94
Mahindra & Mahindra AI Division	35.54	-
Mahindra Emarket Limited	-	6.48
Director (Narendra Mairpady)	-	0.74
Phi Advisors Private Limited	54.00	81.63
Trade Receivables		
Ultimate holding company	18.21	36.72
Fellow Subsidiary Companies		
Mahindra First Choice Services Limited		
Mahindra & Mahindra Financial Services Limited	196.80	289.60
Mahindra Electric Automobile Limited	-	14.66
Mahindra Two Wheelers Limited	-	3.03
Mahindra Rural Housing Finance Limited	1.18	1.25
Mahindra MSTC Recycling Private Limited	10.31	18.69
Mahindra Emarket Limited	41.37	5.78
Mahindra & Mahindra Swaraj Division	0.04	-
Classic Legends Private Limited	1.52	6.87
NBS International Limited	0.19	-
Zoomcar India Private Limited	-	119.03
Loan Given		
MFCWL Employees Stock Option Trust	319.56	319.44
Purchases		
Ultimate holding company	3.22	138.18
Fellow subsidiary companies		
Mahindra & Mahindra Financial Services Limited	26.56	267.64
Mahindra Lifespace Developers Limited	-	66.16
Mahindra & Mahindra Synergy Division	-	37.14
Mahindra Summit Agriscience Limited	-	1.20
Mahindra Insurance Brokers Ltd	-	2.60
NBS International Limited	-	75.09
Mahindra MSTC Recycling Private Limited	-	0.79

MAHINDRA FIRST CHOICE WHEELS LIMITED

Notes forming part of the Financial Statements

for the year ended 31 March 2025

(Currency : Indian rupees in lakhs)

29. Related Party Transactions (Continued)

	31 March 2025	31 March 2024
Expenditure		
Rent		
Ultimate holding company	-	9.78
Reimbursement of Cost		
Ultimate holding company	3.58	-
Fellow subsidiary companies		
Mahindra Emarket Limited	35.60	5.78
Mahindra & Mahindra Financial Services Limited	48.62	-
Mahindra & Mahindra AI Division	56.34	-
Mahindra Last Mile Mobility Limited	15.57	-
Mahindra Holiday & Resorts India Limited	129.55	-
Mahindra Accelo Limited	4.78	0.29
Tech Mahindra	5.13	-
Amortisation and Finance Cost		
Fellow subsidiary companies		
Mahindra & Mahindra Financial Services Limited	28.03	61.14
Refurbishment Expenses		
Fellow subsidiary companies		
NBS International Limited	1.12	-
Professional Fees		
Ultimate holding company	757.01	974.42
Fellow subsidiary companies		
Mahindra Integrated Business Solutions Private Limited	51.24	19.21
Mahindra eMarket Limited	-	7.08
A private company in which a director or manager or his relative is a member or director		
Phi Advisors Private Limited	62.50	44.25
Income from Services		
Ultimate holding company	930.99	996.82
Fellow Subsidiary Companies		
Mahindra & Mahindra Financial Services Limited	2,374.79	2,432.18
Gromax Agri Equipment Limited	-	1.77
Mahindra Electric Automobile Limited	120.83	16.02
NBS International Limited	7.00	8.36
Mahindra MSTC Recycling Private Limited	-	18.69
Mahindra Rural Housing Finance Limited	12.21	26.09
Mahindra & Mahindra Swaraj Division	0.82	-
Mahindra Susten Private Limited	22.49	-
Classic Legends Pvt Limited	15.15	25.79
Mahindra Last Mile Mobility Limited	7.70	-
Key Management Personnel Remuneration (inclusive of long term employment benefits)		
Managing Director & CEO; Chief Financial Officer; Company Secretary	562.57	516.93
Reimbursement of expense	5.73	5.60
Director Sitting Fees		
Narendra Mairpady	3.10	5.30
Rajeev Dubey	0.60	2.10
Sonu Bhasin	1.90	3.40

(All transactions with related parties disclosed above for FY 24-25 are exclusive of taxes)

MAHINDRA FIRST CHOICE WHEELS LIMITED

Notes forming part of the Financial Statements for the year ended 31 March 2025

(Currency : Indian rupees in lakhs)

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

	31 March 2025	31 March 2024
i. The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier at the end of each accounting year	101.15	76.90
ii. The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	-	-
iii. The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	-	-
iv. The amount of interest accrued and remaining unpaid at the end of each year	-	-
v. The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006	-	-
vi. Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.	-	-

MAHINDRA FIRST CHOICE WHEELS LIMITED

Notes forming part of the Financial Statements

for the year ended 31 March 2025

(Currency : Indian rupees in lakhs)

31 BUSINESS COMBINATION

Business combination under common control entities :

Business combination involving companies in which all the combining companies are ultimately controlled by the same holding party, both prior and after the business combination are treated as per the pooling of interest method.

