

Independent Auditor's Report

To the Members of
Mahindra Finance CSR Foundation.

Report on the Audit of the Financial Statements

OPINION

We have audited the Ind AS financial statements of Mahindra Finance CSR Foundation. ("the Company"), which comprise the balance sheet as at 31st March, 2020, and the statement of Income & Expenditure, the statement of changes in equity and the 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 (hereinafter referred to as "the financial statements").

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 31st March, 2020, and its financial performance, changes in equity and its cash flows for the year ended on that date.

BASIS FOR OPINION

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those 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 Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OTHER INFORMATION

The company's Board of Directors is responsible for the preparation of 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

The Company's Board of Directors is responsible for the matters stated in section 134(5) 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 of the Company in accordance with the accounting principles generally accepted in India. 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 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 financial statements.

As part of an audit in accordance with Standard on Auditing, we exercise professional judgment and maintain professional scepticism 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.
- Section 143(3)(i) mandates the auditor to comment on whether the company has an adequate internal financial controls over financial reporting of the company and the operating effectiveness of such controls. In terms of paragraph 5 of Ministry of Corporate Affairs notification number G.S.R. 583 (E) dated June 13, 2017, and as amended from time to time, exemption has been provided to private limited companies fulfilling certain criteria mentioned in the notification, from the applicability of the requirement of reporting in terms of Section 143(3)(i). As the Company meets the relevant criteria specified in the said notification for the Financial Year 2019-20, the requirement of Section 143(3)(i) is not applicable to the Company and accordingly no report has been made under the said clause.
- 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.

Report on Other Legal and Regulatory Requirements

1. As requirements by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (the "Order"), is not applicable to the Company, no comment on report specified in paragraphs 3 and 4 of the Order has been made.
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 Income and Expenditure, Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid 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 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 are any material foreseeable losses that needs provision;

- iii. The Company is not required to transfer any amount to the Investor Education and Protection Fund.

For **B.K KHARE & CO.**
Chartered Accountants
FRN: 105102W

Shirish Rahalkar
Partner
Membership No. 111212
UDIN:20111212AAAAIJ9500

Place: Mumbai
Dated: 09th May, 2020.

Balance Sheet

AS AT 31 MARCH 2020

		INR Rupees	
	Notes	As at 31 March 2020	As at 31 March 2019
I ASSETS			
Financial Assets			
a) Cash and cash equivalents	1	9,870.20	-
		9,870.20	-
Non-financial Assets			
		-	-
		-	-
Total Assets		9,870.20	-
II LIABILITIES AND EQUITY			
LIABILITIES			
Financial Liabilities			
a) Other financial liabilities	2	25,000.00	-
		25,000.00	-
Non-Financial Liabilities			
		-	-
		-	-
		25,000.00	-
EQUITY			
a) Equity share capital	3	10,000.00	-
b) Other equity		(25,129.80)	-
		(15,129.80)	-
Total Liabilities and Equity		9,870.20	-

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

As per our report of even date attached.

For B. K. Khare and Co.

Chartered Accountants

Firm's Registration No: 105102W

Shirish Rahalkar

Partner

Membership No: 111212

For and on behalf of the Board of Directors
Mahindra Finance CSR Foundation

Rajesh Vasudevan

Director

[DIN: 02711990]

Vinay Deshpande

Chairman

[DIN: 01904423]

Place : Mumbai

Date : 9 May 2020

Statement of Income and Expenditure

FOR YEAR ENDED 31 MARCH 2020

INR Rupees

Particulars	Note	Year ended 31 Mar 2020	Year ended 31 Mar 2019
I Revenue receipts (Donations)	4	11,50,000.00	-
II Other Income		-	-
III Total income (I+II)		11,50,000.00	-
Expenses			
i) Finance costs	5	129.80	-
ii) Corporate Social Responsibility expenses	6	11,50,000.00	-
iii) Other Expenses	7	25,000.00	-
IV Total expenses (IV)		11,75,129.80	-
V Excess of expenditure over income (III-IV)		(25,129.80)	-
VI Earnings per equity share (face value Rs. 10/- per equity share)	8		
Basic (Rupees)		(25.13)	-
Diluted (Rupees)		(25.13)	-

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

As per our report of even date attached.

For B. K. Khare and Co.

