Mahindra CIE Automotive Ltd
Mahindra Towers, 1st Floor,
Dr. G. M. Bhosale Marg, Worli,
Mumbai 400 018, India
Tel: +91 22 24931449
Fax: +91 22 24915890
www.mahindracie.com
mcie.investors@cie-india.com

2nd June, 2020

BSE Limited Corporate Relationship Department, P. J. Towers, Dalal Street, Fort, Mumbai - 400 001. **BSE Scrip Code: 532756**	**National Stock Exchange of India Limited** Corporate Relationship Department, Exchange Plaza, 5th Floor, Plot No. C/1, G Block, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051. **NSE Scrip Code: MAHINDCIE**

Sub: Annual Report for the financial year ended 31st December, 2019

Dear Sir / Madam,

Pursuant to Regulation 34(1)(a) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are enclosing herewith the Annual Report of the Company for the financial year ended on 31st December, 2019 (which inter-alia comprises the Standalone and Consolidated Financial Statements of the Company for the Financial Year ended 31st December, 2019 and Report of the Board of Directors and Auditors Report thereon) along with Notice of 21st AGM.

Documents stated above are also available under 'Investor' section of website of the Company www.mahindracie.com .

Kindly take the same on the record.

Thanking you,
Yours faithfully,
For Mahindra CIE Automotive Limited

PANKAJ VIJAY GOYAL
Digitally signed by PANKAJ VIJAY GOYAL
Date: 2020.06.02 11:28:02 +05'30'

Pankaj V. Goyal
Company Secretary and Compliance Officer
Membership No. A 29614
Encl: As above

Mahindra CIE

Annual Report 2019

FORGINGS • CASTINGS • STAMPINGS • GEARS • COMPOSITES • MAGNETICS • ALUMINIUM

CIE Automotive

Mahindra CIE Automotive limited is a subsidiary of CIE Automotive, Spain. CIE Automotive is an industrial group specialised in managing high value-added processes in a sustainable, profitable and efficient way. Listed on the Madrid stock exchange, CIE Automtoive is a global full-service supplier for automotive components and sub-assemblies

Mahindra CIE

2019 ANNUAL REPORT

Dear Shareholders,

I am humbled to have taken over as the non-executive chairman of such a dynamic company in September 2019. I take over from and thank Mr. Hemant Luthra, someone who has been almost an institution within the company.

I have taken over during a momentous period for the automotive industry, when there are so many changes happening. These changes are pushing companies to come up with solutions which could be disruptive. In the Chinese script, the word "crisis" is composed of two characters, one representing danger and the other, opportunity. Your company has also used the market slowdown to look inwards and focus on the basics to build more robust and efficient operations.

The two promoters of MCIE, the CIE Group of Spain and Mahindra Group of India have dealt effectively with such challenges in the past and MCIE draws inspiration from both.

Your Company is positioned as one of the leading publicly held Automotive Component companies in India. This year the position was further bolstered by the strategic acquisition of Aurangabad Electricals which added the significant Aluminium Die casting technology to our portfolio.

Ander and the entire team continue to build systemic capability which will be instrumental in our quest to deliver operating results consistent with our aim of generating better Returns on both Equity and Capital Employed

Thank you for the trust reposed in the Company. I look forward to working with all the stakeholders for continued growth of Mahindra CIE while maintaining the highest standards of ethics and corporate governance.

Yours Sincerely,

S. Shukla

SP. Shukla

Chairman – Mahindra CIE

Dear Shareholders,

This has been a challenging year for all of us and I feel immense pride in saying that the team has reacted with utmost efficiency and has taken positive measures which will hold us in good stead in the years to come and reinforces our commitment to sustainable and long-term profitable growth.

In 2019, MCIE's sales without excise reached ₹7,566 crores, while profitability is at 13.2% EBITDA though we have made an EBIT of 9.0%.

These figures when viewed in isolation do not give a complete picture since they were achieved in a demanding market scenario both in India and Europe. This year we faced an unusual scenario where we saw all the key market segments come under pressure pretty much at the same time, a scenario not seen for almost two decades.

The strategic acquisition of Aurangabad Electricals (AEL) has also demonstrated our continued commitment to our long-term goals. AEL added Aluminium Die casting technology to our portfolio expanding our array of technologies and diversifying and deepening our customer base. It also makes us more future ready by improving our ability to further participate in the trends of lightweighting and EVs.

The auto industry is going through deep changes which have caused upheavals. The Indian automotive market has been affected by the BS6 implementation and the NBFC crisis which has caused disruptions in the supply chains. In Europe also we are seeing a period of volatility in the automotive market. In the long term, there is also a challenge emerging from Electric Vehicles (EVs) and all automakers worldwide are executing strategies with this disruption in mind.

The coronavirus (CoVid-19) outbreak is a one-off event and has brought a host of adaptations to the way we all function. In our business we are facing a situation of very high uncertainty; a situation where both customer demand and supplier productivity was brought to a standstill for almost two months.

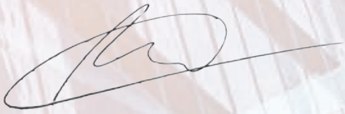
In the short term, the cash position of the company is solid, and the liquidity is assured, having enough unused credit lines. We believe that MCIE is in a secure position to not only manage this crisis and its fallout, but we are quietly optimistic that we will emerge stronger when the crisis blows over.

It is also in such times of the market dropping so suddenly, that we return to the basics of the CIE manufacturing model of manufacturing excellence and focus on ensuring operating efficiencies, cost optimization and financial discipline. According to us a downturn is the best time to focus on improving the health of our manufacturing processes. We believe that this focus allows us to be much better prepared for the market when it does return. The team has also made greater efforts to win new business.

We are convinced that in the coming years we are well positioned to navigate through the challenges that are faced by the automotive industry. We have focused on building systemic capability which will help us continue to deliver better operating results consistent with our aim of generating better Returns on both Equity and Capital Employed, in the coming years.

Thank you for the trust reposed in us and for being invested in Mahindra CIE.

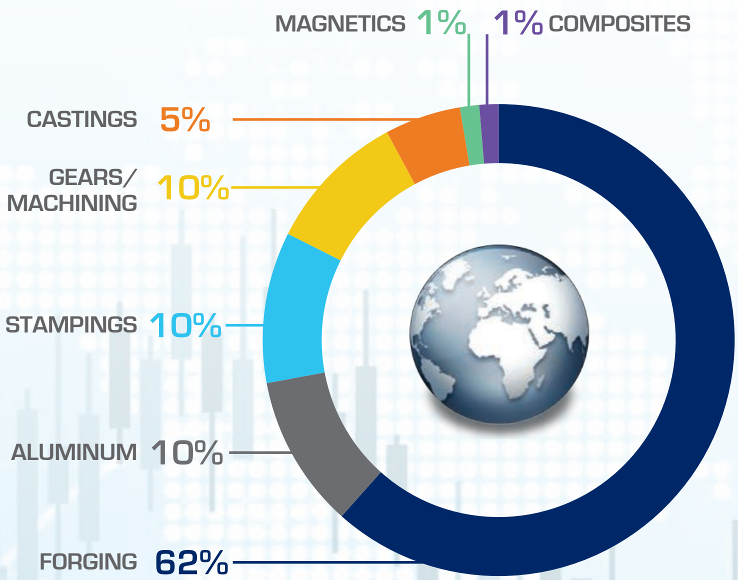
Yours Sincerely,

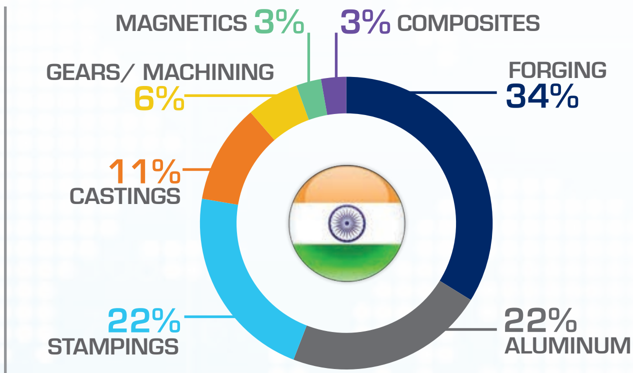


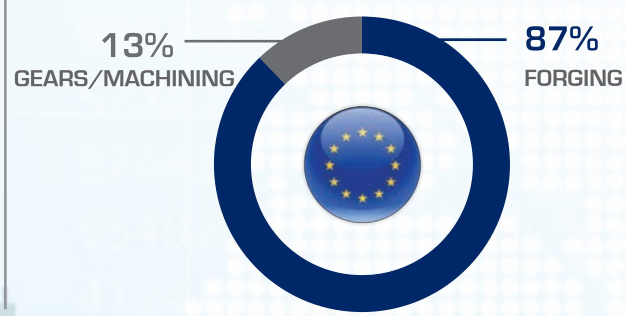
Ander Arenaza Alvarez

CEO – Mahindra CIE

MCIE TECHNOLOGY REVENUE SPLIT *







* AEL 9 Months CY19 has been annualized for this consideration

MCIE – END USE SEGMENTS

TECHNOLOGIES

- Forging
- Aluminium
- Stampings
- Castings
- Gears/Machining
- Magnetic Products
- Composites

END USE SEGMENTS

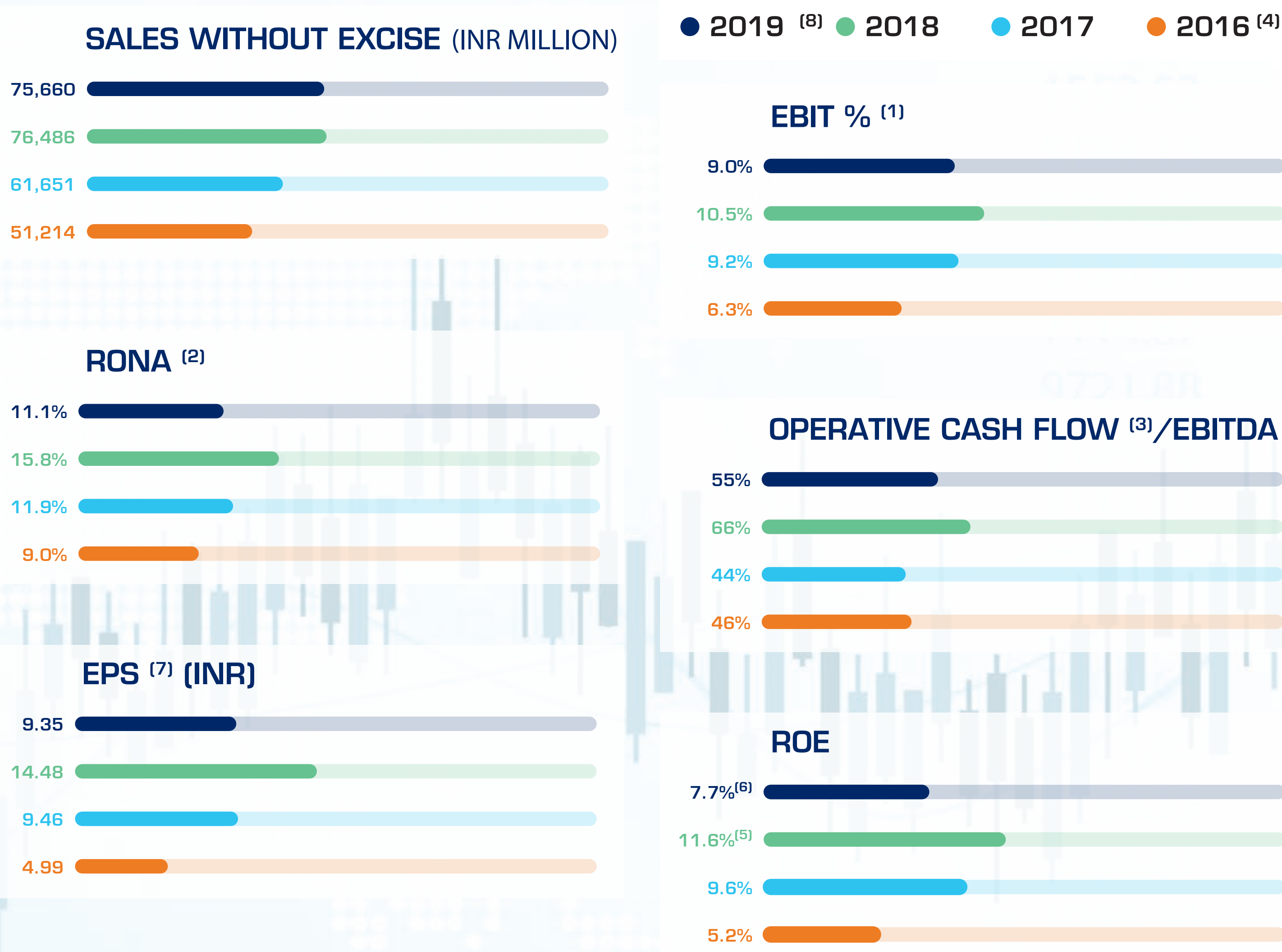
CARS, UTILITY VEHICLES, TWO WHEELERS, LIGHT COMMERCIAL VEHICLES, TRACTORS, MHCV

TOP CUSTOMERS

Mahindra, Bajaj, Maruti, Tata, Hero

TECHNOLOGIES	END USE SEGMENTS	TOP CUSTOMERS
Car Forgings Spain, Lithuania	CARS	Renault, VW, Ford, JLR, BMW
Heavy Truck Forgings Germany	MHCV	Daimler, MAN, Scania, DAF, Renault
Gears/Machining Italy	CONSTRUCTION EQUIPMENT, TRACTORS	CAT, Eaton, CNH

MCIE CONSOLIDATED KEY PARAMETERS

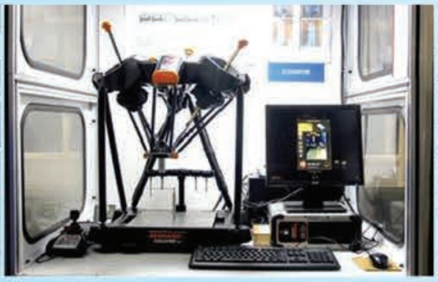


1) The EBIT for CY 2017 numbers are excluding Stokes
2) RONA = "Return on Net Assets": EBIT / Net Assets (Fixed Assets + Net Working capital + Goodwill).
3) Operative Cash Flow = EBITDA – Finance Cost -Maintenance Capex –Tax Paid.
4) For all ratios in 2016 for Bill Forge last 12 months EBITDA and EBIT have been considered.
5) ROE including discontinued operations.
6) This includes impact of one time Tax write offs.
7) For 2018 and 2019, we have considered the EPS for continued operations only.
8) 2019 figures are including 9 months performance of AEL.

SHOWCASING THE NEW MEMBER OF MCIE GROUP ...

MANUFACTURING FACILITIES – HPDC & GDC

OTHER ADVANCED FACILITIES RELATED PROCESSES

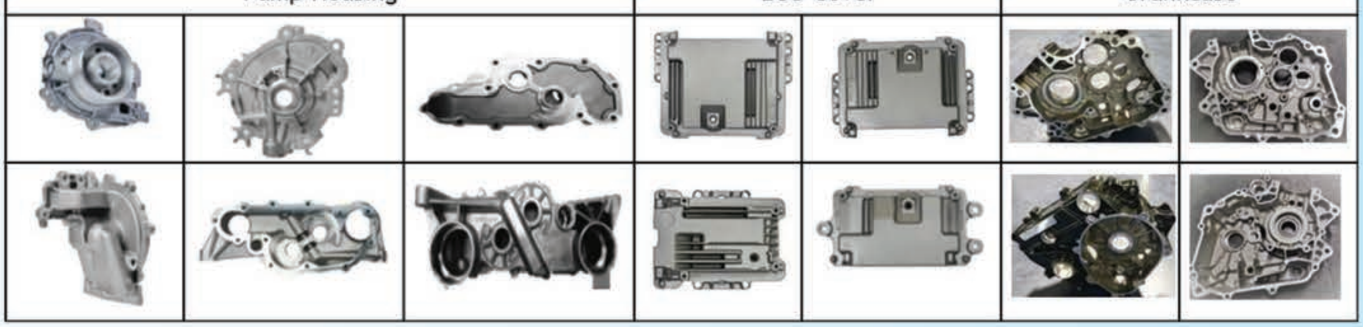


PRODUCT PORTFOLIO

CYLINDER HEAD	CALIPER BODY BRACKET	EGR VALVE HOUSING	COMPRESSOR COVERS	CHARGE AIR HOUSINGS	PUMP HOUSINGS	THERMOSTAT COVERS

BRAKE PANEL	BODY PARTS	CLUTCH COVER	ALTERNATOR BRACKET	STATOR BRACKET	ZB BEAM MANIFOLD	VALVE HSG	SYNCH RING GEHAUSE

Pump Housing	ECU Cover	Crankcase



IN-HOUSE ENGINEERING & TOOL ROOM FACILITIES

Board of Directors

Mr. Shriprakash Shukla - Chairman
Mr. Ander Arenaza Alvarez
Mr. Manoj Menon
Mr. Anil Haridass
Mr. Jesus Maria Herrera Barandiaran
Mr. Zhooben Dossabhoy Bhiwandiwala
Mr. Kadambi Narahari
Mr. Dhananjay Mungale
Mr. Manoj Maheshwari
Mrs. Roxana Meda Inoriza
Mr. Alan Savio D'Silva Picardo
Mr. Suhail A. Nathani

Chief Financial Officer

Mr. K. Jayaprakash

Company Secretary & Compliance Officer

Mr. Pankaj Goyal

Committees of the Board

Audit Committee

Mr. Dhananjay Mungale - Chairman
Mr. Manoj Maheshwari
Mrs. Roxana Meda Inoriza
Mr. Alan Savio D'Silva Picardo

Nomination and Remuneration Committee

Mr. Manoj Maheshwari - Chairman
Mr. Alan Savio D'Silva Picardo
Mr. Jesus Maria Herrera Barandiaran
Mr. Shriprakash Shukla

Stakeholders Relationship Committee

Mr. Kadambi Narahari - Chairman
Mr. Dhananjay Mungale
Mr. Suhail A. Nathani

Corporate Social Responsibility Committee

Mr. Kadambi Narahari – Chairman
Mr. Dhananjay Mungale
Mr. Manoj Menon
Mr. Anil Haridass

Risk Management Committee

Mr. Manoj Menon – Chairman
Mr. Ander Arenaza Alvarez
Mr. Hari Krishnan

Registered Office

Mahindra Towers,
P. K. Kurne Chowk,
Worli, Mumbai - 400 018.
CIN: L27100MH1999PLC121285
Tel: +91 22 2493 1449
Fax: +91 22 2491 5890
Website : www.mahindracie.com
Email : mcie.investors@cie-india.com

Pune Office

Office No. 602 & 603,
Amar Business Park,
Opp. Sadanand Resort,
above Westside showroom
Baner, Pune - 411 045

- **Auditors**

Price Waterhouse
Chartered Accountants LLP
7th Flooor, Tower A,
Business Bay, Air Port Road,
Yerwada, Pune - 411 006

- **Bankers**

ICICI Bank Limited
Barclays Bank

- **Registrar and Share Transfer Agents**

KFin Technologies Private Limited
Selenium, Tower B, Plot 31 & 32,
Financial District, Gachibowli,
Hyderabad, 500 032
Website : www.kfintech.com
E-mail : einward.ris@kfintech.com

DIRECTORS' REPORT

DIRECTORS' REPORT

Dear Shareholders

Your Directors present their Report together with the audited financial statements of your Company for the Financial Year (FY) ended 31st December 2019.