The pooling of interest method involves the following:

- (i) The assets and liabilities of the combining entities are reflected at their carrying amounts.
- (ii) No adjustments are made to reflect fair values, or recognise any new assets or liabilities.
- (iii) The financial information in the financial statements in respect of prior periods are restated as if the business combination

The identity of the reserves is preserved, and they appear in the financial statements of the transferee company in the same form in which they appeared in the financial statements of the transferor company. The difference, if any, between the consideration and the amount of share capital of the transferor company is transferred to capital reserve.

Merger of Fifth Gear Ventures Limited ("FGVL")

The Company had acquired 100% of the shareholding of FGVL by entering in a share purchase agreement executed on 17th January 2020. As a result of this acquisition, Goodwill is recognised amounting to Rs 3,028.05 lakhs.

FGVL was engaged in the business of operating an automotive web for car and bike for retail sale as well as comparison services worldwide. The Board of Directors of the Company had approved the The Composite Scheme of Amalgamation and Arrangement ("Scheme") on 24th January 2024 subject to the approval of Hon'ble National Company Law Tribunal (NCLT), Mumbai Bench. An application was filed with NCLT on 23rd February 2024. The appointed date of merger was 1st April 2024.

The Scheme submitted by the Company was approved by NCLT by its order dated 11 February, 2025. The Scheme was made effective on 15th March 2025 with the Company filing INC-28 with the Registrar of Companies.

The merger has been accounted for using the pooling of interest method under Ind AS 103 – Business Combinations. All identified assets acquired, and liabilities assumed on the date of merger were recorded at their carrying value. The merger has been accounted for in the books of accounts as if business combination had occurred from the beginning of Financial Year 2024 in accordance with IND AS 103.

(A) Purchase consideration transferred:

The Transferor Company is wholly owned subsidiary of the Transferee Company. Accordingly, upon the Scheme becoming effective, no consideration shall be payable the Transferee Company and shares of the Transferor Company held by the Transferee Company (or its nominee shareholders) will stand cancelled, without any further act, instrument or deed and pursuant

(B) Details of assets acquired and liabilities assumed from merging entities as on 1st April 2023:

Particulars	As at 1st April 2023
ASSETS	FGVL
Non-current assets	
Property, Plant and Equipment	52.17
Goodwill	3,028.05
Other intangible assets	1,347.00
Income tax assets (net)	197.32
Total - Non-current assets (A)	4,624.54
Current assets	
Inventories	69.88
Financial assets	
Trade receivables	1,133.27
Cash and cash equivalents	262.31
Bank balances other than above	60.00
Other current financial assets	26.88
Other current assets	681.45
Total - Current assets (B)	2,233.79
Total Assets [(C) = (A)+(B)]	6,858.33

MAHINDRA FIRST CHOICE WHEELS LIMITED

Notes forming part of the Financial Statements
for the year ended 31 March 2025

(Currency : Indian rupees in lakhs)

31. Business combination (Continued)

EQUITY AND LIABILITIES

LIABILITIES

EQUITY

Other Equity

Items of other comprehensive income	9.84
	<u>9.84</u>

Non-current liabilities

Provisions	36.20
	<u>36.20</u>

Total - Non-current liabilities (A)	36.20
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Current liabilities

Financial liabilities

Trade payables

- total outstanding dues of micro enterprises and small enterprises	32.58
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- total outstanding dues of creditors other than micro enterprises and small enterprises	1,450.08
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Other current financial liabilities	173.21
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Provisions	17.77
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Other current liabilities	192.11
	<u>1,865.75</u>

Total - Current liabilities (B)	1,865.75
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Total Liabilities [(D) = (A)+(B)]	1,911.79
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Reserves acquired (E)	(5,151.13)
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MAHINDRA FIRST CHOICE WHEELS LIMITED

Notes forming part of the Financial Statements

for the year ended 31 March 2025

32. Segment Information

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

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

33. Other matters

(a) No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(b) No funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

MAHINDRA FIRST CHOICE WHEELS LIMITED

Notes forming part of the Financial Statements for the year ended 31 March 2025

(Currency : Indian rupees in lakhs)

