

Independent Auditor's Report

To the Members of
Mahindra Asset Management Company Private Limited

Report on the Audit of the Ind AS Financial Statements

OPINION

We have audited the Ind AS financial statements of **Mahindra Asset Management Company Private Limited** ("the Company"), which comprise the Balance Sheet as at 31st March 2020, and the statement of Profit and Loss, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the Ind AS financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the 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 March 31, 2020, and 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 Companies Act, 2013. Our responsibilities under those Standards 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 Ind AS financial statements under the provisions of the Companies Act, 2013 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.

OTHER INFORMATION

The company's Board of Directors is responsible for the other information. The other information comprises the Board report.

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

In connection with our audit of the Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Ind AS

financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance, (changes in equity) and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE IND AS FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the Ind AS 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 Standard on Auditing 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 Ind AS financial statements.

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

We also:

- Identify and assess the risks of material misstatement of the Ind AS 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 Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Ind AS 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 Ind AS financial statements, including the disclosures, and whether the Ind AS 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Ind AS financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure-B", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

- (e) On the basis of the written representations received from the directors as on 31st March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
- (g) 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:
 - i. The Company does not have any pending litigations;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **B.K. Khare & Co.**
Chartered Accountants
(Firm's Registration No. 105102W)

Padmini Khare Kaicker
Partner
Membership No. 044784
Mumbai, May 06, 2020
UDIN: 20044784AAAAAQ8881

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

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

We have audited the internal financial controls over financial reporting of **Mahindra Asset Management Company Private Limited** ("the Company") as of March 31, 2020 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting 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. 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, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 over financial reporting was 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 system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an

understanding of internal financial controls over financial reporting, assessing whether the risk of 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 Ind AS 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 system over financial reporting.

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes 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 Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the Ind AS financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

Because of the inherent limitations of internal financial controls over financial reporting, 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 over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

OPINION

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the internal control over financial reporting 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.

For **B.K. Khare & Co.**
Chartered Accountants
(Firm's Registration No. 105102W)

Padmini Khare Kaicker
Partner
Membership No. 044784
Mumbai, May 06, 2020
UDIN: 20044784AAAAAQ8881

ANNEXURE B TO THE AUDITOR'S REPORT

Referred to in paragraph 9 of our report of even date on the financial statements of **Mahindra Asset Management Company Private Limited** for the year ended March 31, 2020

Annexure to the Auditor's Report referred to in our report of even date:

- I. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation Property, Plant & Equipment.
 - (b) These fixed assets were physically verified by the Management during the year at reasonable intervals and discrepancies noticed during the verification were not material and have been properly dealt with in the books of accounts.
 - (c) The Company has no immovable properties and hence Clause 3(i)(c) is not applicable to the Company
- II. Clause 3(ii) of the Companies (Auditor's Report) Order, 2020 is not applicable to the Company.
- III. No parties are covered in the register maintained under section 189 of Companies Act, 2013 by the Company. Therefore, clauses 3(iii) (a), (b) & (c) of the Companies (Auditor's Report) Order, 2020 is not applicable to the Company.
- IV. In our opinion and according to the information and explanations given to us the provisions of section 186 of the Companies Act, 2013 have been complied with.
- V. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public. Consequently, no order has been passed by the Company Law Board or National Company Law Commission or Reserve Bank of India or any court or any other tribunal on the Company. The clause 3(v), therefore is not applicable to the Company.
- VI. On facts, clause 3(vi) relating to maintenance of cost records is not applicable to the Company.
- VII. (a) According to the records of the Company and information and explanations given to us, the Company is generally regular in depositing with the appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Customs Duty, Value Added Tax, and other statutory dues applicable to it with the concerned authorities.
 - (b) According to the information and explanations given to us, there are no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income tax, Sales Tax, Wealth Tax, Excise Duty, Service Tax, Goods and Service Tax, Customs Duty and Value Added Tax that were outstanding, at the year-end for a period of more than six months from the date they became payable.
 - (c) According to the information and explanations given to us and records of the Company examined by us, there are no dues of income-tax, sales tax, service tax, excise duty, customs duty and value added tax and cess which have not been deposited on account of any dispute.
- VIII. On the basis of examination of relevant records and according to the information and explanations given to us, the Company has not borrowed any money from financial institutions, Government or bank or debenture holders as at the Balance Sheet date.
- IX. On the basis of examination of relevant records and according to the information and explanations given to us, the Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) and term loans.
- X. On the basis of our examination of the relevant records of the Company, carried out in accordance with generally accepted auditing practices and according to the information and explanations given to us, no fraud by the Company or any fraud on the Company by its officers or employees has been noticed or reported during the year.
- XI. The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- XII. The Company is not a 'Nidhi Company', therefore, clause 3(xii) of the Companies (Auditor's Report) Order, 2020 is not applicable to the Company.
- XIII. On the basis of examination of relevant records and according to the information and explanations given to us, all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable. The Company has disclosed the details of transactions with related parties in the Financial Statements as required by the applicable accounting standards.

- XIV. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under audit; therefore, clause 3(xiv) of the Companies (Auditor's Report) Order, 2020 is not applicable to the company.
- XV. On the basis of examination of relevant records and according to the information and explanations given to us, in our opinion, the Company has not entered into any non- cash transactions with directors or persons connected with them.
- XVI. On the basis of examination of relevant records and according to the information and explanations given to us, in our opinion, the Company is not required to

be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **B.K. Khare & Co.**
Chartered Accountants
(Firm's Registration No. 105102W)

Padmini Khare Kaicker
Partner
Membership No. 044784
Mumbai, May 06, 2020
UDIN: 20044784AAAAAQ8881

Balance Sheet

AS AT 31 MARCH 2020

Particulars	Note no.	Rs in Lakhs	
		As at 31 March 2020	As at 31 March 2020
ASSETS			
Financial Assets			
a) Cash and cash equivalents	3	5.78	5.52
b) Receivables	4		
i) Trade Receivables		22.44	152.52
c) Investments	5	7,148.77	5,648.31
d) Other Financial assets	6	236.11	230.68
		7,413.10	6,037.03
Non-financial Assets			
a) Current tax assets (Net)	7	401.36	386.84
b) Property, Plant and Equipment	8	169.62	168.82
c) Right of Use Asset	8	502.07	-
d) Other Intangible assets	9	29.01	11.39
e) Other non-financial assets	10	302.70	243.23
		1,404.76	810.28
Total Assets		8,817.86	6,847.31
LIABILITIES AND EQUITY			
LIABILITIES			
Financial Liabilities			
a) Payables	11		
i) Trade Payables			
i) total outstanding dues of micro and small enterprises		25.03	23.61
ii) total outstanding dues of creditors other than micro and small enterprises		203.88	126.54
b) Other financial liabilities	12	1,042.42	421.67
		1,271.33	571.82
Non-Financial Liabilities			
a) Provisions	13	626.16	428.76
b) Other non-financial liabilities	14	118.09	104.37
		744.25	533.13
EQUITY			
a) Equity Share capital	15	21,000.00	16,000.00
b) Other Equity	16	(14,197.72)	(10,257.64)
Total Liabilities and Equity		8,817.86	6,847.31
Summary of significant accounting policies	2		
The accompanying notes form an integral part of the financial statements.			

As per our report of even date attached.

For B K KHARE & CO.