A. FINANCIAL SUMMARY AND HIGHLIGHTS

(₹ in Million)

PARTICULARS (STANDALONE)	FY ended 31st December, 2019*	FY ended 31st December, 2018*
Total Revenue	29,271	31,724
Profit before Interest, Depreciation, Exceptional Items and Tax	3,779	4,489
Less: Depreciation	1,127	1,020
Profit before Interest, Exceptional Items and Tax	2,652	3,469
Less: Interest and Finance cost	136	66
Profit before Exceptional Items and Tax	2,516	3,403
Less: Exceptional items	(119)	1,286
Profit before tax	2,636	2,117
Profit after tax	1,723	939

**Bill Forge Private Limited (Bill Forge) was merged with the Company during the year under review. Appointed date of the Scheme of Merger was 1st April, 2018. Accordingly, the standalone financial results of the Company for FY2018 are restated to include results of Bill Forge for period of 9 months from 1st April 2018 to 31st December, 2018 and the standalone results for FY2019 includes full year results of Bill Forge. Hence the figures are not strictly comparable.*

During the Financial Year under review total standalone revenue of the Company dropped to ₹ 29,271 Million from ₹ 31,724 Million for previous year and Profit before Interest, Depreciation, Exceptional Items and Tax dropped to ₹ 3,779 Million as against ₹ 4,489 Million for the previous year. The profit before exceptional items & tax for the Financial Year reduced to ₹ 2,516 Million in Financial Year 2019 from ₹ 3,403 Million in Financial Year 2018. The drop-in revenues is a reflection of the underlying drop in the Indian auto market that we serve.

There have been no material changes and commitments, affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of this Report.

Dividend

The Company would need significant funds for its organic and inorganic growth. The present FDI regulations in India do not permit acquisition of an Indian Company by Foreign Majority Owned Indian Companies through domestic borrowings. According to the FDI Regulations internal accruals are one of the permitted sources to fund domestic acquisitions. In view of this your Directors do not recommend any dividend for the Financial Year 2019.

Transfer to Reserves

The Company has not transferred any amount of profits to reserves.

B. OPERATIONAL PERFORMANCE – THE COMPANY AND SUBSIDIARIES

India

Your Company continued to focus on Plant Efficiency Improvement as also upgrading the facilities to improve margins and adding new capabilities. These actions allowed us to ride over the business slowdown during the year and continue with implementation of our long-term strategic plan.

The Divisions during this challenging year focused on improving Capacity Utilization through reduced Outsourcing and automation projects to improve Manpower Productivity.

Steps continue to be taken to diversify the Customer base and CY 2019 has seen a high addition of new customers in many of the Divisions.

The Divisions have as a part of the Strategy plans drawn up investments on Facility Up-gradation. Some of the Initiatives undertaken during the year include the modernization of the Gears Plant at Rajkot, New State of Art Plants for the Composite and Stampings Division, investment in a new State of the Art Molding line in the Foundry and investment in the Magnetics Division to add Capacity and improve Process Efficiency. All these initiatives allow the Divisions to focus on Productivity Improvement, Manpower rationalization and allows us to be future ready to service the needs of Global Customers.

This year we have acquired Aurangabad Electricals Limited (AEL) and entered the Aluminium Die casting technology. The integration of AEL is on track.

The integration between your company and CIE has further strengthened and the interaction between the employees of the two entities has progressed in areas of Design, Quality Management, Manufacturing and Process development among others. These interactions allow the various Divisions to adopt Best-in-Class Technology and deliver high quality and precision parts at competitive prices.

In summary, despite the business slowdown, your company continued to work on its long-term objectives to improve Operational Efficiency and foster faster Growth.

Europe

The operations in Germany this year have seen some pain due to the issues of challenging market conditions and a nationally concluded wage hike. The management, however, is continuing to focus on improving the profitability in a sustainable manner.

Plants in Spain, Lithuania and Italy have been consistently profitable over the last few years and profit margins are in line with the margins of the CIE group worldwide. The strategic focus is to maintain profitability at these plants while growing with the market.

Investor Relations (IR)

Your Company continuously strives for excellence in its Investor Relations ("IR") engagement with International and Domestic investors through structured conference-calls and periodic investor/analyst interactions like individual Meetings, participation in investor conferences, quarterly earnings calls and analyst meet from time to time. Your Company participated in a number of investors meets organized by reputed Global and Domestic Broking Houses, during the year.

Your Company always believes in building a relationship of mutual understanding with investor/analysts. Your Company ensures that critical information about the Company is available to all the investors, by uploading all such information on the Company's website.

C. CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated Financial Statements of the Company and its subsidiary companies prepared in accordance with the Companies Act, 2013 (the Act) and applicable Accounting Standards along with all relevant documents and the Auditors' Report forms a part of this Annual Report.

In accordance with section 136 of the Act, separate accounts in respect of each of the Subsidiaries are uploaded on the website of the Company at Web-link: http://www.mahindracie.com/investors/investor-relations/annual-report.html#subsidiaries-annual-report and copies of the same shall be provided to shareholders of the Company on request for such copies.

Subsidiary Companies

The subsidiary companies also continue to contribute to the overall growth of the Company.

CIE Galfor S.A. registered consolidated revenue of ₹ 43,123 Million (includes MFE & Metalcastello revenue) during the financial year ended 31st December 2019 as compared to ₹ 47,522 Million in the previous year. The consolidated net profit after tax for the financial year under review was ₹ 1,703 Million (including MFE & Metalcastello) as compared to ₹ 3,239 Million in the previous year.

Aurangabad Electricals Limited registered a revenue from operations of ₹ 6,387 Million during the period 1st April 2019 to 31st December, 2019 and the consolidated net profit after tax for the period stood at ₹ 245 Million.

The Company's consolidated total revenue from the continuing operations was ₹79,078 Million in the financial year ended 31st December 2019, of which about 63% was derived from the subsidiaries whereas about 37% was derived from operations of the Company (including that of Bill Forge Division).

As on 31st December 2019, the Company has 16 subsidiaries namely Stokes Group Limited (U.K.), Stokes Forgings Ltd. (U.K.), Stokes Forgings Dudley Ltd. (U.K.), CIE Galfor S.A. (Spain), CIE Legazpi S.A. (Spain), UAB CIE LT Forge (Lithuania), Mahindra Forgings Europe AG (Germany), Jeco Jellinghaus GmbH (Germany), Gesenkschmiede Schneider GmbH (Germany), Falkenroth Umformtechnik GmbH (Germany), Schoneweiss & Co. GmbH (Germany), Metalcastello S.p.A. (Italy), BF Precision Private Limited (India), Bill Forge de Mexico S de RL de CV (Mexico), AE Deutschland Gmbh and Aurangabad Electricals Limited.

Stokes Group Limited and Jeco Jellinghaus GmbH has been operationally closed. AE Deutschland Gmbh is under liquidation. Stokes Forgings Limited and Stokes Forgings Dudley Limited are dormant companies.

All other subsidiaries are operational.

Acquisition of Aurangabad Electricals Limited

On 12th March, 2019, the Board of Directors of the Company approved the acquisition of 100% of the issued and outstanding share capital of Aurangabad Electricals Limited (AEL). The Acquisition was completed on 9th April, 2019 and AEL became a wholly-owned subsidiary of the Company from the same date.

Founded in 1985, AEL is a market-leading aluminum die casting company based in Aurangabad, India with five manufacturing facilities in India across Aurangabad, Pune and Pantnagar. AEL manufactures a variety of body, brake & engine-parts through high pressure die casting as well as gravity die casting processes. AEL also has capabilities for machining, heat treatment, powder coating, assembly and leak testing along-with a modern tool room. AE Deutschland GmbH a wholly owned subsidiary of AEL is under liquidation.

Scheme of Merger of Bill Forge Private Limited

The Hon'ble National Company Law Tribunal (NCLT), Bengaluru Bench had approved the Scheme of Merger providing for merger by absorption of Bill Forge Private Limited (Billforge) by the Company (the Scheme) on 6th September, 2019. The Order of the NCLT Bengaluru was filed with Registrar of Companies, Karnataka on 3rd October, 2019. The Hon'ble NCLT Mumbai Bench approved the Scheme vide its Order dated 4th November, 2019 and the same was filed with the Registrar of Companies, Mumbai on 15th November 2019. Accordingly, the Scheme was effective i.e. became operational with effect from 15th November 2019. The Scheme takes effect from the Appointed Date which is 1st April 2018.

Post the scheme is operationalized Bill Forge Private Limited (Transferor Company) stood dissolved without winding-up and the Undertakings of the Transferor Company are transferred to and vested in the Company without any further act or deed. Further, the Authorised Share Capital of the Company stands increased by the authorized share capital of the Transferor Company altering the Capital clause in the Memorandum of Association and Articles of Association of the Company.

Closure of Stokes Group Limited (Stokes)

In 2018, the Board of Directors of the Company, after reviewing the business situation, had agreed with the proposed closure of Stokes and the business was classified as dis-continued operations.

During the year under review, the Stokes has completely stopped its production. Manufacturing of some of the products is transferred to Bill Forge Division. The liquidation of Stokes is expected to complete in CY2020.

Associate Companies

Gescrap India Private Limited (Gescrap India) is an Associate of the Company which is engaged in metal recycling and total waste management in India. During the year under review the Company has invested ₹ 3,69,00,000 in 36,90,000 equity shares of face value of ₹ 10/- each of Gescrap India. The holding of the Company remained unchanged at 30%.

Bill Forge Private Limited had agreed to invest in a Special purpose vehicle which will set up and operate a captive solar plant for supplying power to the Company. Accordingly, Clean Max Deneb Power LLP (CMDP)was incorporated on 21st December, 2018 and the Company invested in 26% of the capital of the LLP. This was considered as Associates of the Company in accordance with applicable accounting standards. CMDP will be one of the major contributors for use of renewable source of energy in operation of the Bill Forge division of the Company and will also result in savings in energy cost.

Galfor Eolica SL is an associate Company of CIE Galfor S.A.

A Report on the performance and financial position of each of the subsidiaries and associates companies included in the Consolidated Financial Statement and their contribution to the overall performance of the Company, is provided in Note No. 42 of the Consolidated Financial Statements of the Company and in Form AOC-1 attached to the Financial Statements.

The Company has formulated a Policy for determining Material Subsidiaries and the same has been uploaded on the website of the Company at http://www.mahindracie.com/investors/investor-relations/governance.html#policies-and-code-of-conduct

Credit Rating

ICRA Limited (“ICRA”), Credit Rating Agency, had assigned [ICRA] A1+ for the Commercial Paper program of the Company. ICRA had also assigned [ICRA] AA- (pronounced as ICRA double A minus) for long terms line of credit and [ICRA] A1+ (pronounced as ICRA A one plus) for Short term line of credit. The rating for commercial paper program was re-affirmed by ICRA in April and September 2019.

Your Company has not been identified as a “Large Corporate” as per the criteria under SEBI Circular No. SEBI/HO/DDHS/CIR/P/2018/144 dated 26th November, 2018.

D. INTERNAL FINANCIAL CONTROLS

Your Company uses ERP System as a business enabler and also to maintain its books of accounts. The transactional controls built in ERP System provide segregation of duties, appropriate level of approval mechanism and maintenance of supporting records. The System and the Standard Operating Procedures are reviewed by the management. These systems and controls are audited by the Internal Auditors and their findings and recommendations are reviewed by the Audit Committee. Actions Plan is prepared by the management for all the Audit findings and recommendations which is continuously monitored on monthly basis and action taken report is reviewed by the Audit Committee on quarterly basis.

Your Company has in place adequate internal financial controls which commensurate with the size, scale and complexity of its operations. These controls have been assessed during the year under review taking into consideration the essential components of internal controls stated in the Guidance note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. Based on the results of such assessments carried out by the management, no reportable or significant deficiencies, no material weakness in the design or operation of any control was observed Nonetheless your Company recognizes that any internal control framework, no matter how well designed, has inherent limitations and accordingly, regular audits and review processes ensure that such system are re-enforced on an ongoing basis.

E. MANAGEMENT DISCUSSION AND ANALYSIS

Management discussion and analysis of financial condition and results of operations of the Company along-with the performance and financial position of each of the subsidiaries is provided in the Management Discussion and Analysis which forms part of this Annual Report.

F. CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

During the year under review, all transactions entered into with Related Parties of the Company were in the Ordinary Course of Business and were transacted at arm’s length basis.

Mahindra Vehicle Manufacturers Limited (MVML) is one of the Promoters of the Company which hold(s) more than 10% of the paid-up equity capital of the Company. The details of the transactions of the Company with MVML, as required to be disclosed pursuant to Para A of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is disclosed at Note. No. 31 of the Notes to the Standalone Financial Statements.

Further, the Company had entered into Material Related Party Transactions, i.e. transactions exceeding ten percent of the annual consolidated turnover as per the last audited financial statements of the Company with Mahindra & Mahindra Limited, the holding company of MVML. These transactions were in the Ordinary Course of Business of the Company and were at arm’s length basis. The details of these transactions, as required to be provided under section 134(3)(h) of the Companies Act, 2013 are disclosed in Form AOC-2 as ***Annexure I*** and forms part of this Report.

The Policy on materiality of and dealing with Related Party Transactions as approved by the Board is uploaded on the website of the Company at http://www.mahindracie.com/investors/inve stor-relations/governance.html#policies-and-code-of-conduct

G. AUDITORS

Statutory Auditors and Auditor’s report

The members of the Company at the 18th Annual General Meeting (AGM) had appointed Price Waterhouse Chartered Accountants LLP (Firm Registration No. 012754N/N500016) as the Statutory Auditors of the Company to hold office from the conclusion of 18th AGM until the conclusion of the 23rd AGM of the Company to be held in the year 2022.

The Securities and Exchange Board of India ("SEBI") vide its order number WTM/GM/DRA 1/83/2017-18 dated 10th January, 2018 banned the firms practicing as Chartered Accountants in India under the brand and banner of Price Waterhouse (PW), to directly or indirectly issue any certificate of audit to listed companies or certificate in relation to any compliance of obligations of a listed companies for the period of two years.

Against the said order PW has filed an appeal before the Hon'ble Securities Appellate Tribunal (Tribunal). The Tribunal vide its Order dated 9th September 2019 has Quashed the SEBI order restricting PW Bangalore and 10 other PW firms. SEBI has filed appeal against the Order of SAT before Hon'ble Supreme Court of India. Hon'ble Supreme Court has stayed the Order of SAT to the extent it deals with the Jurisdiction of SEBI. The appeal is pending.

Price Waterhouse Chartered Accountants LLP, Chartered Accountants have, under Section 139(1) of the Act and the Rules framed thereunder furnished a certificate of their eligibility and has confirmed that they are eligible to act as statutory auditor of the Company for financial year 2020.

The Auditors' Report on the Financial Statement for the year ended 31st December, 2019, is unmodified i.e. it does not contain any qualification, reservation or adverse remark and notes thereto are self-explanatory and do not require any explanations. During the year under review the terms of appointment of statutory auditors have been amended in line with SEBI circular CIR/CFD/CMD1/114/2019 dated 18th October, 2019.

Secretarial Auditor and Secretarial Audit

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company had appointed Mr. Sachin Bhagwat, Practicing Company Secretary (Certificate of Practice No. 6029), Secretarial Auditor to undertake the Secretarial Audit of the Company for the Financial Year ended 31st December, 2019. The Secretarial Audit Report for the Financial Year ended 31st December, 2019 is appended to this Report as ***Annexure II***. Except as stated below, the report does not contain any qualification, reservation or adverse remark or disclaimer.

Qualification / reservation of the Secretarial Auditor

The Company has not filed the Form IEPF – 1A as required under the Rule 5(4A) of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (IEPF Rules) with respect to the unclaimed dividend amount transferred by Mahindra Composites Limited (MCL) to the Investor Education and Protection Fund (IEPF), under Section 205C of the Companies Act, 1956, for the dividends MCL had declared for financial years ended 31 March 2000, 31st March, 2002, 31st March, 2003 and 31 March 2004 and Unclaimed Deposits transferred by Mahindra Ugine Steel Company Limited (MUSCO) to IEPF during the period 2006 to 2009.