Chartered Accountants

Firm's Registration No: 105102W

For and on behalf of the Board of Directors
Mahindra Finance CSR Foundation

Shirish Rahalkar

Partner

Membership No: 111212

Rajesh Vasudevan

Director

[DIN: 02711990]

Vinay Deshpande

Chairman

[DIN: 01904423]

Place : Mumbai

Date : 9 May 2020

Statement of changes in Equity

FOR YEAR ENDED 31 MARCH 2020

A. EQUITY SHARE CAPITAL

	INR Rupees Amount
Issued, Subscribed and fully paid up:	
Balance as at 1 April 2019	-
Changes during the year:	
i) Fresh allotment of shares	10,000.00
ii) Allotment of shares by ESOS Trust to employees	-
Balance as at 31 March 2020	10,000.00

B. OTHER EQUITY

Particulars	Reserves and Surplus							Total	
	Statutory reserves as per Section 45-IC of the RBI Act, 1934	Capital redemption reserves	Securities premium reserve	General reserves	Debt Redemption Reserves (DRR)	Employee stock options outstanding	Retained earnings		Debt instruments through OCI
Balance as at 1 April 2019	-	-	-	-	-	-	-	-	-
Profit/(loss) for the year									
Other Comprehensive Income / (loss)									
Total Comprehensive Income for the year	-	-	-	-	-	-	-	-	-
Excess of expenditure over income							(25,129.80)		(25,129.80)
Balance as at 31 March 2020	-	-	-	-	-	-	(25,129.80)	-	(25,129.80)

As per our report of even date attached.

For B. K. Khare and Co.

Chartered Accountants

Firm's Registration No: 1051102W

Shirish Rahalkar

Partner

Membership No: 111212

Place : Mumbai

Date : 9 May 2020

For and on behalf of the Board of Directors
Mahindra Finance CSR Foundation

Rajesh Vasudevan

Director

[DIN: 02711990]

Vinay Deshpande

Chairman

[DIN: 01904423]

Statement of Cash flows

FOR YEAR ENDED 31 MARCH 2020

INR Rupees

Particulars	Year ended 31 Mar 2020	Year ended 31 Mar 2019
A) CASH FLOW FROM OPERATING ACTIVITIES		
Excess of expenditure over income	(25,129.80)	-
Adjustments to reconcile profit before tax to net cash flows:		
Add: Non-cash expenses	-	-
	-	-
Less: Income considered separately	-	-
Operating profit before working capital changes	(25,129.80)	-
Changes in -		
Other financial liabilities	25,000.00	-
Cash used in operations	25,000.00	-
NET CASH USED IN OPERATING ACTIVITIES (A)	(129.80)	-
B) CASH FLOW FROM INVESTING ACTIVITIES		
NET CASH GENERATED FROM / (USED IN) INVESTING ACTIVITIES (B)	-	-
C) CASH FLOW FROM FINANCING ACTIVITIES		
Issue of equity shares	10,000.00	-
NET CASH GENERATED FROM / (USED IN) FINANCING ACTIVITIES (C)	10,000.00	-
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	9,870.20	-
Cash and Cash Equivalents at the beginning of the year	-	-
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (refer note 3)	9,870.20	-
Components of Cash and Cash Equivalents		
Cash and cash equivalents at the end of the year		
- Balances with banks in current accounts	9,870.20	-
Total	9,870.20	-

Notes :

The above Statement of Cash Flow has been prepared under the 'Indirect method' as set out in Ind AS 7 on 'Statement of Cash Flows'.

As per our report of even date attached.

For B. K. Khare and Co.

Chartered Accountants

Firm's Registration No: 105102W

For and on behalf of the Board of Directors
Mahindra Finance CSR Foundation

Shirish Rahalkar

Partner

Membership No: 111212

Rajesh Vasudevan

Director

[DIN: 02711990]

Vinay Deshpande

Chairman

[DIN: 01904423]

Place : Mumbai

Date : 9 May 2020

Notes

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

1 COMPANY INFORMATION

Mahindra Finance CSR Foundation ('the Company'), incorporated in India, is a public limited company, headquartered in Mumbai dated April 2, 2019. The Company has received license under Section 8 (1) of the Companies Act, 2013. The Company is established to undertake, by itself or joining, collaborating with, or participating in, projects that, support, promote and enhance: education, including special education, especially among children, women, elderly and the differently abled; employment, vocational skills, and sustainable livelihood; curative and preventive healthcare measures; sanitation and availability of safe drinking water; measures eradicating hunger, poverty and malnutrition; sustainability environmental and ecological balance; protection of flora and fauna, animal welfare, agro forestry; conservation of natural resources; maintenance of quality of soil, air and water; including but not limited to, rehabilitation efforts prior, during and or after natural disasters. The objective of the Company is to work, contribute towards all activities outlined by, but not restricted to, Section 135, Schedule VII of the Companies Act, 2013, the related rules and the amendments thereto from time to time. Further, the company received its registration under section 12AA of the Income Tax Act 1961 on 29 November, 2019 and certificate under section 80G of the Income Tax Act, 1961 on 24 December, 2019 valid from 3 June, 2019. None of the objects of the Company will be carried out