Chartered Accountants

Firm's Registration No: 105102W

Padmini Khare Kaicker

Partner

Membership No: 44784

For and on behalf of the Board of Directors
Mahindra Asset Management Company Private Limited

V. Ravi

Chairman

[DIN: 00307328]

Ashutosh Bishnoi

Managing Director & CEO

[DIN: 02926849]

Chitra Andrade

Independent Director

[DIN: 08090478]

Sanjay Parikh

Chief Financial Officer

Ravi Dayma

Company Secretary

Place : Mumbai

Date : 6 May, 2020

Statement of Profit and Loss

FOR YEAR ENDED 31 MARCH 2020

Rs. in Lakhs

Particulars	Note no.	Rs. in Lakhs	
		Year ended 31 Mar 2020	Year ended 31 Mar 2019
I Revenue from operations			
i) Fees and commission Income	17	1,265.02	2,306.75
I Total Revenue from operations		1,265.02	2,306.75
II Other Income	18	430.89	504.29
III Total Income (I+II)		1,695.91	2,811.04
Expenses			
i) Employee Benefits Expenses	19	3,446.62	3,402.87
ii) Brokerage and commission expense	20	-	1,200.11
iii) Finance costs	21	50.07	7.10
iv) Depreciation, amortization and impairment	22	268.40	109.49
v) Others expenses	23	1,720.64	2040.22
IV Total Expenses (IV)		5,485.73	6,759.79
V Profit / (loss) before exceptional items and tax (III-IV)		(3,789.82)	(3,948.75)
VI Exceptional items		-	-
VII Profit/(loss) before tax (V -VI)		(3,789.82)	(3,948.75)
VIII Tax expense :			
(i) Current tax		-	-
(ii) Deferred tax		-	-
IX Profit / (loss) for the year from continuing operations (VII-VIII)		(3,789.82)	(3,948.75)
X Profit/(loss) from discontinued operations		-	-
XI Tax expense of discontinued operations		-	-
XII Profit/(loss) from discontinued operations(After tax) (X-XI)		-	-
XIII Profit/(loss) for the year (IX+XII)		(3,789.82)	(3,948.75)
XIV Other Comprehensive Income			
(A) (i) Items that will not be reclassified to profit or loss	24	(17.57)	(4.03)
- Remeasurement gain / (loss) on defined benefit plans		(17.57)	(4.03)
(ii) Income tax impact thereon		-	-
Total Other Comprehensive Income		(17.57)	(4.03)
XV Total Comprehensive Income for the year (XIII+XIV) (Comprising Profit / (Loss) and other Comprehensive Income for the year)		(3,807.39)	(3,952.78)
XVI Earnings per equity share (for continuing operations)			
Basic (Rupees)	25	(2.07)	(2.76)
Diluted (Rupees)		(2.07)	(2.76)
XVII Earnings per equity share (for discontinued operations)			
Basic (Rupees)		-	-
Diluted (Rupees)		-	-
XVIII Earnings per equity share (for continuing and discontinued operations)			
Basic (Rupees)		(2.07)	(2.76)
Diluted (Rupees)		(2.07)	(2.76)
Summary of significant accounting policies	2		

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

As per our report of even date attached.

For B K KHARE & CO.

Chartered Accountants

Firm's Registration No: 105102W

Padmini Khare Kaicker

Partner

Membership No: 44784

For and on behalf of the Board of Directors
Mahindra Asset Management Company Private Limited

V. Ravi

Chairman

[DIN: 00307328]

Ashutosh Bishnoi

Managing Director & CEO

[DIN: 02926849]

Chitra Andrade

Independent Director

[DIN: 08090478]

Sanjay Parikh

Chief Financial Officer

Ravi Dayma

Company Secretary

Place : Mumbai

Date : 6 May, 2020

Statement of changes in Equity

FOR YEAR ENDED 31 MARCH 2020

A. EQUITY SHARE CAPITAL

Particulars	Rs. in Lakhs
	Amount
As at 1 April 2019	16,000.00
Changes in equity share capital during the year	5,000.00
As at 31 March 2020	21,000.00
As at 1 April 2018	12,000.00
Changes in equity share capital during the year	4,000.00
As at 31 March 2019	16,000.00

B. OTHER EQUITY

Particulars	Rs. in Lakhs		
	Reserves and Surplus	Item of Other Comprehensive Income (OCI)	Total
	Retained earnings or Profit & loss account	Remeasurement loss (net) on defined benefit plans	
Balance as at 01 April 2019	(10,245.94)	(11.70)	(10,257.64)
Profit / (Loss) for the year	(3,789.82)	-	(3,789.82)
Other Comprehensive Income	-	(17.57)	(17.57)
Total Comprehensive Income for the year	(3,789.82)	(17.57)	(3,807.39)
Share issue expenses	(132.69)	-	(132.69)
Balance as at 31 March 2020	(14,168.45)	(29.27)	(14,197.72)
Balance as at 01 April 2018	(6,264.69)	(7.67)	(6,272.36)
Profit / (Loss) for the year	(3,948.75)	-	(3,948.75)
Other Comprehensive Income	-	(4.03)	(4.03)
Total Comprehensive Income for the year	(3,948.75)	(4.03)	(3,952.78)
Share issue expenses	(32.50)	-	(32.50)
Balance as at 31 March 2019	(10,245.94)	(11.70)	(10,257.64)

The accompanying summary of significant accounting policies and notes are an integral part of the financial statements.

As per our report of even date attached.

For B K KHARE & CO.
Chartered Accountants
Firm's Registration No: 105102W

Padmini Khare Kaicker
Partner
Membership No: 44784

For and on behalf of the Board of Directors
Mahindra Asset Management Company Private Limited

V. Ravi
Chairman
[DIN: 00307328]

Ashutosh Bishnoi
Managing Director & CEO
[DIN: 02926849]

Chitra Andrade
Independent Director
[DIN: 08090478]

Sanjay Parikh
Chief Financial Officer

Ravi Dayma
Company Secretary

Place : Mumbai
Date : 6 May, 2020

Statement of Cash flows

FOR YEAR ENDED 31 MARCH 2020

Rs. in Lakhs

Particulars	Year ended 31 Mar 2020	Year ended 31 Mar 2019
A) CASH FLOW FROM OPERATING ACTIVITIES		
Loss before exceptional items and taxes	(3,789.82)	(3,948.75)
Adjustments to reconcile Loss before tax to net cash flows:		
Add: Non-cash expenses		
Depreciation, amortization and impairment	107.95	109.49
Fixed Assets written off	0.20	-
Interest on lease liability	50.07	-
Amortization on Right of Use asset	160.45	-
Remeasurement gain / (loss) on defined benefit plans	(17.57)	(4.03)
	301.10	105.46
Less: Income considered separately		
Net (gain)/ loss on fair value changes	55.84	(26.47)
Interest income from investing activities	(411.99)	(427.52)
Net loss on derecognition of property, plant and equipment	-	1.50
Net (gain)/ loss on sale investments	(70.29)	(50.30)
	(426.44)	(502.79)
Operating Loss before working capital changes	(3,915.16)	(4,346.08)
Changes in -		
Trade receivables	130.08	147.57
Loans	-	100.00
Interest accrued on investments	(1.08)	0.05
Interest accrued on other deposits	-	7.27
Other financial assets	(4.35)	(12.27)
Other non-financial assets	(59.47)	148.03
Trade Payables	78.75	(560.61)
Other financial liabilities	84.99	206.75
Other non-financial liabilities	13.72	(1.42)
Provisions	197.40	347.96
Cash used in operations	440.04	383.33
Income taxes paid (net of refunds)	(14.52)	(162.35)
NET CASH USED IN OPERATING ACTIVITIES (A)	(3,489.64)	(4,125.10)
B) CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Property, plant and equipment and intangible assets	(126.57)	(63.54)
Proceeds from sale of Property, plant and equipment	-	0.02
Purchase of investments at FVTPL	(6,387.00)	(8,064.00)
Proceeds from sale of investments at FVTPL	4,901.00	7,859.71
Interest income received on investments measured at amortised cost	411.99	427.52
NET CASH GENERATED FROM / (USED IN) INVESTING ACTIVITIES (B)	(1,200.58)	159.71

Particulars	Rs. in Lakhs	
	Year ended 31 Mar 2020	Year ended 31 Mar 2019
C) CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of Equity shares (net of issue expenses)	4,867.31	3,967.50
Payment for Principal portion of lease liability	(167.05)	-
Interest paid on lease liability	(9.78)	-
NET CASH GENERATED FROM / (USED IN) FINANCING ACTIVITIES (C)	4,690.48	3,967.50
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	0.26	2.11
Cash and Cash Equivalents at the beginning of the year	5.52	3.41
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (refer note no. 1)	5.78	5.52
Components of Cash and Cash Equivalents		
Particulars		
Cash and cash equivalents at the end of the year		
- Cash on hand	1.68	0.58
- Balances with banks in current accounts	4.10	4.94
Total	5.78	5.52

Notes :

The above Cash Flow Statement has been prepared under the 'Indirect method' as set out in the Indian Accounting Standard 7 'Cash Flow Statements'.

As per our report of even date attached.