Management Response

This qualification/ reservation by the secretarial auditor concerns the two aforesaid companies that were merged with Mahindra CIE pursuant to Scheme of Amalgamation which became effective from 10th December, 2014. The issue relates to the filing of details of the shareholders /deposit holders whose unclaimed dividends/ unclaimed deposits were transferred to IEPF by the merged entities before 2011. The applicable provisions of the Law at that time required the companies to maintain these records for a period of three years which time period expired before the merger of these entities with the Company. The merging companies had transferred all the relevant records as per the then existing regulations to the Company. The Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (IEPF Rules) were amended effective from 20th August, 2019 requiring companies to file details of shareholders / deposit holders in respect of unclaimed dividends and unclaimed deposits transferred by the companies to IEPF without specifying any time periods. The Company has filed all the relevant details for transfers made by the merging companies to IEPF from the year 2012. The Company is trying to retrieve the relevant data prior to 2011 as required by the new amendment to the regulations and shall endure to file the same.

Secretarial Audit of Material Unlisted Indian Subsidiary

Aurangabad Electricals Limited (AEL), a material subsidiary of the Company (w.e.f. 9th April, 2019) undertakes secretarial audit every year under Section 204 of the Companies Act, 2013. The Secretarial Audit of AEL for the financial year ended 31st December 2019 was carried out pursuant to Section 204 of the Companies Act, 2013 and Regulation 24A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Secretarial Audit Report submitted by Mr. R. V. Pore, Practicing Company Secretary, (Certificate of Practice No. 1913) does not contain any qualification, reservation or adverse remark or disclaimer and the same is enclosed herewith as ***Annexure III***.

Annual Secretarial Compliance Report

The Company has undertaken an audit for the Financial Year ended 31st December, 2019 for all applicable compliances as per Securities and Exchange Board of India Regulations and Circulars/Guidelines issued thereunder. The Annual Secretarial Compliance Report duly signed by Mr. Sachin Bhagwat, Practicing Company Secretary (Certificate of Practice No. 6029) has been submitted to the Stock Exchanges within the prescribed timelines.

Cost Records

As per Section 148 of the Companies Act, 2013, read with the Companies (Cost Records and Audit) Rules, 2014, your Company is required to maintain cost records and accordingly, such accounts and records are maintained.

Cost Auditors

The Board had appointed Messrs. Dhananjay V. Joshi & Associates, Cost Accountants, Pune, (Firm Registration Number 000030) as Cost Auditor for conducting the audit of Cost Records of the Company for Financial year ended 31st December, 2019.

In accordance with Section 148 of the Companies Act, 2013, the Board of Directors of the Company, on recommendation of the Audit Committee, re-appointed Messrs. Dhananjay V. Joshi & Associates, Cost Accountants, Pune (Firm Registration Number 000030) as the Cost Auditors of the Company to conduct the Audit of the Cost Accounting Records maintained by the Company for the current Financial Year ending 31st December, 2020. Messrs. Dhananjay V. Joshi & Associates have confirmed that their appointment is within the limits of section 141(3)(g) of the Companies Act, 2013 and have also certified that they are free from any disqualifications specified under section 141(3) and proviso to section 148(3) read with section 141(4) of the Companies Act, 2013. The Audit Committee has also received a Certificate from the Cost Auditor certifying their independence and arm's length relationship with the Company.

As per the provisions of the Companies Act, 2013, the remuneration payable to the Cost Auditor is required to be placed before the Members in a General Meeting for their ratification. Accordingly, a resolution seeking Members' ratification for the remuneration payable to Messrs. Dhananjay V. Joshi & Associates, Cost Auditors is included in the Notice convening the 21st Annual General Meeting.

Reporting of Frauds by Auditors

During the year under review, the Statutory Auditors, Cost Auditors and the Secretarial Auditor have not reported any instance of fraud committed in the Company by its Officers or Employees to the Audit Committee under section 143(12) of the Companies Act, 2013, details of which needs to be mentioned in this Report.

H. PARTICULARS OF LOANS, GUARANTEES, INVESTMENTS AND SECURITIES

Particulars of investments made by the Company are provided in the Note No. 8 of the Notes to the Standalone Financial Statements.

Further, disclosure required pursuant to Regulation 34(3) read with Part A of Schedule V of the Listing Regulations in respect of loans or advances in the nature of loan given by the Company to its Subsidiaries is provided separately.

The Company has not provided any guarantee or security to any person or entity and has not made any loans and advances in the nature of loans to firms/companies in which directors of the Company are interested.

I. PUBLIC DEPOSITS

Your Company has not accepted any deposits during the year under review.

J. TRANSFER OF AMOUNTS TO INVESTOR EDUCATION AND PROTECTION FUND

The Company did not have any amounts which were required to be transferred to IEPF during the financial year under review.

The Company had, in February 2015, distributed the sale proceeds of fractional shares arising out of issuance of shares pursuant to the Integrated Scheme and Composites Scheme of Amalgamation to the eligible shareholders as per their respective fractional entitlements. Fractional Entitlements in respect of few shareholders is lying unclaimed with the Company, details thereof is uploaded on the website of the Company at http://www.mahindracie.com/investors/downloads/documents.html#unclaimed-amounts and also on the website of IEPF viz. www.iepf.gov.in. Details of all the unclaimed amounts transferred by the Company to IEPF in earlier years is also available on the aforesaid link.

For any claims that are lodged with IEPF for unclaimed amounts, the Company has nominated Mr. Pankaj Goyal, the Company Secretary of the Company as Nodal officer for the purposes of verification of claims and coordination with Investor Education and Protection Fund Authority as required under Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Amendment Rules, 2016 as amended from time to time, the Contact details of the nodal officer are available on the website of the Company.

K. EMPLOYEES

Key Managerial Personnel (KMP)

The following have been designated as the Key Managerial Personnel of the Company in accordance with Section 2(51) and 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

1. Mr. Ander Arenaza- Executive Director
2. Mr. Manoj Menon – Executive Director and Chief Executive Officer - Stampings, Composites, Foundry, Magnetics and Gears Divisions (with effect from 17th October, 2019)
3. Mr. Anil Haridass – Executive Director (with effect from 10th December, 2019)
4. Mr. Hari Krishnan – Chief Executive Officer – Forgings and Bill Forge Division of the Company (with effect from 17th October, 2019)
5. Mr. K. Jayaprakash- Chief Financial Officer
6. Mr. Pankaj Goyal – Company Secretary and Compliance Officer (with effect from 1st April, 2019)

During the year under review, Mr. Romesh Kaul ceased to be Executive Director and CEO of Forgings, Stampings and Composites Divisions of the Company with effect from 16th October, 2019 and Mr. Krishnan Shankar ceased to be Company Secretary and Head Legal with effect from till 31st March, 2019.

Further, on the recommendation of the Nomination and Remuneration Committee the Board of Directors of the Company appointed (i) Mr. Pankaj Goyal as Company Secretary and Compliance Officer of the Company with effect from 1st April, 2019 (ii) Mr. Manoj Menon as Executive Director of the Company and Mr. Hari Krishnan as Chief Executive Officer of Forgings & Bill Forge divisions of the Company with effect from 17th October, 2019 and (iii) Mr. Anil Haridass as Executive Director of the Company with effect from 10th December, 2019.

The Board of the Company has also assigned Mr. Menon additional responsibility of Composites and Stampings Divisions of the Company with effect from 17th October, 2019. Mr. Menon was re-designated as 'Executive Director and Chief Executive Officer – Stampings, Composites, Foundry, Magnetic Products and Gears Division of the Company'.

Employees' Stock Option Scheme

The Company has in force the following Schemes which are covered under the provisions of SEBI (Share Based Employee Benefits) Regulations, 2014 ("SBEB Regulations"):

a) Mahindra CIE Automotive Limited - Employees' Stock Option Scheme (ESOS-2007)

b) Mahindra CIE Automotive Limited - Employees' Stock Options Scheme 2015 (ESOS-2015)

Voting rights on the shares issued to employees under above ESOS are either exercised by the employees directly or through their appointed proxies.

During the year, there have been no material changes to these schemes and no stock options were granted to the employees under the said schemes.

Both the schemes are in compliance with the SBEB Regulations. The Certificate issued by the Statutory Auditors of the Company to the effect that the Schemes have been implemented in accordance with the said Regulations and the resolution passed by the members will be placed before the shareholders at the ensuing Annual General Meeting.

The information as required to be disclosed, in relation to ESOS under the Companies Act, 2013, and the details of the ESOS being implemented, as specified by SEBI under Clause 14 of SBEB Regulations, 2014 is uploaded on the website of the Company at http://www.mahindracie.com/investors/downloads/documents.html#other-documents-and-disclosures

The said information is also provided in the Note No. 36 of the Notes to Financial Statements.

Particulars of Employees and related disclosures

Disclosures with respect to the remuneration of Directors, KMPs and employees as required under section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given in ***Annexure IV*** to this Report.

Further, as required under provisions of section 197(12) of the Companies Act, 2013 read with Rule 5(2) & 5(3) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended, a statement including the names and other details of the top ten employees in terms of remuneration drawn and the name of every employee, who were in receipt of remuneration not less than ₹ 10,200,000/ per annum during the year ended 31st December, 2019 or employee who were employed for a part of the Financial Year and were in receipt of remuneration of not less than ₹ 850,000/- per month during any part of the said year is annexed as ***Annexure V*** to this report.

The Company do not have any employee who was employed throughout the Financial Year or part thereof and was in receipt of remuneration in that year which, in the aggregate, or as the case may be, at a rate which, in the aggregate, is in excess of remuneration drawn by the managing director or whole-time director or manager and holds by himself or along with his spouse and dependent children, not less than two percent of the equity shares of the Company.

Industrial Relations

The Management Discussion and Analysis gives an overview of the developments in Human Resources/Industrial Relations during the year.

L. BOARD AND COMMITTEES

Retirement of Independent Directors

Mr. Daljit Mirchandani, Ms. Neelam Deo and Mr. Juan Maria Bilbao Ugarriza were appointed as Independent Directors of the Company for the period of 5 years with effect from 29th September, 2014, the said term was expiring on 28th September, 2019. Mr. Daljit Mirchandani, Ms. Neelam Deo and Mr. Juan Maria Bilbao, did not offer themselves for re-appointment post expiry of the said term and ceased as directors of the Company w.e.f. 28th September, 2019.

The Board of Directors of the Company placed on record its appreciation for the contribution of these Independent Directors to the success of the Company during their tenure, which the Board believes will enure in the future.

Appointment / Re-appointment of Independent Directors

The Members of the Company, by way of postal ballot, approved the re-appointment of Mr. Manojkumar Madangopal Maheshwari (DIN: 00012341), Mr. Dhananjay Narendra Mungale (DIN: 00007563) and Mr. Suhail Amin Nathani (DIN: 01089938) as Independent Directors of the Company for the second term.

The Members of the Company also approved, by way of Postal Ballot, appointment of Mr. Kadambi Narahari (DIN : 05351378), Mr. Alan Savio D'Silva Picardo (DIN: 08513835) and Mrs. Roxana Meda Inoriza (DIN : 08520545), as Independent Directors of the Company for a period of 5 years with effect from 29th September, 2019.

Resignation of Mr. Hemant Luthra as Non-executive Chairman

On the recommendation of Nomination and Remuneration Committee, the Board of Directors had at its meeting held on 19th July, 2019 unanimously approved a Retirement Policy for the Directors, which inter alia, states that all the Directors of the Company shall, upon completion of 70 years of age, retire at the following Annual General Meeting of the Company.

In consonance with the spirit of the Retirement Policy for Directors, Mr. Hemant Luthra at the meeting of the Board of Directors of the Company held on 23rd October, 2019 volunteered his resignation from the Board of Directors of the Company.

Mr. Shriprakash Shukla, the chairman designate, placed on record appreciation for contribution of Mr. Luthra over the years and said "Hemant set the team and himself an ambitious target of creating a Leader in the Auto Component Space. Through organic growth, selective acquisitions and a seminal alliance with CIE Automotive S.A. of Spain, he has helped transform Mahindra CIE into one of India's leading Auto Comp Company.

Mr. Anton Pradera, the Chairman of CIE Automotive S.A. (CIE) put on record his appreciation for the stellar contribution of Mr. Luthra in bringing alliance of MCIE and CIE into reality.

The Board of Directors of the Company placed on record its appreciation of Mr. Luthra's contribution as Director and Chairman of the Company over a decade. The Board appreciated his inspirational leadership in nurturing and sustaining the business while setting high standards of corporate governance which would act as a guide to the entire management team.

Appointment of Mr. Shriprakash Shukla as the Non-executive Chairman

Pursuant to Article 168 read with Article 144(5) of the Articles of Association of the Company and applicable provisions of the Companies Act, 2013 the Board in its meeting held on 23rd October, 2019 elected Mr. Shriprakash Shukla, the Non-Executive Director of the Company, as the Chairman of the Board with effect from 23rd October, 2019.

Cessation of Mr. Romesh Kaul as Executive Director

Mr. Romesh Kaul, was appointed as Whole-time Director of the Company with effect from 17th October, 2018 for a period of one (1) year. Mr. Kaul had expressed his desire to retire from services of the Company and have not offered himself for re-appointment as Whole-time Director of the Company post expiry of his term. He ceased to be Executive Director of the Company from close of working hours 16th October, 2019. Mr. Kaul had also tendered his resignation as Director and from the position of Chief Executive Officer - Forgings, Stampings and Composites Divisions of the Company with effect from close of working hours on 16th October, 2019.

The Board of Directors of the Company placed on record their appreciation for Mr. Kaul's contribution over a decade in nurturing and building various businesses of the Company and for their success.

Re-appointment of Mr. Ander Arenaza as Executive Director

On the recommendation of the Nomination and Remuneration Committee, the Board approved the re-appointment of Mr. Ander Arenaza Alvarez as Whole-time Director (designated as Executive Director) of the Company for a further period of 3 (three) years from 13th September, 2019. His re-appointment was approved by the Members of the Company by way of postal ballot on 10th September, 2019. The same is subject to approval of the Central Government.

Appointment of Mr. Manoj Menon and Mr. Anil Haridass as Executive Directors

Pursuant to recommendation of the Nomination and Remuneration Committee, the Board of Directors appointed Mr. Manoj Mullassery Menon, as an additional director of the Company with effect from 17th October, 2019 who holds the office as an Additional Director upto the Annual General Meeting (AGM) of the Company to be held in 2020 and thereafter, subject to the approval of the Members at the said AGM, as a Director, liable to retire by rotation. The Board also approved the appointment of Mr. Menon as Whole-time Director (designated as Executive Director) of the Company, for a period of 3 (three) years with effect from 17th October, 2019, which appointment is subject to approval of the members of the Company at the aforesaid AGM.

Pursuant to the recommendation of the Nomination and Remuneration Committee, the Board of Directors appointed Mr. Anil Haridass as an additional director of the Company who holds the office as an Additional Director upto the Annual General Meeting (AGM) of the Company to be held in 2020 and thereafter, subject to the approval of the Members at the said AGM, as a Director, liable to retire by rotation. The Board also approved the appointment of Mr. Haridass as Whole-time Director (designated as Executive Director) of the Company, for a period of 3 (three) years with effect from 10th December, 2019, which appointment is subject to approval of the members of the Company at the aforesaid AGM.

Retirement by rotation

Mr. Zhooben Bhiwandiwala retires by rotation and, being eligible, offers himself for re-appointment at the 21st Annual General Meeting (AGM) of the Company to be held in 2020.

Detailed profile of the Directors seeking appointment/re-appointment along with other necessary details as may be required are provided in the Notice of 21st Annual General Meeting of the Company.

Declaration of the Independent Directors

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed both under the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Board is of the opinion that all the Independent Directors appointed during the year under review are person's of integrity and possess relevant expertise and experience to act as Independent Director of the Company. The Independent Directors of the Company have confirmed that they have registered or will register themselves with the Indian Institute of Corporate Affairs, Manesar and have included their name in the databank of Independent Directors within the statutory timeline and they will also appear for the online proficiency test within a period of one year, wherever applicable.

Directors' Responsibility Statement

Pursuant to Section 134(5) of the Companies Act, 2013, your Directors, based on the representation received from the Operating Management and after due enquiry, confirm that:

a) in the preparation of the annual accounts for the financial year ended 31st December, 2019, the applicable accounting standards had been followed along with proper explanation relating to material departures;

b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year ended on 31st December, 2019 and of the profit and loss of the company for that financial year ended on that date.;

c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

d) the directors had prepared the annual accounts on a going concern basis;

e) the directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively during the financial year ended 31st December, 2019.;

f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively during the financial year ended 31st December, 2019.

Board, Committee and Annual General Meeting

A calendar of Meetings is prepared and circulated in advance to the Directors.

The Board of Directors of the Company met seven times during the Financial Year ended 31st December, 2019, on 20th February, 2019, 12th March, 2019, 6th May, 2019, 19th July, 2019, 27th September, 2019, 23rd October, 2019 and 10th December, 2019.

Details of attendance of meetings of the Board, its Committees and the AGM are included in the Report on Corporate Governance, which forms part of this Annual Report.

Meeting of Independent Directors

The Independent Directors met once during the financial year under review. The Meeting was conducted in an informal manner without the presence of the Chairman, Executive Directors, other Non-Independent Directors, Chief Financial officer and any other Managerial Personnel.

Performance Evaluation of the Board

During the year, the Nomination and Remuneration Committee approved the manner of evaluation of performance of Board, Committees of Board and Individual Directors. The Committee approved Structured Questionnaires for the said performance evaluations and feedback of all the directors on the said quetionneir was obtained through electronic platform provided by an Independent Agency. Web link of the electronic platform along-with username and passwords for accessing such platform was forwarded by the Independent Agency to all the Directors and Directors were requested to submit their feedback by using their respective login ID and Password. The members were also able to give qualitative feedback apart from the standard questionnaire.

Performance Evaluation of Individual Directors

The reports of feedback received from all Directors on performance evaluation of Individual Directors were shared with respective Directors and Chairman of the Nomination and Remuneration Committee. Based on the same the Committee evaluated the performance of all individual directors.

The Reports of non-independent Directors also included a separate analysis on the feedback of Independent Directors. This enabled the Non-Independent Directors to receive the feedback on how the Independent Directors have evaluated their performance as per Schedule IV to the Companies Act, 2013.