34. Ratio Analysis

Sr No	Ratio	Numerator	Denominator	Current Period	Previous Period	% Variance	Reason for Variance
1	Current Ratio	Current Assets	Current Liabilities	1.3	1.2	2%	-
2	Debt-Equity Ratio	Total Debt	Shareholder's Equity	Not applicable since company does not have any borrowings.			
3	Debt Service Coverage Ratio	Earnings for debt service = Net profit after taxes + Non-cash operating expenses	Debt service = Interest & Lease Payments + Principal Repayments	Not applicable since company does not have any borrowings.			
4	Return on Equity Ratio	Net Profits after taxes – Preference Dividend	Average Shareholder's Equity	-20%	-65%	-69%	Due to operational loss during the year.
5	Inventory Turnover Ratio	Cost of goods sold	Average Inventory	194.78	26.88	625%	Inventory based business was closed last year. Varinace is reflective of minimal inventory transactions entered during the year.
6	Trade Receivables Turnover Ratio	Net credit sales = Gross credit sales - sales return	Average Trade Receivable	3.21	6.43	-50%	With no revenue arising from procurement business, which had a lower share of debtors, the ratio has shown a reduction in the current year.
7	Trade Payables Turnover Ratio	Net credit purchases = Gross credit purchases - purchase return	Average Trade Payables	0.08	3.47	-98%	With no revenue arising from procurement business, which had a lower share of debtors, the ratio has shown a reduction in the current year.
8	Net Capital Turnover Ratios	Net sales = Total sales - sales return	Working capital = Current assets – Current liabilities	9.67	16.66	-42%	With no revenue arising from procurement business, which had a lower share of debtors, the ratio has shown a reduction in the current year.
9	Net Profit/ Loss Ratio	Net Profit/ Loss	Net sales = Total sales - sales return	-6%	-14%	-57%	Led by improvisation in margin and optimisation of costs.
10	Return on Capital Employed Ratio	Loss before interest and taxes	Capital Employed = Tangible Net Worth+Total Debt-Deffer Tax Liability	-19%	-96%	-80%	On account of reduction in operating losses.
11	Return on Investment Ratio	Net Loss (+/-) Non Trade Adjustment (Not Depreciation)+Interest on Long Term Debts+Provision for Tax-Interest/Dividend from Non Trade Investments	Capital Employed = Tangible Net Worth+Total Debt-Deffer Tax Liability	-21%	-100%	-79%	On account of reduction in operating losses.

35. Struck-off Companies details:

Name of struck off Company	Nature of transactions with struck-off Company	Balance outstanding as at 31st Mar 2025	Balance outstanding as at 31st Mar 2024	Relationship with the struck off company, if any, to be disclosed
Aris Capital Private Limited	Receivables	0.05	-	Not Applicable
Retona Motors Private Limited	Payables	(0.98)	(0.98)	Not Applicable
Auto Risk Management Services Private Limited	Payables	1.70	-	Not Applicable
Ayushman Infotech Private Limited	Payables	1.58	-	Not Applicable
Corgence Solution Private Limited	Payables	(1.62)	(1.62)	Not Applicable
G3 Motors Limited	Payables	4.76	-	Not Applicable
Birdcube Travel Private Limited	Payables	-	0.01	Not Applicable

MAHINDRA FIRST CHOICE WHEELS LIMITED

Notes forming part of the Financial Statements

for the year ended 31 March 2025

(Currency : Indian rupees in lakhs)

36. Reconciliation of movement in borrowings to cash flows from financing activities

	31 March 2025	31 March 2024
Opening balance		
Non current lease liabilities	978.08	585.75
Current lease liabilities	410.25	602.83
Total opening balance	1,388.34	1,188.58
The movement in Lease liabilities (Non-current and Current) is as follows :		
Repayment of lease liabilities	(556.58)	(765.94)
Additions in lease liabilities (including interest thereon)	409.41	1,165.73
Deletions in lease liabilities	(13.62)	(200.03)
Closing balance	1,227.56	1,388.34

The accompanying notes 1 to 36 are an integral part of the Financial Statements

In terms of our report attached

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

Chartered Accountants

Firm Registration No. 101248W/W-100022

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

Kaushal Mehta

Partner

Membership number: 118321

Mohammed Turra

Managing Director & Chief Executive Officer

DIN: 08736844

Amit Kumar Sinha

Director

DIN: 09127387

Place : Mumbai

Date: 15 April,2025

Vishal Agarwal

Chief Financial Officer

PAN: AEDPA0253L

Shreekrushna Joshi

Company Secretary

Membership number: A46379

Form AOC-1
(Pursuant to First Proviso to sub-section (3) of section 129 read with rule 5 of companies [Accounts]
Rules, 2014

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

Part “ A ” : Subsidiaries

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

Sl.No.	Particulars	Details
1.	Name of the Subsidiary	-
2.	Reporting period for the Subsidiary concerned, if different from the holding company's reporting period	-
3.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	-
4.	Share Capital	-
5.	Reserves & Surplus	-
6.	Total assets	-
7.	Total Liabilities	-
8.	Investments	-
9.	Turnover	-
10.	Profit / (Loss) before taxation	-
11.	Provision for Taxation	-
12.	Profit / (Loss) after Taxation	-
13.	Proposed Dividend	-
14.	% of shareholding	-

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

1. Names of subsidiaries which are yet to commence operation - Not Applicable
2. Names of subsidiaries which have been liquidated or sold during the year - Not Applicable
3. Subsidiary merged with the Company during the year: Fifth Gear Ventures Limited

Part “ B ”: Associates and Joint Ventures – Not Applicable

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

Mohammed Turra
Managing Director & Chief Executive Officer
DIN: 08736844

Amit Kumar Sinha
Director
DIN: 09127387

Vishal Agarwal
Chief Financial Officer
PAN: AEDPA0253L

Shreekrushna Joshi
Company Secretary
Membership Number: A46379

Date – **15 April 2025** Place - **Mumbai**