For B K KHARE & CO.
Chartered Accountants
Firm's Registration No: 105102W

Padmini Khare Kaicker
Partner
Membership No: 44784

For and on behalf of the Board of Directors
Mahindra Asset Management Company Private Limited

V. Ravi
Chairman
[DIN: 00307328]

Ashutosh Bishnoi
Managing Director & CEO
[DIN: 02926849]

Chitra Andrade
Independent Director
[DIN: 08090478]

Sanjay Parikh
Chief Financial Officer

Ravi Dayma
Company Secretary

Place : Mumbai
Date : 6 May, 2020

Notes

TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

1. CORPORATE INFORMATION

Mahindra Asset Management Company Private Limited ('the Company'), was incorporated under the Companies Act, 1956 on June 20, 2013. As on March 31, 2020, the company is a subsidiary of Mahindra & Mahindra Financial Services Ltd. The Company has a license from the Securities & Exchange Board of India to provide investment management services to the schemes of Mahindra Mutual Fund. SEBI granted the certificate of registration to Mahindra Mutual Fund on February 4, 2016. The Company earns fees from investment management activities provided to the schemes of Mahindra Mutual Fund. As on March 31, 2020, the Company was managing thirteen schemes of Mahindra Mutual Fund.

As on March 31, 2020, the Company's immediate parent company is Mahindra & Mahindra Financial Services Limited and its ultimate parent company is Mahindra & Mahindra Limited.

Change in shareholding of the Company

As on March 31, 2020, the Company was a subsidiary of Mahindra and Mahindra Financial Services Ltd ('MMFSL'). The Company has issued 21,00,00,000 (Twenty-one crore) shares to MMFSL and its nominees. On June 21, 2019, MMFSL and the Company entered into a Share Subscription Agreement ('SSA') with Manulife Investment Management Singapore Pte Ltd ('Manulife Singapore'). As per the SSA and subsequent amendments thereto, Manulife Singapore will hold 49% stake in the Company after the completion of all the formalities required in the Agreement including the receipt of regulatory approvals. Subsequent to the signing of the Agreement, the Company has received the required approvals from the Competition Commission of India as well as the Securities and Exchange Board of India. In an Extraordinary General Meeting held on April 15, 2020, the shareholders of the Company approved an offer of 17,29,41,180 (Seventeen crore twenty-nine lakh forty-one thousand one hundred and eighty) equity shares. MMFSL also proposed to sell 1,47,00,000 (One crore forty-seven lakh) number of shares of the Company to Manulife Singapore. These transactions were completed on April 29, 2020 and accordingly MMFSL now holds 51% of the equity of the Company and Manulife Singapore holds 49% of the equity of the Company. The Company received an amount of Rs. 243.66 crores at Rs. 14.09 per equity share.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1. Statement of compliance and basis for preparation and presentation of financial statements

These standalone or separate financial statements of the Company have been prepared in accordance with the 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.

The Company's financial statements upto and for the year ended March 31, 2018 were prepared in accordance with the Generally Accepted Accounting Principles in India (IGAAP) under the historical cost convention as a going concern and on an accrual basis, unless otherwise stated, and in accordance with the provisions of the Act, the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules 2014 (as amended), all these were collectively named as "Previous GAAP" (IGAAP).

These are the Company's second standalone or separate financial statements prepared in accordance with Indian Accounting Standards (Ind AS).

2.2. Functional and presentation currency

These financial statements are presented in Indian Rupees ('INR' or 'Rs.') which is also the Company's functional currency.

2.3. Basis of measurement

The financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair values.

2.4. Measurement of fair values

A number of Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. The Company has established policies and procedures with respect to the measurement of fair values.

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

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

Notes

TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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

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

2.5. Use of estimates and judgments

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Following are areas that involved a higher degree of estimate and judgement or complexity in determining the carrying amount of some assets and liabilities:

Fair value of financial assets, liabilities and investments

The Company measures certain financial assets and liabilities on fair value basis at each balance sheet date or at the time they are assessed for impairment. Fair value measurement that are based on significant unobservable inputs (Level 3) require management's best estimate about future developments.

Defined benefit obligations

Measurement of defined benefit obligations and the actuarial assumptions around it are estimated on a reasonable basis. Estimates and judgements are continuously evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

2.6. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

Fees from management of mutual fund schemes

Fees from management of mutual fund schemes are recognised on an accrual basis at specific rates, applied on the average daily net assets of the schemes of Mahindra Mutual Fund in accordance with the Investment Management Agreement between the Company and the Trustees

of Mahindra Mutual Fund and SEBI (Mutual Fund) Regulations, 1996 as amended from time to time.

Other Income

The gains / losses on sale of investments are recognised in the Statement of Profit and Loss on the trade day and it is determined on FIFO ('first in first out') method. Till March 31, 2019, the company used to account for gains / losses on sale of investments as per weighted average cost method but from 1st April, 2019 onwards, the company has shifted to FIFO method. The above change in method of deriving gains or losses on sale of investments has a negligible impact on the overall results of the company.

Recognition of Dividend Income

Dividend from investments are recognised in the Statement of Profit and Loss when the right to receive payment is established.

Recognition of Interest Income

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.

2.7. Property, Plant and Equipment ('PPE')

PPE are stated at cost of acquisition (including incidental expenses), less accumulated depreciation and accumulated impairment loss, if any.

Advances paid towards the acquisition of PPE outstanding at each balance sheet date are disclosed separately under other non-financial assets. Capital work in progress comprises the cost of PPE that are not ready for its intended use at the reporting date.

Depreciation on PPE is provided on straight-line basis in accordance with the useful lives specified in Schedule II to the Companies Act, 2013 on a pro-rata basis except for following assets in respect of which useful life is taken as estimated by the management based on the actual usage pattern of the assets.

- Motor vehicles where useful life is assumed at four years as against eight years as per Schedule II since the employees to whom these vehicles have been allotted, in accordance with the terms of their employment, are entitled to change their vehicles every four years, and

Notes

TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

- Fixed assets individually having a value less than Rs 5,000 are fully depreciated in the year of purchase.

Further, residual value for all assets is considered as zero due to the difficulty in estimating the same and in the case of motor cars, having regard to terms of employment under which these are allotted to the employees.

Accordingly, useful life of assets is estimated as follows:

Employee vehicles	- 4 years
Computer	- 3 years
Furniture	- 10 years
Office Equipment	- 5 years
Assets costing less than Rs 5,000	< 1 year

PPE is de-recognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the net carrying amount of the asset) is recognised in other income / netted off from any loss on disposal in the Statement of Profit and Loss in the year the asset is de-recognised.

2.8. Intangible assets

Intangible assets are stated at cost less accumulated amortisation and impairment loss, if any. Intangible assets comprise of computer software which is amortised over the estimated useful life. The maximum period for such amortisation is taken as 36 months based on management's estimates of useful life. Amortisation is calculated using the Straight line method to write down the cost of intangible assets over their estimated useful lives.

2.9. Foreign exchange transactions and translations

Initial recognition

Transactions in foreign currencies are recognised at the prevailing exchange rates between the reporting currency and the foreign currency on the transaction date.

Conversion

Transactions in foreign currencies are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities

denominated in foreign currencies at year end exchange rates are generally recognised in the Statement of Profit and Loss. Foreign currency monetary assets and liabilities at the year-end are translated at the year-end exchange rates and the resultant exchange differences are recognised in the Statement of Profit and Loss.

Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

2.10. Financial instruments

Recognition and initial measurement

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

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

Classification and subsequent measurement of Financial assets

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

- Amortised cost; or
- Fair Value through Other Comprehensive Income (FVTOCI) - debt investment; or
- Fair Value through Other Comprehensive Income (FVTOCI) - equity investment; or
- Fair Value through Profit or Loss (FVTPL)

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

Notes

TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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

The financial assets held with the objective to collect contractual cash flows as per the contractual terms that give rise on specified dates to cash flows that are solely payment of interest on the principal amount outstanding are measured at amortised cost on the reporting date. Accordingly, the Company measures investment in Non-Convertible debentures at amortised cost. Interest income and impairment if any, is recognised in the Statement of Profit and Loss.

For equity investments, the Company makes an election on an instrument-by-instrument basis to designate equity investments as measured at FVTOCI. These elected investments are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the reserves. The cumulative gain or loss is not reclassified to the Statement of Profit and Loss on disposal of the investments. These investments in equity are not held for trading. Instead, they are held for medium or long-term strategic purpose. Upon the application of Ind AS 109, the Company has chosen to designate these investments as FVTOCI as the Company believes that this provides a more meaningful presentation of medium or long-term strategic investments, than reflecting changes in fair value immediately in the Statement of Profit and Loss. Dividend income, if any, received on such equity investments are recognised in the Statement of Profit and Loss.

Equity investments that are not designated to be measured at FVTOCI are designated to be measured as FVTPL. Subsequent changes in fair value are recognised in the Statement of Profit and Loss.