Performance Evaluation of the Board and Committees of Board

The report of the feedback received from all the Directors on performance evaluation of Board and Committees of Board was shared with the Chairman of the Company and the Chairman of the respective Committees.

The Reports of Board also included a separate analysis on the feedback of Independent Directors. This enabled the Board to receive the feedback on how all the Independent Directors have evaluated its performance as per Schedule IV to the Companies Act, 2013.

The Board on the basis of feedback so received evaluated its own performance and performance of the Committees of the Board.

Familiarisation Programme for Independent Directors

The details of programmes for familiarization of Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company and related matters are given in the Report on Corporate Governance. The familiarisation programme and other disclosures as specified under regulation 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is available on the website of the Company at the link: http://www.mahindracie.com/investors/downloads/documents.html#other-documents-and-disclosures.

Policy on Appointment and Remuneration

In line with the principles of transparency and consistency, your Company has adopted the following Policies which, inter alia includes criteria for determining qualifications, positive attributes and independence of a Director.

i) Policy on Appointment of Directors and Senior Management and succession planning for orderly succession to the Board and the Senior Management;

ii) Policy for the remuneration of Directors, Key Managerial Personnel and other employees of the Company.

During the year under review, no changes were made in the above policies. Salient features of these policies are enumerated in the Corporate Governance Report which forms part of the Annual Report.

The Policies mentioned above are also uploaded on the website of the Company at http://www.mahindracie.com/investors/investor-relations/governance.html#policies-and-code-of-conduct.

Committees of the Board

Your Company has duly constituted the Committees required under the Companies Act, 2013 read with applicable Rules made thereunder and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Audit Committee

The Committee comprises of four directors viz:

1) Mr. Dhananjay Narendra Mungale - Chairman,

2) Mr. Manojkumar Madangopal Maheshwari

3) Mrs. Roxana Meda Inoriza

4) Mr. Alan Savio D Silva Picardo

Mr. Daljit Mirchandani and Mr. Juan Maria Bilbao Ugarriza ceased to be member of Audit Committee upon completion of their respective terms as Independent Director of the Company with effect from 28th September, 2019. Mrs. Roxana Meda Inoriza and Mr. Alan Savio D Silva Picardo were appointed as members of the Committee w.e.f. 29th September, 2019. Mr. Zhooben Bhiwandiwala, Non-Executive Director of the Company is a permanent invitee at the Committee with effect from 29th September, 2019. All the Members of the Committee are Independent Directors and possess strong accounting and financial management knowledge.

The Company Secretary is the Secretary to the Committee. All the recommendations of the Audit Committee were accepted by the Board during the financial year under review.

M. GOVERNANCE

Corporate Governance

Your Company's philosophy on Corporate Governance sets the goal of achieving the highest level of transparency, accountability in all its dealings with the stakeholders, employees and the government. The practice of responsible governance has enabled your Company to achieve sustainable growth. Your Company is committed to transparency in all its dealings and places high emphasis on business ethics. A Report on Corporate Governance along with a Certificate from the Mr. Sachin Bhagwat, Practicing Company Secretary (ACS Number - 10189, CP Number - 6029) and Secretarial Auditor of the Company regarding the compliance with the conditions of Corporate Governance as stipulated under Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 forms part of the Annual Report.

Vigil Mechanism

The Vigil Mechanism as envisaged in the Companies Act, 2013, the Rules prescribed thereunder and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is implemented through the Company's Whistle Blower Policy to enable the directors, employees and all stakeholders of the Company to report genuine concerns, to provide for adequate safeguards against victimisation of persons who use such mechanism and make provision for direct access to the Chairman of the Audit Committee. The detail of the Policy is explained in the Corporate Governance Report and has been uploaded on the website of the Company at http://www.mahindracie.com/investors/investor-relations/governance.html#whistle-blower.

The Whistleblower Policy was amended in line with the amendments brought in through SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018, enabling employees to report insider trading violations as well as reporting of instances of leak of unpublished price sensitive information. The amended policy also enables the stakeholders to utilize the 'Ethical Channels' enabled for all group companies of CIE Automotive, S.A. to voice their concerns.

The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Company has in place an Anti-Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this Policy. The Policy is gender neutral.

During the year under review, there was no complaint of discrimination and harassment including sexual harassment received by the committee.

Business Responsibility Report

The Business Responsibility Report (BRR) of your Company for the Financial year 2019 forms part of this Annual Report as required under Regulation 34(2)(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Your Company strongly believes that sustainable and inclusive growth is possible by using the levers of environmental and social responsibility while setting aspirational targets and improving economic performance to ensure business continuity and rapid growth.

Risk Management

Your Board has constituted a Risk Management Committee with effect from 20th February, 2019, the Committee comprises of Executive Directors and Chief Executive Officer of the Company. The Committee also has permanent invitees who are from Senior Management. The other details and terms of reference of the Committee are covered under the Corporate Governance report which forms part of this Annual Report.

Your Company has a well-defined risk management framework in place. The risk management framework works at various levels. The Company has a robust organisational structure for managing and reporting on risks. In terms of the requirement of the Act, the Company has developed and implemented the Risk Management Framework. The Risk Management Committee, Audit Committee of the Board as well as the Board reviews the risks periodically. Your Company has also established procedures to periodically place before the Board, the risk assessment and minimisation procedures being followed by the Company and steps taken by it to mitigate the Risks.

Important element of risk, including risk which may threaten the existence of the Company are provided in the Management Discussion and Analysis.

N. SUSTAINABILITY AND CORPORATE SOCIAL RESPONSIBILITY

Sustainability

Your Company's vision on sustainability is to continuously improve our capability by integrating environmental, social and economic aspects in operations for creating better tomorrow than today. In line with its vision the Company has identified and implemented various projects for reduction in waste, energy and GHG emissions, to achieve the targets set under its Sustainability Roadmap.

Awareness on sustainability

Awareness about the need and the ways to drive sustainable business practices among all stakeholders is key to perpetual growth. The Company continues its initiatives to generate this awareness among employees who are the most important internal stakeholders of the organization. External stakeholders, suppliers, contractors and vendors were also made aware of this campaign.

Safety, Health and Environmental Performance

Your Company has a Safety, Occupational Health and Environmental (SH&E) policy through which every employee is made responsible for the observance of the measures designed to prevent accidents, damage to property, occupational ill-health and avoidable environmental pollutants.

Safety and Health

Your Company accords highest priority to Safety and actually treats this as essential value in its operations. The Company has taken all possible safety measures to prevent injuries.

The Company's plants have been certified for its safety management system using BS OHSAS 18001-2007 based international standard. The Company is in process of upgrading to ISO 45001-2018 based OHSMS certification which is expected to complete by January 2021.

The Company's safety performance management system has both reactive and proactive safety indices. During this year, the Company undertook special drive to identify safety improvement opportunities in all the Plants and definitive targets were set for enhancing the safety standards and the same was reviewed regularly. The Company continued its focus on lead indicators such as near miss incident reporting, improving safe behavior of employees, theme based safety inspections, identifying and closing unsafe conditions and at risk behaviors and improving pro-active safety activity rate. All accidents and first aid injuries were analyzed and improvements were done for preventing recurrence.

Environmental Initiatives

Since the last few years, your Company has been focusing external certifications for achieving world class environmental standards. During the year majority of Company's plants have been certified for environmental management system using ISO 14001-2015 based international standard.

Sustainable development is promoted through sharing of best practices in the fields of Safety, Occupational Health & Environment.

The highlights of different initiatives taken by your Company at its various plants for environment and sustainability are as under:

1) **Water:** On the whole, all plants have continued their efforts for water conservation. The major water consuming plants like Forging, Paint shop in Stampings, Rudrapur and Magnetic products division have taken focused initiatives on this issue. Due to such initiatives the Company has recycled about 112931 cubic meters of water and used in process and also has re-used about 74584 cubic meters of water for alternative applications like Gardening and Die washing. Rain water harvesting is done at Foundry, Urse and Forgings Chakan which resulted in saving 6,555 Cubic meters of fresh water.

2) **Energy:** Each plant continued their focused programs for energy conservation like Use of waste heat (Heat Recovery system), Replacement of old compressors by new efficient with VFD, LED lighting, Arresting air leakages, IBH coil modification, A.C. energy saver etc. These projects have helped in reducing energy consumption in most of the plants. In absolute terms, we have saved about ₹ 128.77 Lakh.

   During the year, your Company used 6.4 % of its total energy consumption as renewable energy, mainly wind and solar. This will increase by Installation of Solar Roof top across MCIE nine plants having solar Capacity 5061 KWp. Installation of solar roof top will be completed by 30th June, 20.

3) **Waste Management:** Waste reduction efforts have been continued across all the plants. Commendable efforts have been made by Forgings, Foundry and Stampings for waste reduction. One of the projects for hazardous waste reduction at Stampings, Rudrapur Having mechanical arrangement at sludge pit collection area to reduce the water contents of the wet sludge (putting weight on the wet sludge has resulted in reduction of waste). We have started project in November 2019 for the reduction in Paint use resulting in paint sludge reduction in foundry Urse. All the plants are now looking at waste management as waste to wealth opportunities. In Forging Chakan we have reduced waste by 50% by using gunny bags to remove water from press pit sludge

4) **Green Supply Chain Management (GSCM):** The Company continued its interactions with the suppliers, transporters and contractors on GSCM primarily to ensure EHS legal compliance, safety, occupational health, human rights and resource conservation. This initiative is being further utilized to relook at our logistics, packaging and milk run systems so that overall waste in supply chain is minimized and the scope of 3 GHG emissions are reduced.

5) **EHS Legal Compliances:** All the plants have robust systems for ongoing EHS legal compliance monitoring, evaluation and corrective actions.

Corporate Social Responsibility (CSR)

Your Company has constituted a CSR Committee in accordance with section 135 of the Companies Act, 2013 and has developed and implemented the policy on Corporate Social Responsibility. The CSR Committee comprises of Mr. Kadambi Narhari (Chairman), Mr. Dhananjay Mungale, Mr. Manoj Menon and Mr. Anil Haridass. The Committee, inter alia, monitors the CSR activities. The CSR thrust areas have been identified where the Company wishes to create equity and also lay down guiding criteria for selecting projects which includes sustainability, social impact etc.

The Company was required to spend an amount of ₹ 49.60 Million (including ₹ 18.15 Million unspent amounts of last year carried forward). The Company could spend an amount of ₹ 4.12 Million during the year. Further, Bill Forge Private Limited a wholly owned subsidiary of the Company, which was amalgamated with the Company during the year under review was required to spend an amount of ₹ 39.96 Million (including ₹ 18.96 Million unspent amounts of last year carried forward). Bill Forge spent an amount of ₹ 13.23 Million during the year.

The Company reiterate its commitment to discharge its social obligation. The CSR thrust areas have been identified where the Company wishes to create equity and also lay down guiding criteria for selecting projects which includes sustainability, social impact etc.

During the year the Company had approved to undertake various CSR projects including in the areas of Education and Skill Development, Rural Development, Social Impact Evaluation. The Budgeted Expenditure of these projects is ₹ 47.51 Million over three years. Further, Bill Forge had spent an amount of ₹ 1.65 million in January 2020 for the projects which commenced during 2019 and had committed an amount of ₹ 13.85 Mio towards projects which are already committed and work is expected to be completed during 2020.

The unspent amount in CY19 of ₹ 72.21 Million (including ₹ 26.73 Mio of Bill Forge Division) is primarily for below reasons.

- For the project of establishing Technical Skilling Development Centre at Bhosari, the proposal of partnering with IL&FS was kept in abeyance due to their organizational restructuring and hence ₹ 19.80 Million marked for this project could not be spent.
- The Project N Star Life Skills centre for Girls was kept in abeyance by Naandi Foundation, the implementation partner, in view of re - launching the Project as “Nanhi Kali Graduate School”. Hence the amount of ₹ 11.76 Million marked for this project could not be spent.
- MOUs in respect of the Projects which were approved in July 2019 were executed in the last Quarter of CY19. The implementation of these projects has commenced and the amount of ₹ 7.12 Million will be spent in CY2020 towards these projects.
- Some of the new CSR Proposals received from various Divisions were under scrutiny and an amount of ₹ 4 million marked for these projects is carried forward to CY2020.
- Bill Forge has committed ₹ 13.85 Mio towards projects which are already approved, and the work is expected to be completed during 2020.

Given the challenges and associated learnings seen during the implementation, including obtaining certain legal clearances, changes in members of CSR teams, the implementation of the projects was delayed and related expenditure is deferred to next year. The implementation of these approved projects is now on track, although with some delays, the Company is confident of achieving its social objective.

A special task force has been created to accelerate the progress of the long term and high impact project of developing Technical Skilling centre, progress of which will be reviewed and the Board CSR Committee will be kept appraised about the same. Company’s Central CSR Council has been empowered to spend 20% of total annual CSR budget in the areas of Education, Health, Community development and Environment.

The outcomes of Social Need assessment survey conducted last year and the Social Impact evaluation conducted this year for existing CSR Projects will be utilized to set priorities and take up new initiatives. The directions and guidelines from the Board CSR Committee will be utilized to accelerate the progress and increase Employee volunteerism. Reward and recognition system for increasing employee involvement will be institutionalized.

With this, we will have enough opportunities to spend the money carried forward, for the chosen Projects in areas more efficiently and effectively. The CSR Committee hereby confirms that, the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company.

The CSR Policy of the Company is hosted on the Company’s website at http://www.mahindracie.com/images/pdf/resources/Governance/csr-policy-mcie.pdf and a brief outline of the CSR Policy and the CSR initiatives undertaken by the Company during the year as prescribed under the Companies (Corporate Social Responsibility Policy) Rules, 2014 is annexed herewith as ***Annexure VI***.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The information pertaining to energy conservation, technology absorption and foreign exchange earnings and outgo, as required under section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 are provided in ***Annexure VII*** to this Report.

O. SECRETARIAL

Issue of Shares

During the year under review, the Company has issued and allotted 229,750 equity shares of face value of 10/- each, the same were issued and allotted due to exercise of options by the employees under the Company’s Employee Stock Option Scheme - 2007 and Employee Stock Option Scheme - 2015.

Further, during the year under review, the Scheme of Merger involving merger by way of absorption of Bill Forge Private Limited by the Company became effective from 15th November 2020. In accordance with the Scheme the Capital Clause of the Memorandum of Association and Articles of Association of the Company stands modified to reflect the increase in the authorized capital of the Company by the Authorised Share Capital of Bill Forge Private Limited.

Pursuant to the above, as on 31st December, 2019 the authorized capital of the Company was increased to ₹ 5,168,426,365/ and subscribed and paid-up equity capital increased to ₹ 3,790,106,820/-.

Compliance with the provisions of Secretarial Standard 1 and Secretarial Standard 2

The Company have devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards issued by the Institute of Company Secretaries of India and that such systems are adequate and operating effectively. During the year under review the Company was in compliance with the Secretarial Standards, i.e., SS-1 and SS- 2, relating to “Meetings of the Board of Directors” and “General Meetings” respectively.

Compliance with Downstream Investment conditionalities

The Company is a Foreign Owned and Controlled Company within the meaning of Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2017 (“FDI Regulations”). All the Downstream Investments made by the Company are in compliance with the FDI Regulations. A certificate to this effect was obtained from the Statutory Auditors of the Company during the year under review.

Annual Return

Pursuant to section 134(3)(a) and section 92(3) of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return as on 31st December, 2019 in Form No. MGT-9 is attached as ***Annexure VIII*** and forms part of this Report.

Pursuant to Section 92(3) of the Companies Act, 2013, the Company have placed a copy of the Annual Return of the Company on its website at: http://www.mahindracie.com/investors/downloads/documents.html.

Other Policies under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

In accordance with the provisions of Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has framed a Policy for determination of Materiality for disclosure of events or information. The same has been hosted on the website of the Company at: http://www.mahindracie.com/investors/investor-relations/governance.html#policies-and-code-of-conduct.

Dividend Distribution Policy

Pursuant to regulation 43A of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has formulated a dividend distribution policy which became effective from 1st January, 2018 stipulating factors to be considered in case of Dividend declaration which forms part of this report as ***Annexure IX***.

The same has also been hosted on the website of the Company at: http://www.mahindracie.com/investors/investor-relations/governance.html#policies-and-code-of-conduct.

Further the Company has also framed

i) Policy for preservation of documents

ii) Archival Policy for disclosures hosted on the website, beyond five years.

P. GENERAL

None of the Executive Directors (Whole-time Director or Managing Director) were in receipt of any commission from the Company or any remuneration from the Subsidiaries of the Company.

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

1. Issue of equity shares with differential rights as to dividend, voting or otherwise.
2. Issue of Shares (including sweat Equity shares) to employees of the Company under any Scheme save and except ESOS referred to in this Report.
3. Significant or material orders passed by the Regulators or Courts or Tribunals which impact the going concern status and the Company's operation in future.
4. Voting rights which are not directly exercised by the employees in respect of shares for the subscription/purchase of which loan was given by the Company (as there is no scheme pursuant to which such persons can beneficially hold shares as envisaged under section 67(3)(c) of the Companies Act, 2013).

Acknowledgement

Your Directors wish to place on record their sincere appreciation to the Company's Customers, Investors, Vendors and to the Bankers for their continued support during the year.

The Directors also wish to place on record their appreciation for the dedication and contribution made by employees at all levels and look forward to their support in future as well.

For and on behalf of the Board

Shriprakash Shukla
Chairman
DIN: 00007418

Date: 26th February, 2020
Place: Mumbai

Particulars of loans/advances, etc. pursuant to Para A of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Loans and advances in the nature of loans to subsidiaries

(₹ in Million)

Name of the Subsidiary	Balance as on 31st December, 2019	Maximum outstanding during the year
Aurangabad Electricals Limited	Nil	190
BF Precision Private Limited	Nil	19.5

The Companhas not provided any Loans and advances in nature of loans to Associates.

Annexure I

Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

1. **Details of contracts or arrangements or transactions not at arm's length basis-**

   There were no contracts or arrangements or transactions entered into during the financial year ended 31st December, 2019, which were not at arm's length basis.