on commercial basis. The Company is a subsidiary of Mahindra & Mahindra Financial Services Limited.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of accounting

These financial statements are the company's first Ind-AS financial statement. The financial statements have been prepared on a historical cost convention and on an accrual basis.

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. All amounts are rounded-off to the nearest rupee, unless otherwise indicated.

2.3 Revenue recognition

The revenue is measured on actual receipt basis of donations received.

2.4 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.

Notes

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

This being the first financial year of the company after incorporation, the previous year figures are not available.

1 CASH AND CASH EQUIVALENTS

Particulars	INR Rupees	
	31 March 2020	31 March 2019
Cash on hand	-	-
Balances with banks in current accounts	9,870.20	-
	9,870.20	-

2 OTHER FINANCIAL LIABILITIES

Particulars	INR Rupees	
	31 March 2020	31 March 2019
Provision for expenses	25,000.00	-
	25,000.00	-

3 EQUITY SHARE CAPITAL

Particulars	INR Rupees	
	31 March 2020	31 March 2019
Authorised:		
1,000 (31 March 2019: Nil) Equity shares of Rs.10/- each	10,000.00	-
Issued, Subscribed and paid-up:		
1000 (31 March 2019: Nil) Equity shares of Rs.10/- each fully paid up	10,000.00	-
Issued, Subscribed and paid-up Share capital	10,000.00	-

Particulars	INR Rupees			
	As at 31 March 2020		As at 31 March 2019	
	No. of shares	INR Rupees	No. of shares	INR Rupees
a) Reconciliation of number of equity shares and amount outstanding:				
Issued, Subscribed and paid-up:				
Balance at the beginning of the year	-	-	-	-
Add : Fresh allotment of shares :	1,000	10,000.00	-	-
Balance at the end of the year	1,000	10,000.00	-	-
b) Number of equity shares held by holding company or ultimate holding company including shares held by its subsidiaries / associates:				
Holding company : Mahindra & Mahindra Financial Services Limited	1,000	10,000.00	-	-
(Equity shares of Rs. 10/- each)				
Percentage of holding (%)	100%	100%	-	-

Other Equity	INR Rupees	
	As at 31 March 2020	As at 31 March 2019
Surplus in Statement of Profit and Loss:		
Balance as at the beginning of the year	-	-
Add : Excess of expenditure over income for the current period transferred from Statement of Income and Expenditure	(25,129.80)	-
Balance Loss carried to Balance Sheet	(25,129.80)	-
Less : Allocations & Appropriations :	-	-
Balance as at the end of the period	(25,129.80)	-
Total	(25,129.80)	-

Notes

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

4 REVENUE RECEIPTS

Particulars	INR Rupees	
	31 March 2020	31 March 2019
Donations received	11,50,000.00	-
	11,50,000.00	-

5 FINANCE COSTS

Particulars	INR Rupees	
	31 March 2020	31 March 2019
Bank charges	129.80	-
	129.80	-

6 CORPORATE SOCIAL RESPONSIBILITY EXPENSES

Particulars	INR Rupees	
	31 March 2020	31 March 2019
Corporate Social Responsibility expenses		
-Promotion of education	6,50,000.00	-
-Promotion of sports	5,00,000.00	-
	11,50,000.00	-

7 OTHER EXPENSES

Particulars	INR Rupees	
	31 March 2020	31 March 2019
Auditor's fees and expenses -		
- Audit fees	25,000.00	-
	25,000.00	-

8 EARNING PER SHARE (EPS)

Particulars	INR Rupees	
	31 March 2020	31 March 2019
Profit / (Loss) for the year	(25,129.80)	-
Weighted average number of Equity Shares	1,000.00	-
Basic Earnings per share (Rs.) (Face value of Rs. 10/- per share)	(25.13)	-
Diluted Earnings per share (Rs.)	(25.13)	-