Financial liabilities and equity instruments

Debt and equity instruments issued by the Company 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.

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. Transaction costs of an equity transaction are recognised as a deduction from equity.

Financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as FVTPL if it is classified as held-for-trading or it is designated as such on initial recognition. Other financial liabilities are subsequently measured at amortised cost. Interest expense are recognised in the Statement of Profit and Loss. Any gain or loss on derecognition is also recognised in the Statement of Profit and Loss.

De-recognition of financial assets

The Company de-recognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive 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 of 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 the amount it may have to pay.

If the Company enters into transactions whereby it transfers assets recognised on its Balance Sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not de-recognised and the proceeds received are recognised as a collateralised borrowing.

De-recognition of financial liabilities

A financial liability is de-recognised when the obligation under the liability is discharged, cancelled or expires. The difference between the carrying value of the original financial liability and the consideration paid is recognised in the Statement of Profit and Loss.

Impairment of financial assets

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. For debt securities at FVTOCI, the loss allowance is recognised in OCI and is not reduced from the carrying amount of the financial asset in the balance sheet.

Notes

TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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 the Statement of Profit and Loss.

Impairment of non-financial assets

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, which is the higher of the value in use or fair value less cost to sell, of the asset or cash-generating unit, as the case may be, is estimated and impairment loss (if any) is recognised and the carrying amount is reduced to its recoverable amount.

In assessing the 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. 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 an impairment loss subsequently reverses, the carrying amount of the asset or a cash-generating unit is increased to the revised estimate of its recoverable amount, 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 (or cash-generating unit) earlier. The reversal of an impairment loss is recognised in Statement of Profit and Loss.

2.11. Employee Benefits

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation

to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Contribution paid / payable during the year to Superannuation Fund, ESIC and Labour Welfare Fund are recognised in the Statement of Profit and Loss.

Contribution to provident fund

Company's contribution paid/payable during the year to provident fund is recognised in the Statement of Profit and Loss.

Gratuity

The Company's liability towards gratuity scheme is determined by an independent actuary using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the Statement of Profit and Loss.

Remeasurement gains/losses

Remeasurement of defined benefit plans, comprising of actuarial gains or losses, return on plan assets excluding interest income are recognised immediately in the Balance Sheet with corresponding debit or credit to other comprehensive income. Re-measurements are not reclassified to the Statement of Profit and Loss in subsequent period.

Remeasurement gains or losses on long term compensated absences that are classified as other long term benefits are recognised in the Statement of Profit and Loss.

Superannuation fund

The Company makes contribution to the Superannuation scheme, a defined contribution scheme, administered by Life Insurance Corporation of India, which are charged to the Statement of Profit and Loss. The Company has no obligation under this scheme beyond its contribution.

Notes

TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

Leave encashment / compensated absences / sick leave

The Company provides for the encashment / availment of leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits for future encashment / availment. The liability is provided based on the number of days of unutilized leave at each balance sheet date on the basis of an independent actuarial valuation using projected unit credit method.

Employee Share based payments

Cash-settled share-based payments to employees are measured at the fair value of the equity instruments at each reporting date. Any change in fair value is recognized for the vested period in the Statement of Profit and Loss for the period.

2.12. Scheme related expenses

Expenses of schemes of Mahindra Mutual Fund in excess of the limits in accordance with the SEBI (Mutual Fund) Regulations, 1996 are borne by the Company and are recognised in the Statement of Profit and Loss. Further, as per SEBI circular dated October 22, 2018, all scheme related expenses subsequent to that date are to be borne by the mutual fund schemes. As a result, the investment management fees subsequent to this date are received net of all scheme expenses. Prior to this date, the Company was bearing all the scheme related expenses and to that extent was in receipt of higher investment management fees from the schemes of Mahindra Mutual Fund. Hence, the investment management fees and the scheme related expenses for this year are not comparable with that of last year.

New Fund Offer ('NFO') expenses

Expenses pertaining to NFO are charged to the Statement of Profit and Loss in the year in which these expenses are incurred which is in compliance with SEBI (Mutual Fund) Regulations 1996.

2.13. Finance Costs

Finance costs include interest expense accrued on a time basis, by reference to the principal outstanding. Effective from 1 April 2019, on application of Ind AS 116 (Leases), interest expense on lease liabilities computed by applying the Company's weighted average incremental borrowing rate has been included under finance costs.

Income taxes

Current tax

Current tax is determined as the amount of tax payable in respect of taxable income for the year. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods is accounted for using the tax rates and tax laws enacted or substantively enacted as on the balance sheet date. Deferred tax assets arising on account of unabsorbed depreciation or carry forward of tax losses are recognised only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised.

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 to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

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.

Notes

TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

Current and deferred tax for the year

Current and deferred tax are recognised in the Statement of Profit and 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.

2.14. Securities issue expenses

Expenses incurred in connection with fresh issue of Share capital are accounted for as a deduction from other equity as per the provisions of Ind AS 32 – Financial Instruments Presentation.

2.15. Provisions

Provisions are recognised when there is a present obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

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 there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

2.16. Leasing

Where the Company is the lessee

As a lessee, the Company's lease asset class primarily consist of buildings or part thereof taken on lease for office premises and certain IT equipments used for operating activities. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost which comprises of initial amount of lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. These are subsequently measured at cost less accumulated depreciation and impairment losses, if any. Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

The Company has adopted Ind AS 116 dealing with leases from April 1, 2019. Ind AS 116 introduces a single, on-balance sheet lease accounting model for lessees. The Company recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

Transition to Ind AS 116

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116, Leases, which replaces the existing lease standard, Ind AS 17 leases, and other interpretations. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees.

The Company has adopted Ind AS 116, Leases, effective 1 April 2019 using modified retrospective approach of transition without restating the figures for prior periods. Consequently, the Company recorded the lease liability at the present value of

Notes

TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

the lease payments discounted at the incremental borrowing rate and the right of use asset at its carrying amount as if the standard had been applied since the commencement date of the lease, but discounted at the Company's incremental borrowing rate at the date of initial application. Comparatives as at and for the year ended March 31, 2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included as part of our Annual Report for year ended March 31, 2019.

On application of Ind AS 116, financial information is presented in the following manner for the year ended 31 March 2020.

- a) ROU assets and lease liabilities have been included within the line items "Property, plant and equipment" and "Other financial liabilities" respectively in the Balance sheet;
- b) Interest expenses on the lease liability and depreciation charge for the right-to-use asset have been included within the line items "Finance costs" and "Depreciation, amortization and impairment" respectively in the statement of profit and loss;
- c) Short-term lease payments and payments for leases of low-value assets, where exemption as permitted under this standard is availed, have been recognized as expense on a straight line basis over the lease term in the statement of profit and loss.
- d) Cash payments for the principal of the lease liability have been presented within "financing activities" in the statement of cash flows;

Further, on application of Ind AS 116, the nature of expense in the Statement of profit and loss has changed from lease rent in previous periods to depreciation cost for the ROU asset and finance cost for interest on lease liability in the current financial year.

The effect of transition to Ind AS 116 and other disclosures are set out under note no.31.

2.17. 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/loss for the period after deducting preference dividends and any attributable tax thereto 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 is divided by the weighted average number of equity shares outstanding during the period, considered for deriving basic earnings per share and weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

Notes

TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

3 CASH AND CASH EQUIVALENTS

Rs. in Lakhs

Particulars	As at	
	31 March 2020	31 March 2019
Cash on hand	1.68	0.58
Balances with banks in current accounts	4.10	4.94
Total	5.78	5.52

4 RECEIVABLES

Rs. in Lakhs

Particulars	As at	
	31 March 2020	31 March 2019
i) Trade receivables		
Unsecured, considered good :		
- Debts outstanding for a year not exceeding six months	22.44	152.52
Total	22.44	152.52

No trade or other receivable is due from directors or other officers of the company either severally or jointly with any other person nor any trade or other receivable is due from firms or private companies respectively in which any director is a partner, a director or a member.

Trade receivable is due within one month from the date of the invoice.