2. **Details of material contracts or arrangement or transactions at arm's length basis-**

   The details of material contracts or arrangements or transactions at arm's length basis for the financial year ended 31st December, 2019 are as follows:

Sr. No.	Name(s) of the related party & Nature of relationship	Nature of contracts/ arrangements/ transactions	Value of contracts/ arrangements/ transactions (in Million)	Duration of contracts/ arrangements/ transactions	Salient terms of contracts/ arrangements/ transactions	Date of approval by the board, if any	Amount paid as advance (in ₹ Million)
	Mahindra & Mahindra Limited (Holding Company of the Investing Company in respect of which the Company is an Associate)	Rent paid	36.44	Jan-Dec 19	The related party Transactions (RPTs) entered during the year were in the ordinary course of business and on arm's length basis.	Since these R PTs are in the ordinary course of business and are at arm's length basis, approval of the board is not applicable. However, necessary approvals were granted by the Audit committee from time to time. Moreover, pursuant to provisions of Listing Regulations the shareholders of the Company by passing ordinary resolution at the 20th Annual General Meeting held on 6th May, 2019, accorded their approval for the Material Related Party Transactions, entered into or to be entered into with Mahindra and Mahindra Limited upto ₹18,000 Mio per annum starting From 1st April, 2019 and every year thereafter.	Nil
		Reimbursements Made / Paid	1.21				
		Sale of Goods	12,142.37				
		Purchase	143.57				
		Services Bills	0.19				
		Total	**12,323.78**				

For and on behalf of the Board

Shriprakash Shukla
Chairman
DIN: 00007418

Date: 26th February, 2020
Place: Mumbai

Annexure II

SECRETARIAL AUDIT REPORT

For the financial year ended December 31, 2019

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
Mahindra CIE Automotive Limited
Mahindra Towers, P. K. Kurne Chowk
Worli, Mumbai 400 018

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Mahindra CIE Automotive Limited (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conduct/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on December 31, 2019, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on December 31, 2019 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the regulations and bye-laws framed thereunder to the extent of foreign direct investment and overseas direct investment;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

   (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

   (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

   (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; (Not applicable to the Company during the audit period)

   (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

   (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (Not applicable to the Company during the audit period)

   (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

   (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (Not applicable to the Company during the audit period) and

   (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 and The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; (Not applicable to the Company during the audit period)

   I further report that having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, no law was applicable specifically to the Company.

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

   (i) Secretarial Standards issued by the Institute of Company Secretaries of India;

   (ii) Listing Agreements entered into by the Company with BSE Ltd. and the National Stock Exchange of India Ltd. and The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above except to the extent mentioned below:

Mahindra Composites Limited (MCL) and Mahindra Ugine Steel Company Limited (MUSCO) were amalgamated with the Company pursuant to the Scheme of Amalgamation which became effective from 10 December 2014. The Company has not filed the Form IEPF – 1A as required under the Rule 5(4A) of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (IEPF Rules) with respect to the unclaimed dividend amount transferred by MCL to the Investor Education and Protection Fund (IEPF)under Section 205C of the Companies Act, 1956 for the dividends MCL had declared for financial years ended 31 March 2000, 31 March, 2002, 31 March, 2003 and 31 March 2004 and Unclaimed Deposits transferred by MUSCO to IEPF during the period 2006 to 2009. This observation is based on the records of the Company and Forms 1 and Forms 1 INV filed by MCL and MUSCO as available on the website of the Ministry of Corporate Affairs.

I further report that

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

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

As per the minutes of the meetings duly recorded and signed by the Chairman, the decisions of the Board were unanimous and no dissenting views have been recorded.

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

I further report that during the audit period the following event took place having a major bearing on the Company’s affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc. referred to above:

During the period under review, Company’s Wholly-owned subsidiary Bill Forge Private Limited was merged with the Company vide the Scheme approved by the Hon’ble National Company Law Tribunal, Mumbai and Bengaluru.

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

Place : Pune
Date : 24.02.2020

Sachin Bhagwat
ACS: 10189
CP: 6029
UDIN: A010189A000568879

Annexure

To,

The Members,

Mahindra CIE Automotive Ltd.

My report of even date is to be read along with this letter:

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

Place : Pune
Date : 24.02.2020

Sachin Bhagwat
ACS: 10189
CP: 6029

Annexure III

SECRETARIAL AUDIT REPORT

For the financial year ended December 31, 2019

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members
AURANGABAD ELECTRICALS LIMITED
Plot No. B-7, MIDC, Chakan,
Pune, Maharashtra – 410501.

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **AURANGABAD ELECTRICALS LIMITED** (U31909PN1985PLC037539) (hereinafter called 'the Company'). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering financial year (a period of 9 months) ended on **31st December 2019**, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st December 2019 according to the provisions of:

I. The Companies Act, 2013 (**the Act**) and the Rules made there under;

II. The Securities Contracts (Regulation) Act, 1956 (**'SCRA'**) and the Rules made there under;

III. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;

IV. Foreign Exchange Management Act, 1999 and the Rules and Regulations made there under to the extent relevant to Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

V. The following regulations and guidelines **were not applicable** to the Company during the audit period:

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

(d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

(e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;)

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; and

(i) The Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015.

VI. The Company is an automotive components manufacturer and I am informed that there are no sector specific laws applicable to the Company. I further report that there are adequate systems and processes in the Company for ensuring compliance with the applicable laws including the following laws:

- Labour & Employment laws
- Environment Laws
- The Electricity Act, 2003.

I have also examined compliance with the applicable clauses of the Secretarial Standards issued by The Institute of Company Secretaries of India.

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

The Company had spent on Corporate Social Responsibility Activities amount lesser than the extent prescribed under Section 135(5) of the Act.

I further report that:

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

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

Majority decision of the Board of Directors is carried through and are captured and recorded as part of the minutes. There were no dissenting views.

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

I further report that during the audit period no specific events / actions occurred in pursuance of the above referred laws, rules, regulations, guidelines etc. having a major bearing on the Company's affairs except the following:

1. In pursuance of a Share Purchase Agreement executed on 12 March 2019 Mahindra CIE Automotive Ltd., a listed entity, acquired 100% shares of the Company on 9th April 2019. The Company is now a wholly owned subsidiary of Mahindra CIE Automotive Ltd., a listed entity.

2. In terms of the Share Purchase Agreement the Board of Directors was reconstituted. Three exsting Directors resigned and three new directors were inducted in the Board. Mr. R. K. Bagla resigned as Chairman & Managing Director of the Company and continues to be a Director simpliciter.

   As the Company has become a wholly-owned subsidiary of a listed entity, the requirement of independent directors is not applicable to the Company; hence the Company has no independent director after 9 April 2019.

3. As the Company has become a wholly-owned subsidiary of a listed entity, the requirement of establishment of Audit Committee and Nomination and Remuneration Committee are not applicable to the Company, hence the Board has dissolved these committees w.e.f. 9 April 2019.

4. The Company changed its Financial Year from 1st April – 31st March to 1st January-31st December. Accordingly the current Financial Year is of 9 months starting from 1st April 2019 and ending on 31st December 2019.

5. AE Deutschland GMbH, Germany, a wholly-owned subsidiary is being voluntarily liquidated in view of continuous losses. OMR Bagla Automotive Systems India Limited, a joint venture, ceased to be a Joint Venture w.e.f. 8 April 2019 due to re-organisation of its share capital. Aurangabad Wheels & Rims Pvt. Ltd. ceased to be a Associate Company w.e.f. 8 April 2019 due to re-organization of its share capital.

Place : Pune
Date : 24.02.2020

R. V. Pore
Practicing Company Secretary
FCS: 6485 CP: 1913

Annexure A to Secretarial Audit Report

To,
The Members,
AURANGABAD ELECTRICALS LIMITED

Secretarial Audit Report of even date is to be read along with this letter.

1. The compliance of provisions of all laws, rules, regulations, standards applicable to **AURANGABAD ELECTRICALS LIMITED** (the 'Company) is the responsibility of the management of the Company. My examination was limited to the verification of records and procedures on test check basis for the purpose of issue of the Secretarial Audit Report.
2. Maintenance of secretarial and other records of applicable laws is the responsibility of the management of the Company. My responsibility is to issue Secretarial Audit Report, based on the audit of the relevant records maintained and furnished to me by the Company, along with explanations where so required.
3. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial and other legal records, legal compliance mechanism and corporate conduct. The verification was done on test check basis to ensure that correct facts as reflected in secretarial and other records produced to me. I believe that the processes and practices I followed, provides a reasonable basis for my opinion for the purpose of issue of the Secretarial Audit Report.
4. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
5. Wherever required, I have obtained the management representation about the compliance of laws, rules and regulations and major events during the audit period.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Place : Pune
Date : 24.02.2020

R. V. Pore
Practicing Company Secretary
FCS: 6485 CP: 1913

Annexure IV

DETAILS OF REMUNERATION

Details pertaining to remuneration as required under Section 197 (12) of the Act and Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

The ratio of the remuneration of each director to the median remuneration of employees of the company for the financial year

Name of Director	Designation	The ratio of the remuneration of each director to the median remuneration of employees
Mr. Shriprakash Shukla	Non - Executive Director (Chairman)	NA
Mr. Ander Arenaza Alvarez	Executive Director	3.81
Mr. Manoj Mullassery Menon#	Executive Director	5.26
Mr. Anil Haridass##	Executive Director	1.85
Mr. Jesus Maria Herrera Barandiaran	Non - Executive Director	NA
Mr. Zhooben Dossabhoy Bhiwandiwala	Non - Executive Director	NA
Mr. Manojkumar Madangopal Maheshwari	Independent Director	5.06
Mr. Dhananjay Narendra Mungale	Independent Director	5.60
Mr. Suhail Amin Nathani	Independent Director	4.71
Mr. Kadambi Narahari@	Independent Director	1.33
Mrs. Roxana Meda Inoriza@	Independent Director	1.40
Mr. Alan Savio D'Silva Picardo@	Independent Director	1.40
Mr. Romesh Kaul ###	Executive Director	37.96
Mr. Daljit Mirchandani ####	Independent Director	4.20
Mr. Juan Maria Bilbao ####	Independent Director	2.52
Mrs. Neelam Deo ####	Independent Director	3.64
Mr. Hemant Luthra #####	Non - Executive Director	50.93

 # Appointed as Executive Director w.e.f. 17th October, 2019, hence remuneration is considered from that date only.

Appointed as Executive Director w.e.f. 10th December, 2019, hence remuneration is considered from that date only.

Ceased to be directors w.e.f. 17th October, 2019

Ceased to be director w.e.f. 28th September, 2019

Ceased to be director w.e.f. 23rd October, 2019. The remuneration considered for calculation of the ratio excludes the perquisite value of options exercised by Mr. Luthra which were granted to him during his employment with the Company.

@ Appointed w.e.f 29th September 2019

Notes

1 Non-Executive Non-Independent Directors neither received any remuneration from the Company nor were paid any sitting fees for attending the meetings except Mr. Hemant Luthra who was paid remuneration in accordance with approval of the shareholders

2 Independent Directors were entitled to remuneration by way of sitting fees for attending meeting of Board and committees and profit linked commission. While the sitting fees payable were fixed during the year and included in above calculations on the basis of what was actually paid/payable, no commission was paid during 2019. The Company has made provision in books of accounts for the commission payable to Independent Directors in accordance with approval of the shareholders. Actual Commission, as may be approved by the Board of Directors of the company, on recommendation of the nomination and remuneration committee shall be paid during 2019. However, for above calculation, the provisions in the books of accounts is considered.

<table>
<tr><td>The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year</td><td>
<table>
<tr><th>Name of Director/KMP</th><th>Designation</th><th>% increase in Remuneration</th></tr>
<tr><td>Mr. Ander Arenaza Alvarez*</td><td>Executive Director</td><td>33.33*</td></tr>
<tr><td>Mr. Manoj Mullassery Menon**</td><td>Executive Director</td><td>38.9</td></tr>
<tr><td>Mr. Anil Haridass#</td><td>Executive Director</td><td>Nil</td></tr>
<tr><td>Mr. Romesh Kaul $</td><td>Executive Director</td><td>Nil</td></tr>
<tr><td>Mr. Hari Krishnan ^</td><td>Chief Executive Officer</td><td>Nil</td></tr>
<tr><td>Mr. K. Jayaprakash</td><td>Chief Financial Officer</td><td>5</td></tr>
<tr><td>Mr. Krishnan Shankar!</td><td>Company Secretary & Head – Legal</td><td>Nil</td></tr>
<tr><td>Mr. Pankaj Goyal%</td><td>Company Secretary & Compliance Officer</td><td>NA</td></tr>
</table>
Note:
1. Non-Executive Non-Independent Directors, except Mr. Hemant Luthra, were neither receive any remuneration from the Company nor paid any sitting fees for attending the meetings.
2. Mr. Hemant Luthra was paid a fixed remuneration as per approval of the shareholders. However no increase in the same was made during the year under review
3. Independent Directors were entitled to remuneration by way of sitting fees for attending meeting of Board and committees and profit linked commission.
* Mr. Arenaza's remuneration was increased after a period of 3 years and hence the compounded annual percentage of increase in remuneration was 10.06%
** Mr. Menon was appointed as Director w.e.f. 17th October, 2019, however he was already a KMP of the Company being CEO of the Business Divisions.
# Appointed as Executive Director w.e.f. 10th December, 2019 hence not applicable
$ Ceased as Executive Director of the Company w.e.f. 16th October, 2019.
^ Appointed as Chief Executive Officer w.e.f. 17th October, 2019 hence not applicable
! Ceased as Company Secretary and Head Legal w.e.f. 31st March, 2019.
% Appointed as Company Secretary and Compliance Officer w.e.f. 1st April, 2019 hence not applicable.
</td></tr>
<tr><td>The percentage increase in the median remuneration of employee in the financial year</td><td>7.89 % increase in median employee remuneration
Note:
For calculating median employee remuneration, employees (excluding Directors) who were in employment for the whole of the Financial Year ended 31st December, 2018 and Financial Year ended 31st December, 2019 are only considered.</td></tr>
<tr><td>The number of permanent employees on the rolls of company as on 31st December, 2019</td><td>4,363</td></tr>
<tr><td>Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration</td><td>On an average, employees other than the managerial personnel (i.e. Executive and Non-Executive Directors) received an annual increase of 11.14%.
Mr. Menon had received an increase of 5% as a part of Annual Increment which was in line with increments received by other KMPs and Senior Management Personnel of the Company. Mr. Menon was appointed as Executive Director of the Company w.e.f. 17th October, 2019 and was also given additional charge of Stampings and Composites Businesses of the Company in addition to charge of Gears, Foundry and Magnetic Products. Mr. Menon was also appointed as the 'Occupier' for all the factories of the Company situated in India. Accordingly, his salary was revised to align the same with additional responsibilities assumed by him and an increase of 32.3% was provided to him.
Mr. Arenaza's last remuneration was fixed in the year 2016 at the time of his appointment. He was re-appointed during 2019 for a further period of 3 years and the remuneration was accordingly increased from ₹ 1.8 million to ₹ 2.4 million. The compounded annual percentage increase in his remuneration was 10.06%.</td></tr>
<tr><td>Affirmation that the remuneration is as per the remuneration policy of the company</td><td>The remuneration paid / payable is as per the "Policy on Remuneration of Directors, Key Managerial Personnel and other Employees" of the Company.</td></tr>
</table>

For and on behalf of the Board

Shriprakash Shukla
Chairman
DIN: 00007418

Date: 26th February, 2020
Place: Mumbai

Annexure V

DETAILS OF REMUNERATION

STATEMENT OF PARTICULARS OF EMPLOYEES PURSUANT TO THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

(in ₹ Million)

Sl. No.	Name of the employees	Designation@	Remuneration received [in ₹ Million] (Excluding perquisite value pursuant to exercise of ESOPs of the Company), if any	Perquisite value of the ESOP of the Company exercised during the year, if any	Qualification	Experience in years	Age in years	Date of commencement of current employment	Last employment held
1	2	3	4	5	6	7	8	9	10
1	Mr. Romesh Kaul	Executive Director & Chief Executive Officer – Stampings, Composites & Forgings Divisions (Upto 16th October, 2019)^	16.94	-	BE, M. Tech	39	62	12-12-2014	Mahindra & Mahindra Limited
2	Mr. Hari Krishnan #	Chief Executive Officer – Forgings and Bill Forge Divisions	90.45*	-	BE Mechanical	30	53	30-05-2007	MGM Forgings (P) Ltd
3	Mr. Ravindra K #	Executive Director in Bill Forge Private Limited (upto 2nd July, 2019)^^	57.97*	-		33	58	29-06-1986	Worked with Bill Forge for 33 years
4	Mr. Anil Haridass #	Executive Director	44.10*	-	BE Mechanical	37	61	01-01-1983	Founder of Bill Forge Private Limited
5	Mr. Vikas Chandra Sinha	Sr. Vice President – Strategy	13.19	-	MBA, BE	26	47	10-12-2014	Mahindra & Mahindra Limited
6	Mr. Manoj Menon !	Executive Director & Chief Executive Officer – Stampings, Composites, Foundry, Magnetics and Gears Divisions	10.41	0.68	B. Tech, MMS	30	52	01-09-2013	Anand Auto Ltd.
7	Mr. Shantanu Parvati	Chief Operating Officer – Stampings Division	10.00	-	BE. Mechanical, MBA	23	47	01-02-2017	Schrader Duncan Ltd.
8	Mr. Anup Mishra !	Chief Business Controller	7.73	0.73	CA and CWA	30	50	01-12-2005	Karnavati Engineering Limited
9	Mr. K. Jayaprakash @	Chief Financial Officer	7.91	-	CWA and CS	36	55	29-03-2007	Pantloon Indian Retail
10	Mr. Satyanarayana Patel #	Senior General Manager – Bill Forge Division	5.34	-	BSc, MBA and CWA	19	47	09-07-2016	Mahle Behr India Ltd

@ last designation held in the Company as on 31st December, 2019 or the last designation held before cessation of employment during the year

^ Mr. Romesh Kaul ceased as Executive Director of the Company w.e.f. 16th October, 2019, hence the remuneration is considered till then only.