5 INVESTMENTS

Rs. in Lakhs

Particulars	As at 31 March 2020		As at 31 March 2019	
	Units	NAV (Rs in Lakhs)	Units	NAV (Rs in Lakhs)
A) At Fair Value				
i) Through Other Comprehensive Income				
Unquoted Investment in Equity Shares				
Equity Investment in MF Utilities India Pvt Ltd (Face value of Rs. 1/- each)	5,00,000	9.60	5,00,000	9.60
ii) Through Profit or Loss				
Unquoted Investment in Mutual Fund				
Mahindra Liquid Fund –Direct Growth (Face value of Rs. 1000/- each)	5,000	64.43	34,168	413.92
Mahindra Ultra Short Term Yojana –Direct Growth (Face value of Rs. 1000/- each)	55,561	573.77	-	-
Mahindra Low Duration - Direct Growth (Face value of Rs. 1000/- each)	1,05,842	1,340.27	12,478	145.90
Mahindra Kar Bachat Yojana - Direct Growth (Face value of Rs. 10/- each)	5,00,000	47.03	5,00,000	61.13
Mahindra Dhan Sanchay Yojana - Direct Growth (Face value of Rs. 10/- each)	5,00,000	54.17	5,00,000	58.56
Mahindra Badhat Yojana - Direct Growth (Face value of Rs. 10/- each)	5,00,000	46.60	5,00,000	56.58
Mahindra Unnati Emerging Business Yojana - Direct Growth (Face value of Rs. 10/- each)	5,00,000	40.35	5,00,000	48.21
Mahindra Credit Risk Yojana - Direct Growth (Face value of Rs. 10/- each)	5,00,000	56.82	5,00,000	52.45

Notes

TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

Particulars	Rs. in Lakhs			
	As at 31 March 2020		As at 31 March 2019	
	Units	NAV (Rs in Lakhs)	Units	NAV (Rs in Lakhs)
Mahindra Rural Bharat Consumption Yojana - Direct Growth (Face value of Rs. 10/- each)	5,00,000	40.08	5,00,000	51.44
Mahindra Pragati Bluechip Yojana - Direct Growth (Face value of Rs. 10/- each)	5,00,000	40.26	5,00,000	50.52
Mahindra Hybrid Equity Nivesh Yojana - Dir Growth (Face value of Rs. 10/- each)	5,00,000	45.84	-	-
Mahindra Overnight fund - Dir Growth (Face value of Rs. 1000/- each)	5,000	51.66	-	-
Mahindra Top 250 Nivesh Yojana - Dir Growth (Face value of Rs. 10/- each)	5,00,000	37.89	-	-
Total (Gross)		2,448.77		948.31
Less : Impairment loss allowance		-		-
Total (Net) - A		2,448.77		948.31
B) At Amortised cost				
Secured redeemable non-convertible debentures				
8.9% Non Convertible Debentures of Mahindra Rural Housing Finance Ltd. (Face value of Rs. 10 Lakh/- each)	300	3,000	300	3,000
8.4% Non Convertible Debentures of Mahindra Rural Housing Finance Ltd. (Face value of Rs. 10 Lakh/- each)	170	1,700	170	1,700
Total (Gross)		4,700		4,700
Less : Impairment loss allowance		-		-
Total (Net) - B		4,700		4,700
Total (Gross : A+B)		7,148.77		5,648.31
Less : Impairment loss allowance		-		-
Total (Net) - C		7,148.77		5,648.31

6 OTHER FINANCIAL ASSETS

Particulars	Rs. in Lakhs	
	As at 31 March 2020	As at 31 March 2019
Interest accrued on investments	157.91	156.83
Other Receivables	2.87	2.87
Security Deposits for office premises / others	75.33	70.98
Total	236.11	230.68

Notes

TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

7 CURRENT TAX ASSETS

(i) Tax deducted / collected at source net of provision for taxes

Particulars	Rs. in Lakhs	
	As at 31 March 2020	As at 31 March 2019
TDS / TCS Receivable	401.36	386.84
Total	401.36	386.84

(ii) Unused tax losses - Revenue in nature

Particulars	Rs. in Lakhs	
	As at 31 March 2020	As at 31 March 2019
Expiry period		
Upto Five years	2,357.45	442.03
More than Five years	11,075.94	9,359.93
No Expiry Date	249.45	181.25
Total	13,682.84	9,983.21

Notes

TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

8 PROPERTY, PLANT AND EQUIPMENTS

As at 31 March 2020

Asset description	GROSS BLOCK AT COST		DEPRECIATION & IMPAIRMENT LOSSES OR REVERSALS			NET BLOCK				
	As at 01 April 2019	Additions	Deductions/adjustments	As at 31 Mar 2020	As at 01 April 2019	As at 31 Mar 2020	As at 01 April 2019			
Computers	96.80	15.57	0.34	112.03	62.12	26.86	0.14	88.84	23.19	34.68
Furniture and fixtures	30.75	8.64	-	39.39	6.61	3.65	-	10.26	29.13	24.14
Vehicles	203.77	72.00	-	275.77	108.80	61.76	-	170.56	105.21	94.98
Office equipments	26.62	2.55	-	29.17	11.59	5.49	-	17.08	12.09	15.03
Leased Asset (ROU)	-	662.52	-	662.52	-	160.45	-	160.45	502.07	-
Total	357.94	761.28	0.34	1,118.88	189.12	258.21	0.14	447.19	671.69	168.82

9 OTHER INTANGIBLE ASSETS

As at 31 March 2020

Asset description	GROSS BLOCK AT COST		AMORTIZATION & IMPAIRMENT LOSSES OR REVERSALS			NET BLOCK				
	As at 01 April 2019	Additions	Deductions/adjustments	As at 31 Mar 2020	As at 01 April 2019	As at 31 Mar 2020	As at 01 April 2019			
Computer software	66.60	27.81	-	94.41	55.21	10.19	-	65.40	29.01	11.39
Total	66.60	27.81	-	94.41	55.21	10.19	-	65.40	29.01	11.39

Notes

TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

10 OTHER NON-FINANCIAL ASSETS

Rs. in Lakhs

Particulars	As at 31 March 2020	As at 31 March 2019
Prepaid expenses	93.66	71.24
Balances with Government Authorities	189.27	164.16
Other advances	19.77	7.83
Total	302.70	243.23

11 TRADE PAYABLES

Based on and to the extent of the information received by the Company from the suppliers during the year regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act), the total outstanding dues of Micro and Small enterprises, which are outstanding for more than the stipulated period and other disclosures as per the Micro, Small and Medium Enterprises Development Act, 2006 (hereinafter referred to as "the MSMED Act") are given below:

Rs. in Lakhs

Particulars	As at 31 March 2020	As at 31 March 2019
Total outstanding dues of Micro and small enterprises		
a) Dues remaining unpaid to any supplier at the year end		
- Principal	25.03	23.61
- Interest on the above	-	-
b) Interest paid in terms of Section 16 of the MSMED Act along with the amount of payment made to the supplier beyond the appointed day during the year	-	-
- Principal paid beyond the appointed date	-	-
- Interest paid in terms of section 16 of the MSMED Act	-	-
c) Amount of interest due and payable for the year of delay on payments made beyond the appointed day during the year	-	-
d) Amount of interest accrued and remaining unpaid at the year end	-	-
e) Further interest due and payable even in the succeeding years, until such date when the interest due as above are actually paid to the small enterprises	-	-
Total outstanding dues of creditors other than micro and small enterprises	203.88	126.54
Total	228.91	150.15

12 OTHER FINANCIAL LIABILITIES

Rs. in Lakhs

Particulars	As at 31 March 2020	As at 31 March 2019
Provision for Salary, Bonus and performance pay	506.20	414.09
Provision for expenses	0.46	7.58
Long term Lease Liability	535.76	-
Total	1,042.42	421.67

13 PROVISIONS

Rs. in Lakhs

Particulars	As at 31 March 2020	As at 31 March 2019
Provision for employee benefits		
- Gratuity	94.33	33.62
- Leave encashment	173.26	114.11
- Share based compensation to employees	358.57	281.03
Total	626.16	428.76

Notes

TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

14 OTHER NON-FINANCIAL LIABILITIES

Particulars	Rs. in Lakhs	
	As at 31 March 2020	As at 31 March 2019
TDS Payable	71.32	65.01
GST Payable	24.61	24.58
Other statutory dues and taxes payable	22.16	14.78
Total	118.09	104.37

15 EQUITY SHARE CAPITAL

Particulars	Rs. in Lakhs			
	As at 31 March 2020		As at 31 March 2019	
	No. of shares in lakhs	Rs in Lakhs	No. of shares in lakhs	Rs in Lakhs
Authorised capital :				
Equity shares of Rs.10/- each	4,000.00	40,000.00	1,800.00	18,000.00
	4,000.00	40,000.00	1,800.00	18,000.00
Issued capital :				
Equity shares of Rs.10/- each	2,100.00	21,000.00	1,600.00	16,000.00
	2,100.00	21,000.00	1,600.00	16,000.00
Subscribed and paid-up capital :				
Equity shares of Rs.10/- each	2,100.00	21,000.00	1,600.00	16,000.00
Total	2,100.00	21,000.00	1,600.00	16,000.00