^^ Mr. Ravindra K was Executive Director in Bill Forge Private Limited (Bill Forge) which was amalgamated in the Company during the year. He retired from the services of Bill Forge and ceased to be Director w.e.f. 2nd July, 2019.

@ Employee(s) of Mahindra Hinoday Industries Limited (MHIL) which was merged into the Company pursuant to the Scheme of Amalgamation which came into effect from 10th December, 2014. The date of commencement of employee is the date of joining MHIL. Further, last employment refers to the employment before joining MHIL.

! Employee(s) of Mahindra Gears and Transmission Private Limited (MGTPL), the wholly owned subsidiary of the Company which was merged into the Company pursuant to the Scheme of Amalgamation which came into effect from 31st December, 2017. The date of commencement of employee is the date of joining MGTPL. Further, last employment refers to the employment before joining MGTPL.

Employees of Bill Forge Private Limited (Bill Forge), wholly-owned subsidiary of the Company which was merged with the Company pursuant to scheme of amalgamation which came into effect from 15th November, 2019. The date of commencement of employment is the date of joining Bill Forge and remuneration paid by Bill Forge is considered in total remuneration. Further, last employment refers to the employment before joining Bill Forge.

* The total remuneration includes one time bonus paid by Bill Forge Private Limited of ₹ 75 million for Mr. Hari K, ₹ 45 million to Mr. Ravindra K and ₹ 30 million for Mr. Anil Haridass in accordance with the key men agreement executed by Billforge in the year 2016 when Bill Forge was acquired by the Company.

Notes:

i) All the employees included in the table above are permanent employees of the Company. All appointments are / were non-contractual.

ii) None of the director / employees referred to in above table is related to any Director of the Company.

iii) The Company has no employee who was in receipt of remuneration in that year which, in the aggregate, or as the case may be, at a rate which, in the aggregate, is in excess of that drawn by the managing director or whole-time director or manager and holds by himself or along with his spouse and dependent children, not less than 2% of the equity shares of the company.

iv) Remuneration included in column 4 above is calculated as per section 17(1) and 17(2) of the Income Tax Act, 1961.

v) There were no employees who were posted outside and working in a country outside India and drawing remuneration from the Company more than ₹ 1.02 Cr per financial year or ₹ 8.5 lakh per month, as the case may be.

For and on behalf of the Board

Shriprakash Shukla
Chairman
DIN: 00007418

Date: 26th February, 2020
Place: Mumbai

Annexure VI

ANNUAL REPORT OF CSR ACTIVITIES

1) Brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs	Corporate Social Responsibility (CSR) has been an integral part of the way Mahindra CIE Automotive Limited, (MCIE or the Company) doing business since inception. MCIE is committed to its social responsibilities and takes initiatives to serve the society as a good corporate citizen. The objective of the CSR policy is to - • Promote a unified and strategic approach to CSR across the Company by incorporating under one umbrella the diverse range of activities, select constituencies and causes to work for, thereby ensuring a high social impact. • Ensure an increased commitment at all levels in the organisation, by encouraging employees to participate in the Company's CSR and give back to society in an organised manner through the employee volunteering programme called ESOPs. The Company continues to focus its CSR activities surrounding communities in and around Company's offices and factories in the domains of rural development, education, skill development, health and environment. The Company may also make contributions to Prime Minister's National Relief Fund or any other fund set up by the Central/State Government for socio economic development relief & welfare which qualifies the criteria as per CSR Rules and the relevant provisions of the Companies Act 2013. During the year, the Company continued to pursue implementation of following projects which were initiated in earlier financial year. i. Enhancing Employability Quotient (EmQ) of Babasaheb Ambedkar Technological University (BATU) students in Mangaon; ii. Pathway to Excellence – BM Pawar High School, Birdawadi, Chakan; iii. Project Vidya - To improve employability and skill development at ITI Gondal & Mahila ITI Rajkot. iv. Social Impact Evaluation conducted for selected three Projects which have completed minimum two years of implementation. v. "N Star – Life skills Center for Girls"; vi. Computer Learning & Resource Centre in Vaderamanchanahalli Village by Bill Forge Division. vii. Collaboration with Akshayapatra for eradication of hunger in adopted schools Bill Forge Division. viii. Project Jnanalaya: Setting up of libraries in adopted schools Bill Forge Division. ix. Maintenance of toilet blocks in adopted schools Bill Forge Division. Company initiated implementation of following new CSR long term Projects during the year. 1. Gram Samrudhhi Abhiyan for a group of three villages near Forgings Division, Ambethan Plant. 2. Project Dhai Akshar is started to support deprived Children in Slums of Coastal areas in Mumbai through Academic and skill development support. 3. Project Mamta is to take care of HIV +ve affected Children and women by giving them Medical, Nutritional and academic support. Further, the Company also undertaken various CSR activities as a part of Employees Social options plan as under: i. Health : Health Check for Students, Blood Donation Camps ii. Education : Distribution of Books, School Bags, Learning aids and Uniform, Career guidance sessions iii. Environment : Cleaning activities under Swachh Bharat Abhiyaan, Tree Plantation iv. Community Development : Support to Orphanage and Old age, donated Water Wheels and storage tanks. Apart from above the Company has received project proposals from its various Divisions in the areas of Education, Health and Environment which reviewed by the Project Screening Committee with the help of experts in relevant fields. The CSR policy has been uploaded on the Company's website at http://www.mahindracie.com/images/pdf/resources/Governance/csr-policy-mcie.pdf

<table>
<tr>
<td>2)</td>
<td>The Composition of the CSR Committee</td>
<td>
<table>
<tr><th>Sr No.</th><th>Name of the Director</th><th>Category</th><th>Designation</th></tr>
<tr><td>1</td><td>Mr. Kadambi Narhari</td><td>Independent Director</td><td>Chairman</td></tr>
<tr><td>2</td><td>Mr. Dhananjay Mungale</td><td>Independent Director</td><td>Member</td></tr>
<tr><td>3</td><td>Mr. Manoj Menon</td><td>Executive Director</td><td>Member</td></tr>
<tr><td>4</td><td>Mr. Anil Haridass</td><td>Executive Director</td><td>Member</td></tr>
</table>
</td>
</tr>
<tr>
<td>3)</td>
<td>Average net profit of the Company for last three financial</td>
<td>₹ 1572.34 Million</td>
</tr>
<tr>
<td>4)</td>
<td>Prescribed CSR Expenditure (two percent of the amount as in item 3 above)</td>
<td>
<table>
<tr><th>Particulars</th><th>Amount (₹ In Million)</th></tr>
<tr><td>Two percent of the amount as in item 3 above</td><td>31.45</td></tr>
<tr><td>Amount unspent last year</td><td>18.15</td></tr>
<tr><td>CSR expenditure required by the Company at the beginning of the year</td><td>49.60</td></tr>
<tr><td>CSR expenditure required by Bill Forge Private Limited at the beginning of year</td><td>39.96 (including ₹ 18.96 Mio being amount unspent last year by Bill Forge)</td></tr>
<tr><td>Total CSR expenditure required by the Company post merger of Bill Forge Private Limited with the Company</td><td>89.56 (including ₹ 39.96 Mio of Bill Forge)</td></tr>
</table>
</td>
</tr>
<tr>
<td>5)</td>
<td>Details of CSR spent during the financial year
• Total amount spent during the financial year
• Amount unspent, if any
• Manner in which the amount spent during the financial year is detailed below</td>
<td>As under:
₹ 17.35 Million (including ₹ 13.23 Mio of Bill Forge)
₹ 72.21 Million (including ₹ 26.73 Mio of Bill Forge)
CSR Activities as stated below</td>
</tr>
</table>

Note: During the year under review the Bill Forge Private Limited ("Bill Forge"), a wholly-owned subsidiary of the Company, amalgamated with the Company and in now regarded as Bill Forge Division of the Company. The CSR Report includes the CSR Activities of Bill Forge.

(₹ In Million)

Sr. No.	CSR Project or Activity Identified	Sector in which the Project is proposed	Projects or programs 1) Local areas or other 2) Specify the State and district where projects or programs was undertaken	Amount Outlay (budget) project / program wise	Amount spent on the project or programs Sub-heads: during Financial Year 1st January 2019 to 31st December, 2019 (1) Direct expenditure on projects or programs (2) Overheads	Cumulative expenditure up to the reporting period	Amount Spent: Direct or through implementing agency
1.	Enhancing Employability Quotient (EmQ) of students in Babasaheb Ambedkar Technological University (BATU)	Education and Skill Development	Local - Lonere, District Raigad, State: Maharashtra	5.92	---	5.92	Naandi Foundation
2.	"N Star – Life skills Center for Girls"	Education and Skill Development	Local - 1) Mumbai 2) Birdawadi, State: Maharashtra	17.94	0.695	6.17	Naandi Foundation
3.	Pathway to excellence – BM Pawar High School, Birdawadi, Chakan	Education and Skill Development	Local - 1) Birdawadi State: Maharashtra	4.29	0.30	4.21	Naandi Foundation
4.	Project Vidya at Gears Division, Rajkot	Education and Skill Development	Local - at Village Gondal, Gujarat	4.38	1.43	1.43	Direct through contractor
5.	Social Impact Evaluation conducted for selected three Projects.	Education and Community Development	Ambethan, Chakan Urse & Mangaon	0.33	0.33	0.33	Chhaya Strategic Advisors
6.	Medicine Bank	Promotion of Health Care and sanitation	Mumbai	2.00	0.50	0.50	Shree Sankalp Pratishthan
7.	Dhai Akshar	Education and Skill Development	Mumbai	1.10	0.275	0.275	Dhai Akshar Educational Trust
8.	Promotion of Health care and sanitation through various initiatives including activities under Swachch Bharat Abhiyan	Promotion of Health Care and sanitation	Local at - 1) Lalpur, Dist.-Udaham Singh Nagar, State-Uttarakhand 2) Local area-Kichha, Dist.-Udaham Singh Nagar, State- Uttarakhand 3) Dist.-Nasik, State-Maharashtra 4) Kanhe village, Pune, Maharashtra 5) Telangana, Medak, Zaheerabad	0.096	0.096	0.096	Direct
9.	Providing Educational Aids to School Children	Education	Local at - 1) Lalpur, Dist.-Udaham Singh Nagar State-Uttarakhand 2) Local area-Kichha, Dist.-Udaham Singh Nagar, State- Uttarakhand 3) Dist.-Nasik, State-Maharashtra 4) Kanhe village, Pune, Maharashtra 5) Telangana, Medak, Zaheerabad	0.150	0.150	0.150	Direct

(₹ In Million)

Sr. No.	CSR Project or Activity Identified	Sector in which the Project is proposed	Projects or programs 1) Local areas or other 2) Specify the State and district where projects or programs was undertaken	Amount Outlay (budget) project / program wise	Amount spent on the project or programs Sub-heads: during Financial Year 1st January 2019 to 31st December, 2019 (1) Direct expenditure on projects or programs (2) Overheads	Cumulative expenditure up to the reporting period	Amount Spent: Direct or through implementing agency
10.	Tree Plantation	Environment	Local at - 1) Urse Village,Taluka Maval, District Pune 2) Lalpur, Dist.-Udaham Singh Nagar, State-Uttarakhand 3) Local area-Kichha, Dist.-Udaham Singh Nagar, State- Uttarakhand 4) Dist.-Nasik, State-Maharashtra 5) Kanhe village, Pune, Maharashtra	0.049	0.049	0.049	Direct
11.	Employee Social Option		Local at - 1) Urse Village,Taluka Maval, District Pune 2) Lalpur, Dist.-Udaham Singh Nagar, State-Uttarakhand 3) Local area-Kichha, Dist.-Udaham Singh Nagar, State- Uttarakhand 4) Dist.-Nasik, State-Maharashtra 5) Kanhe village, Pune, Maharashtra	0.286	0.286	0.286	Direct
12.	Bill Forge Computer Learning & Resource Centre - promoting education and enhancing vocation skills among children & women	Education	Vaderamanchanahalli Village, Rural Bangalore, Karnataka	0.62	0.55	0.55	Direct
13.	Promoting education by including soft skills like music, yoga, sports and spoken english in the curriculum in schools adopted by Bill Forge	Education	Villages in Rural Bangalore, Karnataka	2.34	0.88	0.88	Implementing Agency: Full Circle
14.	Promoting education by providing educational aids to children in schools	Education	Villages in Rural Bangalore, Karnataka	0.90	0.25	0.25	Direct
15.	Infrastructural development in schools & anganwadis of 11 schools & 8 anganwadis	Education	Villages in Rural Bangalore, Karnataka	5.85	2.81	2.81	Direct
16.	Sponsoring the professional engineering education of 10 students	Education	Bangalore, Karnataka	0.40	0.40	0.40	Implementing Agency: Foundation for Excellence

(₹ In Million)

Sr. No.	CSR Project or Activity Identified	Sector in which the Project is proposed	Projects or programs 1) Local areas or other 2) Specify the State and district where projects or programs was undertaken	Amount Outlay (budget) project / program wise	Amount spent on the project or programs Sub-heads: during Financial Year 1st January 2019 to 31st December, 2019 (1) Direct expenditure on projects or programs (2) Overheads	Cumulative expenditure up to the reporting period	Amount Spent: Direct or through implementing agency
17.	Eradicating hunger and malnutrition by providing mid day meals to school children adopted by Bill Forge	Community development	Villages in Rural Bangalore, Karnataka	0.96	0.96	0.96	Implementing Agency: Akshayapatra Foundation
18.	Promoting health care in schools, anganwadis & communities including preventive health care by conducting health camps and separate camps held for women of the communities	Health	Villages in Rural Bangalore, Karnataka	0.57	0.25	0.25	Implementing Agency: The Family Doctor
19.	Promoting environmental sustainability through tree plantation drive	Environment	Kallaballu Village, Rural Bangalore, Karnataka	0.70	0.03	0.03	Direct
20.	Fencing of Kallaballu village Lake to protect flora & fauna	Environment	Kallaballu Village, Rural Bangalore, Karnataka	4.90	4.88	4.88	Direct
21.	Contribution to Swanthana - Mission of Daughter of St. Camillus - Support to 50 female children with multiple disabilities	Community development	Bangalore, Karnataka	0.60	0.45	0.45	Direct
22.	Contribution to Asha Bhawan - Old age home - Providing of basic necessities like clothing to 25 elderly women	Community development	Bangalore, Karnataka	0.36	0.07	0.07	Direct
23.	Support to victims of North Karnataka and Kodagu floods	Community development	Villages in Rural North Karnataka	0.96	0.95	0.95	Direct/ Tehsildhar of Chikkodi Taluk
24.	Consultancy fee to Implementing Partner	Administration	-	0.96	0.75	0.75	Direct
	Total			56.661	17.341	32.646	

6) Reasons for not spending full amount

The Company was required to spend an amount of ₹ 49.60 Million (including ₹ 18.15 Million unspent amounts of last year). The Company could spend an amount of ₹ 4.12 Million during the year. Further, Bill Forge Private Limited a wholly-owned subsidiary of the Company, which was amalgamated with the Company during the year under review was required to spend an amount of ₹ 39.96 Million (including ₹ 18.96 Million unspent amount of last year carried forward). Bill Forge could spend an amount of ₹ 13.23 Million during the year.

The Company reiterate its commitment to discharge its social obligation. The CSR thrust areas have been identified where the Company wishes to create equity and also lay down guiding criteria for selecting projects which includes sustainability, social impact etc.

During the year the Company had approved to undertake various CSR projects including in the areas of Education and Skill Development, Rural Development, Social Impact Evaluation. The Budgeted Expenditure of these projects is ₹ 47.51 Million over three years. Further, Bill Forge had spent an amount of ₹ 1.65 million in January 2020 for the projects which commenced during 2019 and had committed an amount of ₹ 13.85 Million towards projects which are already committed, and work is expected to be completed during 2020.

The unspent amount in CY19 of ₹ 72.21 Million (including ₹ 26.73 Million of Bill Forge Division) is primarily for below reasons.

1. For the project of establishing Technical Skilling Development Centre at Bhosari, the proposal of partnering with IL&FS was kept in abeyance due to their organizational restructuring and hence ₹ 19.80 Million marked for this project cloud not be spent.
2. The Project N Star Life Skills centre for Girls was kept in abeyance by Naandi Foundation, the implementation partner, in view of re - launching the Project as "Nanhi Kali Graduate School". Hence the amount of ₹ 11.76 Million marked for this project cloud not be spent.
3. MOUs in respect of the Projects which were approved in July 2019 were executed in the last Quarter of CY19. The implementation of these projects has commenced and the amount of ₹ 7.12 Million will be spent in CY2020 towards these projects.
4. Some of the new CSR Proposals received from various Divisions were under scrutiny and an amount of ₹ 4 million marked for these projects will get carry forward to CY2020.
5. Bill Forge has committed ₹ 13.85 Mio towards projects which are already approved, and the work is expected to be completed during 2020

Given the challenges and associated learnings seen during the implementation, including obtaining certain legal clearances, changes in members of CSR teams, the implementation of the projects was delayed and related expenditure is deferred to next year. The implementation of these approved projects is now on track, although with some delays, the Company is confident of achieving its social objective.

A special task force has been created to accelerate the progress of the long term and high impact project of developing Technical Skilling centre, progress of which will be reviewed and the Board CSR Committee will be kept appraised about the same. Company's Central CSR Council has been empowered to spend 20% of total annual CSR budget in the areas of Education, Health, Community development and Environment.

The outcomes of Social Need assessment survey conducted last year and the Social Impact evaluation conducted for existing CSR Projects this year will be utilized to set priorities and take up new initiatives. The directions and guidelines from the Board CSR Committee will be utilized to accelerate the progress and increase Employee volunteerism. Reward and recognition system for increasing employee involvement will be institutionalized.

With this, we will have enough opportunities to spend the money carried forward, for the chosen Projects in areas more efficiently and effectively.

The CSR Committee hereby confirms that, the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

Ander Arenaza
Executive Director and CEO
MCIE Group

Manoj Menon
Executive Director and CEO
– Foundry, MPD, Gears, Stampings and Composites

Narahari Kadambi
Independent Director Chairman
– CSR Committee

Date: 26th February, 2020
Place: Mumbai

Annexure VII

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO SEC 134(3) (M) OF RULE 8(3) OF COMPANIES (ACCOUNTS) RULES, 2014 IS FORMING PART OF THE BOARD´S REPORT FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER, 2019

A) Technology absorption

Your Company is committed towards technology driven innovation and lays strong emphasis on inculcating an innovation driven culture within the organization harnessing internal skills and competencies. During the year under review, your company continued to work on technology upgradation and capability development in the critical areas of product quality, process improvements and value addition.

The Company at its various divisions adopted new technologies to improve efficiencies, conserve energy and to reduce wastages. The following are some major steps (but not limited to) made towards technology absorption;

- Installed Fume collection system for Melting furnaces with New technology for the dust collection. Also implemented auto collection and disposition of dust (Earlier the process was manual).
- Automated 100% visual inspection system was introduced for checking the magnets.
- Manufactured 6 station grinding machine which has capability to grind all small magnets.
- Injection Molding Equipment from Krauss Maffei, Germany became fully operational & giving desired output with quality.
- Fully automated press line at its Kanhe new plant. The Line is integrated with peripheral safety interlocks with additional safety PLC to ensure safety in entire cell.
- New Robotic assembly line of load carrier body with pick & place gantry system installed at its Zaheerabad plant.
- New process to conserve Propane gas by "Application of Hydramax" started (patented Energy saving heat transfer fluid across globe with Nano-Technology) in Hot Water Generating system , as heat transfer medium to improve the efficiency of Hot Water generating system thereby reducing Propane consumption.
- New part forming division was started, where two new cold part formers were installed with many advanced features. Used in making near net shape 2-wheeler parts.
- New line was set up to manufacture Crankshaft for 2- Wheelers. Innovative idea was applied by adopting the Polygon Turning Machine in place of Hobbing / Shaping Machine for the Sprocket cutting by customizing vertical Gear Hobbing process in the 5th axis of conventional Polygon Turning Machine.
- Developed a New Tripot Joint called "Enhanced Triglide", by warm forging. It delivers industry leading GAF performance for premium tripot style joints. It also developed Outer Race (for Drive Shafts) in Warm Forging with Near Net Shape eliminating the need for Chamfering in the Top Face moving ahead of the competition. Stress relieving process was eliminated for all Drive Shaft parts (Outer Race & Tripod Housing) by optimising various connected processes.
- Installed a 3D Printing Machine for Rapid Proto typing of various new launches.

The Company has not incurred any expenditure on Research and Development.

B) Foreign Exchange Earnings and Outgo

Foreign Exchanges earned in terms of actual inflow during 2019 – ₹ 3,209 Million

Foreign Exchange outgo in terms of actual outflows during 2019 – ₹1,647 Million

C) Conservation of Energy

Your Company is continuously striving towards improving the energy conservation measures in all areas. Energy Management process has been established and awareness campaigns have been conducted.

i) The steps taken or impact on conservation of energy

During the year, due to various energy saving initiatives undertaken during the year, the Company could achieve aggregate saving of approximately 1839 MWh in the electricity consumption. Some of the initiatives include the following:

- Waste Heat Recovery from Eisenmann Furnace (saving of PNG).
- Installation of VFD to various Ball mill for reducing speed thus energy saving.
- Elimination of vacuum pump by providing the reservoir.

- Installation of Energy Efficient Induction billet Heater on 2501T Press Line.
- Replacing conventional pumps with VFD in cooling water circulation pumps.
- Replacing high rated motors in the phosphating process by adequate motors depending on load.
- Energy saving by reducing coil KW of pit furnace in annealing process.
- Replacing 80W florescent to 18W LED lamps in tool room & HR dept area.
- Replacing old Compressor with new energy efficient compressor.

ii) The steps taken by the company for utilizing alternate sources of energy

We are increasing our efforts in sourcing energy from renewable sources like Wind & Solar. At the Bill Forge Division almost 85% of the energy is sourced through renewable sources like wind and solar.

In other business divisions 6.4% of total energy consumed is from renewable sources. The Company is in process of Installing Solar Roof Top in these business divisions with aggregate solar Energy Capacity 5 MWp which will further enhance the use of renewable energy in other business divisions.

iii) The capital investment on energy conservation equipment's

Your Company has focused on investing in modern technology for improving the specific energy consumption. For the year under review aggregate capital investment on energy conservation equipment from all Plant is as under:

Overall investment for Energy reduction projects - ₹ 15 Million.

Saving from above investment- 1839 MWh.

For and on behalf of the Board

Shriprakash Shukla
Chairman
DIN: 00007418

Date : 26th February, 2020
Place : Mumbai

Annexure VIII

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

As on financial year ended on 31st December, 2019

Pursuant to Section 92 (3) of the Companies Act, 2013 and Rule 12(1) of the Company (Management & Administration) Rules, 2014.

I. REGISTRATION & OTHER DETAILS:

1.	CIN	L27100MH1999PLC121285
2.	Registration Date	13th August, 1999
3.	Name of the Company	Mahindra CIE Automotive Limited
4.	Category/Sub-category of the Company	Public Company Limited by shares / Non-Government Company
5.	Address of the Registered office & contact details	Mahindra CIE Automotive Limited Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai – 400018 Tel: +91 22 24901449 Fax: +91 22 24915890 Website :www.mahindracie.com email: mcie.investors@mahindracie.com
6.	Whether listed company	Yes
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	KFin Technologies Private Limited Selenium, Tower B, Plot Number 31 & 32, Financial District, Gachibowli, Hyderabad 500 008, India. Phone No.: +91 040 6716 2222 email: einward.ris@kfintech.com Website: www.kfintech.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

(All the business activities contributing 10% or more of the total turnover of the company shall be stated)

S. No.	Name and Description of main Products / Services	NIC Code of the Product/Service	% to total turnover of the company
1	Forgings	25910, 25920, 29301 & 30913	41%
2	Casting	25910	15%
3	Stampings	25910	29%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name & address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares Held *	Applicable Section
1.	+ CIE Automotive S.A. Calle Alameda Mazarredo 69, 8º piso, Bilbao	N.A.	Ultimate Holding	56.28%	Section 2(46)
2.	++ CIE BERRIZ, S.L. Poligono Ind Okango S/N Berriz, 48240 Spain	N.A.	Holding Company	56.28%	Section 2(46)
3.	+++ Participaciones Internacionales Autometal, Dos S.L.U (PIA 2) Alameda Mazarredo N0 69, 80, 48009, Bilbao (Spain)	N.A.	Holding Company	56.28%	Section 2(46)

Sr. No.	Name & address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares Held *	Applicable Section
4.	Stokes Group Limited Cochrane Road, Holly Hall, Dudley, West Midlands DY2 0SE	N.A.	Subsidiary	100%	Section 2(87) (ii)
5.	Ω Stokes Forgings Ltd. Cochrane Road, Holly Hall, Dudley, West Midlands DY2 0SE	N.A.	Subsidiary	100%	Explanation (a) to Section 2(87)
6.	Ω Stokes Forgings Dudley Ltd. Cochrane Road, Holly Hall, Dudley, West Midlands DY2 0SE	N.A.	Subsidiary	100%	Explanation (a) to Section 2(87)
7.	CIE Galfor S. A. P.I. San Cibrao das Viñas, Calle 2, 3 32901 Orense. España	N.A.	Subsidiary	100%	Section 2(87) (ii)
8.	^ CIE Legazpi S.A. C/ Urola, 10, 20230 Legazpi, (Guipúzkoa). España	N.A.	Subsidiary	100%	Explanation (a) to Section 2(87)
9.	^ UAB CIE LT Forge Stoties G 12, 4520 Marijampolé. Lituania	N.A.	Subsidiary	100%	Explanation (a) to Section 2(87)
10.	^ Mahindra Forgings Europe AG Ulmer Street 112, 73431 Aalen, Germany	N.A.	Subsidiary	100%	Explanation (a) to Section 2(87)
11.	# Jeco Jellinghaus Gmbh Feldstrae,30,De 58285 Gevelsberg-Germany	N.A.	Subsidiary	100%	Explanation (a) to Section 2(87)
12.	# Gesenkschmiede Schneider, Ulmer StraBe 112 73431 Alen Germany	N.A.	Subsidiary	100%	Explanation (a) to Section 2(87)
13.	# Falkenroth Umformtechnik GmbH, Asenbach 1, 58579 Schalksmuhle Gemany	N.A.	Subsidiary	100%	Explanation (a) to Section 2(87)
14.	# Schoneweiss & Co. GmbH, Delsterner Strasse 170, DE 58091 Hagen Germany	N.A.	Subsidiary	100%	Explanation (a) to Section 2(87)
15.	^ Metalcastello S.p.A. Via Don Fornasini, 12 40030 CASTEL DI CASIO (Bologna)	N.A.	Subsidiary	99.96%	Explanation (a) to Section 2(87)
16.	BF Precisions Private Limited SF No 11/2E and SF No 13/4E, Madukkarai Village, Madukkarai Taluk Coimbatore - 641105	U29253TZ2016PTC022193	Subsidiary	100%	Section 2(87) (ii)

Sr. No.	Name & address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares Held *	Applicable Section
17.	Bill Forge de Mexico S de RL de CV No 100, Parque Industrialy De Negocious Las Colinas Silao, Guanajuato, Cp 36270 Mexico.	N.A.	Subsidiary	100%	Section 2(87)(ii)
18.	Aurangabad Electricals Limited Plot No B-7, MIDC Chakan, Pune 410501	U31909PN1985PLC037539	Subsidiary	100%	Section 2(87)(ii)
19.	@ AE Deutschland Gmbh Arnstader Strabe 28 99096 Erfurt , Germany	NA	Subsidiary	100%	Explanation (a) to Section 2(87)
20.	Gescrap India Private Limited 371, Administration Building, Takve Road, Kanhe PUNE Pune MH 412106 IN	U74999PN2018FTC175675	Associate	30%	Section 2(6)
21.	^^ Galfor Eolica SL A Coruña, Cantón Grande nº 6, 1º, Spain	N.A.	Associate	25%	Section 2(6)

* Percentage holding in subsidiaries represents aggregate percentage of shares held by the Company and/or its subsidiaries.

** The Company has considered Clean Max Deneb Power LLP (26% share of capital) [AAN-8304] as an Associate in accordance with the applicable accounting standards for the purpose of consolidation of the accounts. However, this LLP does not qualify as Associate in accordance with the Section 2(6) of the Companies Act, 2013 hence not included in table above.

+ CIE Automotive S.A. (CIE) is the ultimate holding company of the Company. The % holding represents the indirect holding of CIE in the Company through its wholly owned subsidiaries (CIE Berriz and PIA2).

++ CIE BERRIZ, S.L. (CIE Berriz) a wholly owned subsidiary of CIE Automotive S.A. The % represents the indirect holding of CIE Berriz in the Company thorough its wholly owned subsidiary (PIA2)

+++ Participaciones Internacionales Autometal, Dos S.L.U (PIA 2) is a wholly owned subsidiary of CIE BERRIZ, S.L. PIA2 is one of the promoter of the Company and holds the shares directly in the Company.

A subsidiary of Mahindra Forgings Europe AG

@ A wholly owned subsidiary of Aurangabad Electricals Limited

Ω A subsidiary of Stokes Group Limited

^ A subsidiary of CIE Galfor S.A.

^^ An associate of CIE Galfor S.A.

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

A) Category-wise Shareholding

Category Code	Category of Shareholder	No. of Shares held at the beginning of the year 1st January, 2019				No. of Shares held at the end of the year 31st December, 2019				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)	(X)	
(A)	**PROMOTER AND PROMOTER GROUP**									
(1)	**INDIAN**									
(a)	Individual /HUF	-	-	-	-	-	-	-	-	-
(b)	Central Government/ State Government(s)	-	-	-	-	-	-	-	-	-
(c)	Bodies Corporate	43,344,512	-	43,344,512	11.44	43,344,512	-	43,344,512	11.44	-0.01
(d)	Financial Institutions / Banks	-	-	-	-	-	-	-	-	-
(e)	Others - Promoter Group Company	-	-	-	-	-	-	-	-	-
	Sub-Total A(1):	**43,344,512**	**-**	**43,344,512**	**11.44**	**43,344,512**	**-**	**43,344,512**	**11.44**	**-0.01**
(2)	**FOREIGN**									
(a)	Individuals (NRIs/ Foreign Individuals)	-	-	-	-	-	-	-	-	-
(b)	Bodies Corporate	213,194,432	-	213,194,432	56.28	213,194,432	-	213,194,432	56.25	-0.03
(c)	Institutions	-	-	-	-	-	-	-	-	-
(d)	Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
(e)	Others	-	-	-	-	-	-	-	-	-
	Sub-Total A(2):	**213,194,432**	**-**	**213,194,432**	**56.28**	**213,194,432**	**-**	**213,194,432**	**56.25**	**-0.03**
	Total A=A(1)+A(2)	**256,538,944**	**-**	**256,538,944**	**67.73**	**256,538,944**	**-**	**256,538,944**	**67.69**	**-0.04**
(B)	**PUBLIC SHAREHOLDING**									
(1)	**INSTITUTIONS**									
(a)	Mutual Funds	23,141,721	28,236	23,169,957	6.12	24,726,243	28,236	24,754,479	6.53	0.41
(b)	Financial Institutions /Banks	83,951	1,465	85,416	0.02	93,815	1,465	95,280	0.03	0.00
(c)	Central Government / State Government(s)	-	-	-	-	-	-	-	-	-
(d)	Venture Capital Funds	-	-	-	-	-	-	-	-	-
(e)	Insurance Companies	4,369,507	1,704	4,371,211	1.15	25,309	1,562	26,871	0.01	-1.15
(f)	Foreign Institutional Investors / Qualified Institutional Buyer	36,684,568	15,903	36,700,471	9.69	53,320,016	15,903	53,335,919	14.07	4.38
(g)	Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
(h)	Others	-	-	-	-	-	-	-	-	-
	Sub-Total B(1):	**64,279,747**	**47,308**	**64,327,055**	**16.98**	**78,165,383**	**47,166**	**78,212,549**	**20.64**	**3.65**
(2)	**NON-INSTITUTIONS**									
(a)	Bodies Corporate Indian	3,283,929	87,272	3,371,201	0.89	2,517,781	85,831	2,603,612	0.69	-0.20
(b)	Individuals									
	(i) Individuals holding nominal share capital upto ₹ 1 lakh	18,193,448	1,698,043	19,891,491	5.25	15,144,856	1,554,983	16,699,839	4.41	-0.85

Category Code	Category of Shareholder	No. of Shares held at the beginning of the year 1st January, 2019				No. of Shares held at the end of the year 31st December, 2019				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)	(X)	
	(ii) Individuals holding nominal share capital in excess of ₹ 1 lakh	24,577,461	119,590	24,697,051	6.52	23,176,202	119,590	23,295,792	6.15	-0.37
(c)	Others									
	Clearing Members	114,877	-	114,877	0.03	201,329	-	201,329	0.05	0.02
	Overseas Corporate Bodies	7,959,657	2,840	7,962,497	2.10	-	2,840	2,840	0.00	-2.10
	Foreign Nationals	118,103	-	118,103	0.03	117,308	-	117,308	0.03	0.00
	NBFC	21,813	-	21,813	0.01	350	-	350	0.00	-0.01
	Non Resident Indians	931,886	188	932,074	0.25	578,386	188	578,574	0.15	-0.09
	NRI Non-Repatriation	728,986	38,029	767,015	0.20	693,053	37,522	730,575	0.19	-0.01
	NRI Repatriation	-	8,674	8,674	0.00	-	8,674	8,674	0.00	0.00
	Trusts	30,137	-	30,137	0.01	20,296	-	20,296	0.01	0.00
	Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
	Sub-Total B(2) :	**55,960,297**	**1,954,636**	**57,914,933**	**15.29**	**42,449,561**	**1,809,628**	**44,259,189**	**11.68**	**-3.61**
	Total B=B(1)+B(2) :	**120,240,044**	**2,001,944**	**122,241,988**	**32.27**	**120,614,944**	**1,856,794**	**122,471,738**	**32.31**	**0.04**
	Total (A+B) :	**376,778,988**	**2,001,944**	**378,780,932**	**100.00**	**377,153,888**	**1,856,794**	**379,010,682**	**100.00**	**-**
(C)	Shares held by custodians, against which Depository Receipts have been issued									
(1)	Promoter and Promoter Group	-	-	-	-	-	-	-	-	-
(2)	Public	-	-	-	-	-	-	-	-	-
	Total (C) :	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	Grand Total (A+B+C) :	**376,778,988**	**2,001,944**	**378,780,932**	**100.00**	**377,153,888**	**1,856,794**	**379,010,682**	**100.00**	**0**

B) Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Participaciones Internacionales Autometal, Dos S.L	213,194,432	56.28	-	213,194,432	56.25	-	Nil
2	Mahindra Vehicle Manufacturers Limited	43,344,512	11.44	-	43,344,512	11.44	-	Nil
	Total	**256,538,944**	**67.73**	**-**	**256,538,944**	**67.69**	**-**	

Note: During the year ended 31st December, 2019 the Company has issued and allotted 2,29,750 equity shares pursuant to ESOP Scheme thereby increasing the total paid-up capital of the Company. The decrease in percentage holding is due to increase in total paid-up share capital of the Company during the year on account of said issue of equity shares pursuant to ESOP Scheme.

C) Change in Promoters' Shareholding

There was no change in the Promoters shareholding during the financial year ended 31st December, 2019.

The company has issued and allotted 2,29,750 equity shares pursuant to ESOP Scheme thereby increasing the total paid-up capital of the Company. The decrease in percentage holding is due to increase in total paid-up share capital of the Company during the year on account of said issue of equity shares pursuant to ESOP Scheme.