Particulars	Rs. in Lakhs			
	As at 31 March 2020		As at 31 March 2019	
	No. of shares in lakhs	Rs in Lakhs	No. of shares in lakhs	Rs in Lakhs
a) Reconciliation of number of equity shares				
Balance at the beginning of the year	1,600.00	16,000.00	1,200.00	12,000.00
Add : Fresh allotment of shares :				
- Shares issued during the year	500.00	5,000.00	400.00	4,000.00
Balance at the end of the year	2,100.00	21,000.00	1,600.00	16,000.00
b) Number of equity shares held by holding company or ultimate holding company including shares held by its subsidiaries / associates :				
Holding and ultimate holding company				
Mahindra & Mahindra Financial Services Limited	2,100.00	21,000.00	1,600.00	16,000.00
Percentage of holding (100%)				
c) Shareholders holding more than 5 percent shares:				
Mahindra & Mahindra Financial Services Limited	2,100.00	21,000.00	1,600.00	16,000.00
Percentage of holding (100%)				
d) The Company has only one class of equity shares having a par value of Rs.10/- per share.				

Notes

TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

16 OTHER EQUITY

Rs. in Lakhs

Particulars	As at 31 March 2020	As at 31 March 2019
Opening Balance	(10,257.64)	(6,272.36)
Add: Profit / (Loss) for the year	(3,789.82)	(3,948.75)
Add: Other Comprehensive Income for the year	(17.57)	(4.03)
Less: Share issue expenses for the year	(132.69)	(32.50)
Total	(14,197.72)	(10,257.64)

17 FEES AND COMMISSION INCOME

Rs. in Lakhs

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Fees earned from management of mutual fund schemes	1,265.02	2,306.75
Total	1,265.02	2,306.75

The SEBI Mutual Fund Regulations, 1996 allow an Asset Management Company to charge expenses, including investment management fees, upto 2.5 percent of net assets of equity schemes and 0.25% lower expenses to other schemes. The Company used to charge investment management fees to the schemes of Mahindra Mutual Fund in accordance with these Regulations. Marketing and distribution expenses as well as other operational expenses were borne by the Company. On October 22, 2018, SEBI issued circular number SEBI/HO/IMD/DF2/CIR/P/2018/137 stating that all scheme related expenses including commission paid to distributors shall be paid from the schemes only and not from the books of the Asset Management Company. Accordingly, after October 22, 2018, scheme related expenses, including commission to distributors, are paid from the books of the schemes. This has resulted in reduction in the investment management fees earned by the Company from the schemes and also a reduction in the scheme related expenses incurred by the Company which are now borne by the schemes since October 22, 2018. To this extent, the fees income of this year is not comparable with the previous year since the Company used to charge higher investment management fees to the schemes and bear scheme related expenses till October 21, 2018.

18 OTHER INCOME

Rs. in Lakhs

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Interest income on financial instruments measured at amortised cost	411.99	427.52
Interest on Income Tax Refund	4.45	-
Net profit / (loss) on sale of investments	70.29	50.30
Net gain / (loss) on fair value changes		
A) Net gain / (loss) on financial instruments at FVTPL		
i) On trading portfolio		
- Unrealised gain/ (loss) on Investments	(55.84)	26.47
Total	430.89	504.29

19 EMPLOYEE BENEFITS EXPENSES

Rs. in Lakhs

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Salaries and wages	3,172.81	2,996.24
Contribution to provident funds and other funds	174.96	110.09
Share based compensation to employees	77.55	281.03
Staff welfare expenses	21.30	15.51
Total	3,446.62	3,402.87

Notes

TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

20 BROKERAGE AND COMMISSION EXPENSE

Particulars	Rs. in Lakhs	
	For the year ended 31 March 2020	For the year ended 31 March 2019
Fees, commission / brokerage paid to mutual fund distributors	-	1,200.11
Total	-	1,200.11

21 FINANCE COSTS

Particulars	Rs. in Lakhs	
	For the year ended 31 March 2020	For the year ended 31 March 2019
I) On financial instruments measured at Amortised cost		
Other interest expense	-	7.10
II) On Lease Liability		
Interest on lease liability	50.07	-
Total	50.07	7.10

22 DEPRECIATION, AMORTIZATION AND IMPAIRMENT

Particulars	Rs. in Lakhs	
	For the year ended 31 March 2020	For the year ended 31 March 2019
Depreciation on Property, Plant and Equipment	97.76	87.52
Amortization and impairment of intangible assets	10.19	21.97
Amortization on leased assets	160.45	-
Total	268.40	109.49

23 OTHER EXPENSES

Particulars	Rs. in Lakhs	
	For the year ended 31 March 2020	For the year ended 31 March 2019
Rent, taxes and energy costs	32.35	189.22
Repairs and maintenance	33.09	27.90
Communication Costs	73.00	89.79
Printing and stationery	11.61	15.30
Advertisement and publicity	207.35	331.59
Marketing Expenses	315.71	258.15
Directors' fees, allowances and expenses	12.20	18.70
Auditor's fees and expenses -		
- Audit fees	4.50	4.50
- Taxation matters	-	-
- Company law matters	-	-
- Other services	3.30	0.75
- Reimbursement of expenses	0.30	0.18
Legal and professional charges	145.93	150.32
Insurance	53.97	50.14
Manpower outsourcing cost	104.77	95.28
Distributor Training expenses	83.85	283.46
Registrar & Transfer Agent fees	3.21	69.81
Conference & Seminar expenses	80.38	63.81
Membership & Subscription fees	99.21	83.97
Travelling & Conveyance expenses	158.11	120.37
Other expenditure	297.80	186.98
Total	1,720.64	2,040.22

Previous year's figures have been regrouped/ reclassified wherever found necessary.

Notes

TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

24 OTHER COMPREHENSIVE INCOME

Rs. in Lakhs

Particulars	Rs. in Lakhs	
	For the year ended 31 March 2020	For the year ended 31 March 2019
(i) Items that will not be reclassified to profit or loss		
- Changes in revaluation surplus	-	-
- Remeasurement gain / (loss) on defined benefit plans	(17.57)	(4.03)
- Net gain / (loss) on equity instruments through OCI	-	-
- Any other - specify	-	-
(ii) Income tax impact thereon	-	-
Total Other Comprehensive Income	(17.57)	(4.03)

25 EARNING PER SHARE (EPS)

Rs. in Lakhs

Particulars	Rs. in Lakhs	
	For the year ended 31 March 2020	For the year ended 31 March 2019
Profit/ (Loss) for the year	(3,789.82)	(3,948.75)
Weighted average number of Equity Shares used in computing basic EPS	1,834.97	1,430.41
Effect of potential dilutive Equity Shares	-	-
Weighted average number of Equity Shares used in computing diluted EPS	1,834.97	1,430.41
Basic Earnings per share (Rs.) (Face value of Rs. 10/- per share)	(2.07)	(2.76)
Diluted Earnings per share (Rs.)	(2.07)	(2.76)

26 EMPLOYEE BENEFITS

Details of defined benefit plans as per actuarial valuation are as follows:

Particulars	Funded Plan Gratuity		Unfunded Plans Exigency leave / Earned leave	
	Year ended 31 March		Year ended 31 March	
	2020	2019	2020	2019
I. Amounts recognised in the Statement of Profit & Loss				
Current service cost	43.44	25.85	49.84	43.88
Net Interest cost	2.57	0.70	8.73	5.63
Actuarial (gain)/loss	17.57	4.03	0.59	(7.27)
Adjustment due to change in opening balance	(2.87)	(5.90)	-	-
Total expenses included in employee benefits expense	60.71	24.68	59.16	42.24
II. Amount recognised in Other Comprehensive income				
Remeasurement (gains)/losses:				
a) Actuarial (gains)/losses arising from changes in -				
- demographic changes	(0.70)	0.85	-	-
- financial assumptions	11.99	(2.29)	-	-
- experience adjustments	3.39	2.97	-	-
b) Return on plan assets, excluding amount included in net interest expense/ (income)	2.90	2.51	-	-
Total amount recognised in other comprehensive income	17.57	4.03	-	-

Notes

TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

Particulars	Funded Plan Gratuity		Unfunded Plans Exigency leave / Earned leave	
	Year ended 31 March		Year ended 31 March	
	2020	2019	2020	2019
III. Changes in the defined benefit obligation				
Opening defined benefit obligation	71.48	40.90	114.10	71.86
Add/(less) on account of business combination/ transfers	-	-	-	-
Current service cost	43.44	25.85	49.84	43.88
Past service cost	-	-	-	-
Interest expense	5.47	3.21	8.73	5.63
Remeasurement (gains)/losses arising from changes in -	-	-	0.59	(7.28)
- demographic changes	(0.70)	0.85	-	-
- financial assumptions	11.99	(2.29)	-	-
- experience adjustments	3.39	2.96	-	-
Benefits paid	-	-	-	-
Closing defined benefit obligation	135.06	71.48	173.26	114.10
IV. Change in the fair value of plan assets during the year				
Opening Fair value of plan assets	37.86	31.96	-	-
Interest income	2.87	5.90	-	-
Expected return on plan assets	-	-	-	-
Contributions by employer	-	-	-	-
Adjustment due to change in opening balance of Plan assets	-	-	-	-
Actual Benefits paid	-	-	-	-
Closing Fair value of plan assets	40.73	37.86	-	-
V. Net defined benefit obligation				
Defined benefit obligation	135.06	71.48	173.26	114.10
Fair value of plan assets	40.73	37.86	-	-
Surplus/(Deficit)	(94.33)	(33.62)	(173.26)	(114.10)
Current portion of the above	(28.43)	(3.09)	(35.62)	(5.24)
Non current portion of the above	(65.90)	(30.53)	(137.64)	(108.86)
Actuarial assumptions and Sensitivity				
I. Actuarial assumptions				
Discount Rate (p.a.)	6.88%	7.65%	6.88%	7.65%
Attrition rate	0-6.21%	0-9%	0-6.21%	0-9%
Rate of Salary increase (p.a.)	7.00%	7.00%	7.00%	7.00%
In-service Mortality	100% of IALM (2012 - 14)	100% of IALM (2006 - 08)	100% of IALM (2012 - 14)	100% of IALM (2006 - 08)
II. Quantitative sensitivity analysis for impact of significant assumptions on defined benefit obligation are as follows:				
One percentage point increase in discount rate	(24.27)	(9.88)	(20.99)	(16.15)
One percentage point decrease in discount rate	11.21	11.06	25.08	17.83
One percentage point increase in Salary growth rate	11.14	11.02	24.80	17.76
One percentage point decrease in Salary growth rate	(24.50)	(10.02)	(21.15)	(16.37)

Notes

TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

Particulars	Funded Plan Gratuity		Unfunded Plans Exigency leave / Earned leave	
	Year ended 31 March		Year ended 31 March	
	2020	2019	2020	2019
III. Maturity profile of defined benefit obligation				
Within 1 year	40.81	25.17	47.47	33.79
Between 2 and 5 years	47.11	33.34	29.33	22.95
Between 6 and 9 years	-	-	-	-
10 years and above	-	-	-	-

27 FINANCIAL INSTRUMENTS

i) Financial Instruments regularly measured using Fair Value - recurring items

Financial assets/ financial liabilities	Financial assets / financial liabilities	Category	Fair Value		Fair value hierarchy	Valuation technique(s)
			As at 31 March 2020	As at 31 March 2019		
1) Investment in Mutual Funds	Financial Assets	Financial instrument measured at FVTPL	2,439.17	938.71	Level 1	NAV
2) Investment in equity instruments-Unquoted	Financial Assets	Financial instrument designated at FVTOCI	9.60	9.60	Level 3	Cost
3) Investment in non-convertible debentures	Financial Assets	Financial instrument designated at FVTOCI	4,700.00	4,700.00	Level 3	Amortised Cost

ii) Financial Instruments measured at amortised cost

Particulars	Carrying Value	Fair value	Fair value		
			Level 1	Level 2	Level 3
As at 31 March 2020					
Financial assets					
a) Cash and cash equivalent	5.78	5.78	5.78	-	-
b) Trade Receivables	22.44	22.44	-	22.44	-
c) Financial investments - at amortised cost	4,700.00	4,700.00	4,700.00	-	-
d) Other financial assets	236.11	236.11	157.91	78.20	-
Total	4,964.33	4,964.33	4,863.69	100.64	-
Financial liabilities					
a) Trade Payables	228.91	228.91	-	228.91	-
b) Other financial liability	1,042.42	1,042.42	-	1,042.42	-
Total	1,271.33	1,271.33	-	1,271.33	-

Notes

TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

Rs in Lakhs

Particulars	Carrying Value	Fair value	Fair value		
			Level 1	Level 2	Level 3
As at 31 March 2019					
Financial assets					
a) Cash and cash equivalent	5.52	5.52	5.52	-	-
b) Trade Receivables	152.52	152.52	-	152.52	-
c) Financial investments - at amortised cost	4,700.00	4,700.00	4,700.00	-	-
d) Other financial assets	230.68	230.68	156.83	73.85	-
Total	5,088.72	5,088.72	4,862.35	226.38	-
Financial liabilities					
a) Trade Payables	150.15	150.15	-	150.15	-
b) Other financial liability	421.67	421.67	-	421.67	-
Total	571.82	571.82	-	571.82	-

Except for the above, carrying value of Other financial assets/liabilities represent reasonable estimate of fair value. There were no transfers between Level 1 and Level 2 during the year.

28 FINANCIAL RISK MANAGEMENT

In the course of its business, the Company is exposed to certain financial risks: liquidity risk and market risk. The Company's primary focus is to achieve better predictability of financial markets and seek to minimize potential adverse effects on its financial performance.

Liquidity Risk Management

The Company manages liquidity risk by maintaining and continuously monitoring forecast and actual cash flows

Maturity profile of non-derivative financial liabilities

Rs in Lakhs

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
Non-derivative financial liabilities				
As at 31 March 2020				
Trade Payables	228.91	-	-	-
Other financial liabilities	611.35	190.30	159.38	81.39
Total	840.26	190.30	159.38	81.39
As at 31 March 2019				
Trade Payables	150.15	-	-	-
Other financial liabilities	421.67	-	-	-
Total	571.82	-	-	-

Market Risk Management

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Company invests in fixed rate instruments, units of mutual fund taking into account the current liquidity requirements. There has been no significant changes to the company's exposure to market risk or the methods in which they are managed or measured.

Notes

TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

29 RELATED PARTY DISCLOSURES:

- i) **As per Ind AS 24 on 'Related party disclosures', the related parties of the Company are as follows:**
 - a) **Holding Company**
Mahindra & Mahindra Financial Services Ltd
 - b) **Ultimate Holding Company**
Mahindra & Mahindra Ltd
 - c) **Fellow Subsidiaries / Associate Companies:** (entities with whom the Company has transactions)
Mahindra Rural Housing Finance Limited
NBS International Limited
Mahindra Retail Private Limited
Mahindra Integrated Business Solutions Private Limited
 - d) **Key Management Personnel:**
Mr. Ashutosh Bishnoi, Managing Director & Chief Executive Officer

Notes

TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

ii) The nature and volume of transactions of the Company during the year with the above related parties were as follows:

Particulars	Holding Company		Ultimate Holding Company		Fellow Subsidiaries / Associate Companies / Associate Joint Ventures			Key Management Personnel	
	Year ended 31 March 2020	Year ended 31 March 2019	Year ended 31 March 2020	Year ended 31 March 2019	Year ended 31 March 2020	Year ended 31 March 2019	Year ended 31 March 2020	Year ended 31 March 2019	
Inter-corporate deposit placed									
Mahindra Rural Housing Finance Ltd			-	900.00					
Inter-corporate deposit matured									
Mahindra Rural Housing Finance Ltd			-	1,000.00					
Inter-corporate deposit taken and repaid									
Mahindra & Mahindra Financial Services Ltd	-	1,000.00							
Issue of Equity Shares									
Mahindra & Mahindra Financial Services Ltd	5,000.00	4,000.00							
Purchase of fixed assets									
Mahindra & Mahindra Ltd			3.37	-					
Interest income									
Mahindra Rural Housing Finance Ltd					410.49		427.52		
Interest expense									
Mahindra & Mahindra Financial Services Ltd	-	7.10							
Other expenses									
Mahindra Retail Pvt Ltd					13.51		29.84		
Mahindra Integrated Business Solutions Pvt Ltd					2.17		4.27		
NBS International Limited					0.29		-		
Mahindra & Mahindra Financial Services Ltd	18.10	40.72							
Mahindra & Mahindra Ltd			34.37	12.99					
Remuneration									
Managing Director & Chief Executive Officer							316.96	451.30	

Rs in Lakhs

Notes

TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

iii) Balances as at the end of the year:

Particulars	Rs in Lakhs					
	Holding Company		Ultimate Holding Company		Fellow Subsidiaries/ Associate Companies/ Associate Joint Ventures	
	AS at 31 March 2020	As at 31 March 2019	AS at 31 March 2020	As at 31 March 2019	AS at 31 March 2020	As at 31 March 2019
Balances as at the end of the period						
Investments						
Investments in Non convertible debentures (including interest accrued but not due)					4,857.91	4,856.83
Mahindra Rural Housing Finance Limited						
Trade Payables						
Mahindra & Mahindra Financial Services Ltd	3.08	3.08				
Mahindra Integrated Business Solutions Private Limited					-	0.29
Mahindra Retail Limited					4.42	-
Mahindra & Mahindra Ltd			8.55	2.40		

Notes

TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

30 DISCLOSURE ON EMPLOYEE SHARE-BASED COMPENSATION SCHEME (CASH-SETTLED PHANTOM SHARE BASED PAYMENTS)

The Company has a Long Term Incentive Compensation Scheme (LTIC) for eligible employees. The same was announced in FY 2018-19. The LTIC payment calculation is based on a framework of phantom shares. The cash-settled share-based amount is measured at the fair value of the liability as per the requirements of Ind AS 102 Share-based payments. Until the liability is settled, the the Company shall remeasure the fair value of the liability at the end of each reporting period and at the date of settlement, with any changes in fair value recognised in the Statement of profit and loss for the period. Accordingly, a charge to Statement of Profit and loss for the year ended March 31, 2020 is Rs. 77.55 lakhs.

Summary of phantom shares

Particulars	Rs. in Lakhs			
	FY 2018-19		FY 2019-20	
	No. of phantom shares	Weighted average allocation price (Rs.)	No. of phantom shares	Weighted average allocation price (Rs.)
Phantom shares outstanding as on 1st April 2018 & 2019	-	-	77,16,919	2.44
Phantom shares granted during the year	77,16,919	2.44	10,04,041	3.98
Phantom shares outstanding as on 31st March 2019 & 2020	77,16,919	2.44	87,20,960	2.62

Information in respect of outstanding phantom shares as at 31st March 2020:

Fair Value of phantom shares at the allocation date	Range of Allocation price	Rs. in Lakhs		
		Number of Phantom shares outstanding as on 31.03.2020	Weighted average remaining period	Fair Value of Share as on 31.03.2020
Rs. 10.27	Rs. 2.05 (at 80% discount)	64,93,583	14 months	Rs. 8.70
Rs. 11.32	Rs. 4.53 (at 60% discount)	12,23,336	26 months	Rs. 8.70
Rs. 9.95	Rs. 3.98 (at 60% discount)	10,04,041	38 months	Rs. 8.70

Period of payout	Rs. in Lakhs		
	Payout period completed as on 31.03.2020	Payout period remaining as on 31.03.2020	Provision (Rs. in Lakhs)
April 1 2017 to March 31 2020	36 months	-	107.87
April 1 2017 to March 31 2021	36 months	12 months	97.09
April 1 2017 to March 31 2022	36 months	24 months	116.50
April 1 2018 to March 31 2021	24 months	12 months	8.51
April 1 2018 to March 31 2022	24 months	24 months	7.65
April 1 2018 to March 31 2023	24 months	36 months	9.19
April 1 2019 to March 31 2022	12 months	24 months	3.95
April 1 2019 to March 31 2023	12 months	36 months	3.55
April 1 2019 to March 31 2024	12 months	48 months	4.26
Total Provision made as on 31.03.2020			358.57

Valuation of the Company has been done by assigning a valuation percentage to the average assets under management of the company for March 2020. A different valuation percentage was assigned to different asset classes. The total value of the company is divided by the total number of shares outstanding as on reporting date, to arrive at the fair value per share of the Company.

Notes

TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

31 LEASES

Company as as a lessee

Following are the changes in the carrying value of Right to Use asset for the year ended 31 March 2020

Particulars	Rs. in Lakhs	
	Category of Asset	
	Building	
	For the year ended 31 March 2020	For the year ended 31 March 2019
Balance at the beginning	-	-
Reclassification on account of adoption of Ind AS 116	-	-
Additions	662.52	-
Deletions	-	-
Depreciation	160.45	-
Balance at the end	502.07	-

Following is the movement in the lease liabilities during the year ended 31 March 2020

Particulars	Rs. in Lakhs	
	For the year ended 31 March 2020	For the year ended 31 March 2019
Balance at the beginning	-	-
Reclassification on account of adoption of Ind AS 116	-	-
Additions	662.52	-
Deletions	-	-
Finance Cost accrued during the year	50.07	-
Payment of lease liabilities	176.83	-
Balance at the end	535.76	-

The table below provides details regarding the contractual maturities of lease liabilities on an undiscounted basis:

Particulars	Rs. in Lakhs	
	For the year ended 31 March 2020	For the year ended 31 March 2019
Less than one year	176.12	-
One to five years	420.11	-
More than five years	97.78	-
Balance at the end	694.01	-

The effect of adoption of Ind AS 116 Leases has resulted in an additional debit of Rs 33.69 lakhs in the Statement of profit and loss for the year ended 31 March 2020.

32 SECURITY DEPOSITS MEASURED AT AMORTISED COST

The Company's rent/lease agreements for the rented/ leased office premises are cancellable with a notice period of 2-3 months. All the agreements are considered to be short term in nature. Accordingly, the Company has not applied the provisions of Ind AS 109 - Financial Instruments for taking the effect of fair valuation of security deposits in the financial statements and the deposits are stated at cost.

Notes

TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

33 CONTRIBUTION TO PROVIDENT FUND

As regards the computation of the amount of Provident Fund to be contributed by the Employee as well as the Company, in March 2019, the Supreme Court had held that all allowances that are paid to employees, except those which relate to productivity or performance, should be included for computing the salary and allowances on which the contribution to provident fund needs to be computed. For Financial Year 2019-20, the Company has contributed Provident Fund amounts in accordance with the Supreme Court judgement and accounted for the same in the Financial Statements for Financial Year 2019-20.

34 COVID-19 IMPACT

From December 2019, COVID-19, has spread globally, including India. This event has significantly affected economic activity globally and in India and as a result, could impact the operations and financial results of the Company. The Company has performed an initial assessment of the likely impact this would have on the operations of the Company and its financial performance in the coming year. For Financial Year 2019-20 financial reporting, the Company has used the principles of prudence in applying judgments, estimates and assumptions in estimating the remaining useful life of the tangible and intangible assets, fair valuation of financial assets and liabilities etc. The Company has considered internal and external information upto the date of approval of these financial statements including credit reports and economic forecasts. The Company has performed sensitivity analysis on the assumptions used and based on current indicators of future economic conditions, the Company expects to recover the carrying amount of these assets. The impact of the global health pandemic may be different from that estimated as at the date of approval of these financial statements and the Company will continue to closely monitor any material changes to future economic conditions.

The Company is in the business of providing asset management services to the schemes of Mahindra Mutual Fund and earns fees for providing these services. Due to Covid-19, equity markets across the world have shown negative returns since mid-March 2020. Though, markets have shown a positive return in April 2020, the uncertainty related to revival of economic activity is likely to impact investment returns and hence affect inflows into financial instruments. The Company has recently received an equity infusion which will address liquidity concerns. The Company does not expect any major impact on its operations and expects to offer its services over a long period of time.

Signatures to Significant accounting policies and Notes to the financial statements – 1 to 34

As per our report of even date attached.

For B K KHARE & CO.

Chartered Accountants

Firm's Registration No: 105102W

Padmini Khare Kaicker

Partner

Membership No: 44784

Place : Mumbai

Date : 6 May, 2020

For and on behalf of the Board of Directors

Mahindra Asset Management Company Private Limited

V. Ravi

Chairman

[DIN: 00307328]

Ashutosh Bishnoi

Managing Director & CEO

[DIN: 02926849]

Sanjay Parikh

Chief Financial Officer

Chitra Andrade

Independent Director

[DIN: 08090478]

Ravi Dayma

Company Secretary