D) Shareholding Pattern of top ten Shareholders:

(Other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	Name of the Shareholder	Shareholding at the beginning of the year		Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease			Cumulative Shareholding during the year	
		No of Shares	% of total shares of the company	Reasons for change	Date of change in shareholding D/M/Y @	No. of shares increased/ decreased	No of Shares	% of total shares of the company
1	AINOS HOLDINGS LIMITED *	7,959,657	2.10	Market Sale	13/12/2019	(7,959,657)	-	0.00
				At the end of the year	31/12/2019	-	-	0.00
2	SUNDARAM MUTUAL FUND A/C SUNDARAM MID CAP FUND	5,417,494	1.43	Market Sale	04/01/2019	(158,126)	5,259,368	1.39
				Market Sale	11/01/2019	(235,542)	5,023,826	1.33
				Market Sale	15/03/2019	(23,826)	5,000,000	1.32
				Market Sale	22/03/2019	(300,000)	4,700,000	1.24
				At the end of the year	31/12/2019	-	4,700,000	1.24
3	ACACIA PARTNERS, LP	5,400,000	1.43	Market Purchase	06/09/2019	340,000	5,740,000	1.51
				Market Purchase	13/12/2019	2,883,022	8,623,022	2.28
				Market Purchase	20/12/2019	75,790	8,698,812	2.30
				At the end of the year	31/12/2019	-	8,698,812	2.30
4	ANJALI POWAR HARIDASS	5,125,488	1.35	At the end of the year	31/12/2019	-	5,125,488	1.35
5	ACACIA CONSERVATION FUND LP	4,680,000	1.24	Market Purchase	23/08/2019	500,000	5,180,000	1.37
				Market Purchase	06/09/2019	560,000	5,740,000	1.51
				Market Purchase	13/12/2019	2,883,072	8,623,072	2.28
				Market Purchase	20/12/2019	75,740	8,698,812	2.30
				At the end of the year	31/12/2019	-	8,698,812	2.30
6	LIFE INSURANCE CORPORATION OF INDIA *	4,369,507	1.15	Market Sale	09/08/2019	(85,750)	4,283,757	1.13
				Market Sale	16/08/2019	(30,440)	4,253,317	1.12
				Market Sale	25/10/2019	(274,605)	3,978,712	1.05
				Market Sale	01/11/2019	(585,732)	3,392,980	0.90
				Market Sale	08/11/2019	(712,414)	2,680,566	0.71
				Market Sale	15/11/2019	(155,098)	2,525,468	0.67
				Market Sale	22/11/2019	(497,262)	2,028,206	0.54
				Market Sale	29/11/2019	(376,825)	1,651,381	0.44
				Market Sale	06/12/2019	(474,913)	1,176,468	0.31
				Market Sale	13/12/2019	(871,616)	304,852	0.08
				Market Sale	20/12/2019	(202,939)	101,913	0.03
				Market Sale	27/12/2019	(27,750)	74,163	0.02
				At the end of the year	31/12/2019	(49,055)	25,108	0.01
7	ACACIA INSTITUTIONAL PARTNERS, LP	4,320,000	1.14	Market Purchase	23/08/2019	490,000	4,810,000	1.27
				Market Purchase	06/09/2019	520,000	5,330,000	1.41
				Market Purchase	13/12/2019	2,061,205	7,391,205	1.95
				Market Purchase	20/12/2019	64,920	7,456,125	1.97
				At the end of the year	31/12/2019	-	7,456,125	1.97

Sr. No.	Name of the Shareholder	Shareholding at the beginning of the year		Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease			Cumulative Shareholding during the year	
		No of Shares	% of total shares of the company	Reasons for change	Date of change in shareholding D/M/Y @	No. of shares increased/ decreased	No of Shares	% of total shares of the company
8	ACACIA BANYAN PARTNERS	3,240,000	0.86	Market Purchase	06/09/2019	40,000	3,280,000	0.87
				Market Purchase	13/12/2019	2,263,404	5,543,404	1.46
				Market Purchase	20/12/2019	48,690	5,592,094	1.48
				At the end of the year	31/12/2019	-	5,592,094	1.48
9	ADITYA BIRLA SUN LIFE TRUSTEE PRIVATE LIMITED A/C ADITYA BIRLA SUN LIFE SMALL CAP FUND #	1,990,000	0.53	Market Purchase	04/01/2019	86,600	2,076,600	0.55
				Market Purchase	11/01/2019	5,400	2,082,000	0.55
				Market Purchase	18/01/2019	55,000	2,137,000	0.56
				Market Purchase	25/01/2019	22,500	2,159,500	0.57
				Market Purchase	01/02/2019	9,000	2,168,500	0.57
				Market Purchase	08/02/2019	12,725	2,181,225	0.58
				Market Purchase	15/02/2019	15,775	2,197,000	0.58
				Market Purchase	22/02/2019	28,000	2,225,000	0.59
				Market Purchase	01/03/2019	25,000	2,250,000	0.59
				Market Purchase	29/03/2019	100,000	2,350,000	0.62
				Market Purchase	05/04/2019	100,000	2,450,000	0.65
				Market Purchase	19/04/2019	9,000	2,459,000	0.65
				Market Purchase	24/05/2019	65,000	2,524,000	0.67
				Market Purchase	31/05/2019	58,500	2,582,500	0.68
				Market Sale	07/06/2019	(250,000)	2,332,500	0.62
				Market Purchase	28/06/2019	67,500	2,400,000	0.63
				Market Purchase	12/07/2019	23,100	2,423,100	0.64
				Market Purchase	19/07/2019	51,900	2,475,000	0.65
				Market Purchase	02/08/2019	113,100	2,588,100	0.68
				Market Purchase	09/08/2019	64,700	2,652,800	0.70
				Market Purchase	23/08/2019	87,200	2,740,000	0.72
				Market Purchase	30/08/2019	106,241	2,846,241	0.75
				Market Purchase	06/09/2019	107,500	2,953,741	0.78
				Market Purchase	13/09/2019	46,259	3,000,000	0.79
				Market Purchase	20/09/2019	100,000	3,100,000	0.82
				Market Purchase	04/10/2019	25,000	3,125,000	0.82
				Market Purchase	11/10/2019	2,000	3,127,000	0.83
				Market Purchase	18/10/2019	23,000	3,150,000	0.83
				Market Purchase	08/11/2019	50,000	3,200,000	0.84
				Market Purchase	15/11/2019	150,000	3,350,000	0.88
				Market Purchase	22/11/2019	25,000	3,375,000	0.89
				Market Purchase	29/11/2019	125,000	3,500,000	0.92
				Market Purchase	06/12/2019	194,213	3,694,213	0.97

Sr. No.	Name of the Shareholder	Shareholding at the beginning of the year		Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease			Cumulative Shareholding during the year	
		No of Shares	% of total shares of the company	Reasons for change	Date of change in shareholding D/M/Y @	No. of shares increased/ decreased	No of Shares	% of total shares of the company
				Market Sale	13/12/2019	(794,213)	2,900,000	0.77
				Market Purchase	20/12/2019	250,000	3,150,000	0.83
				Market Purchase	27/12/2019	58,900	3,208,900	0.85
				At the end of the year	31/12/2019	-	3,208,900	0.85
10	FIRST STATE INDIAN SUBCONTINENT FUND	3,149,807	0.83	Market Purchase	26/07/2019	63,947	3,213,754	0.85
				Market Purchase	30/08/2019	1,255	3,215,009	0.85
				Market Purchase	06/09/2019	53	3,215,062	0.85
				Market Purchase	25/10/2019	26,966	3,242,028	0.86
				Market Purchase	01/11/2019	561	3,242,589	0.86
				Market Purchase	08/11/2019	54,790	3,297,379	0.87
				Market Purchase	15/11/2019	138,564	3,435,943	0.91
				Market Purchase	22/11/2019	132,080	3,568,023	0.94
				Market Purchase	29/11/2019	616,398	4,184,421	1.10
				At the end of the year	31/12/2019	-	4,184,421	1.10
11	UTI-MID CAP FUND *	2,833,288	0.75	Market Purchase	19/04/2019	54,402	2,887,690	0.76
				Market Purchase	26/04/2019	18	2,887,708	0.76
				At the end of the year	31/12/2019	-	2,887,708	0.76
12	THE SCOTTISH ORIENTAL SMALLER COMPANIES TRUSTPLC #	2,614,415	0.69	Market Purchase	26/07/2019	54,709	2,669,124	0.70
				Market Purchase	30/08/2019	1,105	2,670,229	0.70
				Market Purchase	06/09/2019	46	2,670,275	0.70
				Market Purchase	25/10/2019	23,754	2,694,029	0.71
				Market Purchase	01/11/2019	494	2,694,523	0.71
				Market Purchase	08/11/2019	66,343	2,760,866	0.73
				Market Purchase	15/11/2019	167,785	2,928,651	0.77
				Market Purchase	22/11/2019	159,932	3,088,583	0.81
				Market Purchase	29/11/2019	520,770	3,609,353	0.95
				At the end of the year	31/12/2019	-	3,609,353	0.95
13	ADITYA BIRLA SUN LIFE TRUSTEE PRIVATE LIMITED A/C ADITYA BIRLA SUN LIFE MIDCAP FUND #	2,042,000	0.54	Market Purchase	08/02/2019	90,000	2,132,000	0.56
				Market Purchase	15/02/2019	36,000	2,168,000	0.57
				Market Purchase	01/03/2019	20,000	2,188,000	0.58
				Market Purchase	15/03/2019	10,000	2,198,000	0.58
				Market Purchase	22/03/2019	102,000	2,300,000	0.61
				Market Purchase	05/04/2019	70,000	2,370,000	0.63
				Market Purchase	12/04/2019	9,000	2,379,000	0.63
				Market Purchase	10/05/2019	31,000	2,410,000	0.64
				Market Purchase	24/05/2019	69,926	2,479,926	0.65
				Market Purchase	31/05/2019	9,500	2,489,426	0.66
				Market Purchase	14/06/2019	34,000	2,523,426	0.67
				Market Purchase	21/06/2019	14,200	2,537,626	0.67

Sr. No.	Name of the Shareholder	Shareholding at the beginning of the year		Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease			Cumulative Shareholding during the year	
		No of Shares	% of total shares of the company	Reasons for change	Date of change in shareholding D/M/Y @	No. of shares increased/ decreased	No of Shares	% of total shares of the company
				Market Purchase	28/06/2019	31,500	2,569,126	0.68
				Market Purchase	05/07/2019	22,100	2,591,226	0.68
				Market Purchase	12/07/2019	8,774	2,600,000	0.69
				Market Purchase	19/07/2019	75,000	2,675,000	0.71
				Market Purchase	26/07/2019	97,000	2,772,000	0.73
				Market Purchase	02/08/2019	115,900	2,887,900	0.76
				Market Purchase	09/08/2019	195,200	3,083,100	0.81
				Market Purchase	23/08/2019	118,000	3,201,100	0.84
				Market Purchase	30/08/2019	95,100	3,296,200	0.87
				Market Purchase	06/09/2019	94,550	3,390,750	0.89
				Market Purchase	13/09/2019	81,633	3,472,383	0.92
				Market Purchase	20/09/2019	27,617	3,500,000	0.92
				Market Purchase	27/09/2019	72,000	3,572,000	0.94
				Market Purchase	30/09/2019	25,285	3,597,285	0.95
				Market Purchase	04/10/2019	108,860	3,706,145	0.98
				Market Purchase	11/10/2019	17,055	3,723,200	0.98
				Market Purchase	18/10/2019	51,800	3,775,000	1.00
				Market Purchase	25/10/2019	75,000	3,850,000	1.02
				Market Purchase	01/11/2019	29,630	3,879,630	1.02
				Market Purchase	08/11/2019	17,800	3,897,430	1.03
				Market Purchase	29/11/2019	102,570	4,000,000	1.06
				Market Purchase	06/12/2019	100,000	4,100,000	1.08
				Market Purchase	13/12/2019	100,000	4,200,000	1.11
				At the end of the year	31/12/2019	-	4,200,000	1.11

Figures in bracket indicate reduction in shareholding.

@Based on beneficiary positions as at the end of respective week.

*Ceased to be in the list of top ten shareholders as on 31st December, 2019. The same is reflected above since the shareholder were one of the top ten shareholders as on 1st January, 2019

#Was not part of top ten shareholders as on 1st January, 2019, however included above since the shareholders were one of the top ten shareholders as on 31st December, 2019.

E) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	Name of the Director / KMP	Shareholding at the beginning of the year		Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease			Cumulative Shareholding during the year	
		No of Shares	% of total shares of the company	Reasons for change	Date of change in shareholding D/M/Y	No. of shares increased/ decreased	No of Shares	% of total shares of the company
1	Mr. Anil Haridass	5,585,058	1.47	At the end of the year	31/12/2019	-	5,585,058	1.47
2	Mr. Manoj Menon	7,000	0.00	Market Sale	07/06/2019	(1,662)	5,338	0.00
				Market Sale	14/06/2019	(1,000)	4,338	0.00
				ESOP Allotment	20/06/2019	8,110	12,448	0.00
				At the end of the year	31/12/2019	-	12,448	0.00
3	Mr. Zhooben Bhiwandiwala	21,500	0.01	At the end of the year	31/12/2019	-	21,500	0.01
4	Mr. Krishnan Hari	332,714	0.09	At the end of the year	31/12/2019	-	332,714	0.09

*The date of change of shareholding is the date of weekly generated benpos.

V) INDEBTEDNESS -

Indebtedness of the Company including interest outstanding/accrued but not due for payment.

(₹ in Million)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	-	864	-	864
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	**-**	**864**	**-**	**864**
Change in Indebtedness during the financial year				
* Addition	-	107	-	107
* Reduction	-	-	-	-
Net Change	-	107	-	107
Indebtedness at the end of the financial year				
i) Principal Amount	-	971	-	971
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	**-**	**971**	**-**	**971**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(₹ in Million)

Sr. No	Particulars of Remuneration	Name of Whole-time Directors				Total
		Mr. Ander Arenaza Alvarez	Mr. Romesh Kaul (upto 16th October, 2019)	Mr. Manoj Menon (from 17th October, 2019)	Mr. Anil Haridass (from 10th December, 2019)	
1	Gross salary					
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1.25	16.90	2.34	0.79	21.28
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.45	0.04	0.01	0.04	0.54
	(c) Profits in lieu of salary under under section 17(3) Income-tax Act, 1961	-	-	-	-	-
2	Stock Option	-	-	-	-	-
3	Sweat Equity	-	-	-	-	-
4	Commission - as % of profit - others, specify…	-	-	-	-	-
5	Others, please specify	-	-	-	-	-
	Companies cont to PF	-	-	-	-	-
	Retention	-	-	-	-	-
	Total (A)	**1.70**	**16.94**	**2.35**	**0.83**	**21.82**
	Ceiling as per the Act (7% of the net profits in accordance with the approval of shareholders)					192.32

B. Remuneration to other directors

(₹ in Million)

Sr. No.	Particulars of Remuneration	Name of Independent Directors									Total Amount
1	Independent Directors	Mr. Daljit Mirchandani #	Mr. Dhananjay Mungale	Mr. Manoj Maheshwari	Mrs. Neelam Deo #	Mr. Suhail Nathani	Mr. Juan Maria Bilbao Ugarriza #	Mr. Alan Savio D'Silva Picardo !	Mrs. Roxana Meda Inoriza !	Mr. Kadambi Narahari !	
	Fee for attending board committee meetings	0.820	1.080	0.760	0.500	0.600	-	0.320	0.300	0.220	4.600
	Commission	1.055	1.420	1.500	1.125	1.500	1.125	0.305	0.325	0.375	8.73
	Others, please specify	-	-	-	-	-	-	-	-	-	-
	Total (1)	**1.875**	**2.500**	**2.260**	**1.625**	**2.100**	**1.125**	**0.625**	**0.625**	**0.595**	**13.330**

(₹ in Million)

2	Other Non-Executive Directors	Name of the Non-Executive Directors									Total Amount
		Mr. Zhooben Bhiwandiwala	Mr. Shriprakash Shukla	Mr. Hemat Luthra @ *	Mr. Jesus Maria Herrera Barandiaran						
	Fee for attending board committee meetings	-	-	-	-						0.000
	Commission	-	-	-	-						0.000
	Others, please specify - Professional Fees	-	-	22.73	-						22.728
	Esop Stock Option	-	-	12.19	-						12.192
	Total (2)	**-**	**-**	**34.92**	**-**						**34.920**
	Total (B)=(1+2)										**48.250**
	Ceiling for remuneration to non-executive directors (4% of the net profits in accordance with approval of the shareholders										109.89
	Total Managerial Remuneration (A+B)										**70.065**
	Overall Ceiling as per the Act (at 11%)										302.21

*Professional Fees paid in capacity of Non-Executive Director w.e.f from 1st April, 2018.

#Ceased to be Director w.e.f. 28th September, 2019.

@Ceased to be Director w.e.f. 23rd October, 2019.

!Appointed as Director w.e.f. 29th September, 2019.

Note

1. Independent Directors were entitled to remuneration by way of sitting fees for attending meeting of Board and committees and profit linked commission as approved by the shareholders. While the sitting fees payable were fixed during the year and included in above calculations on the basis of what was actually paid/payable; no commission was paid to the Independent Directors during 2019. The Company has made provision in books of accounts for the commission payable to Independent Directors in accordance with maximum commission payable to an Independent Director as per the approval of the shareholders. Actual Commission, as may be approved by the Board of Directors of the Company, on recommendation of the nomination and remuneration committee and in line with the policy as disclosed hereinabove, shall be paid during 2020. However, the provisions made in the books of accounts for the Commission payable is considered and disclosed above.
2. Mr. Hemant Luthra was paid professional fees in accordance with approval of the shareholders. Further, the perquisites as disclosed above is pertaining to the ESOPs which were granted to Mr. Luthra during his employment with the Company and which remained vested in him post his retirement in accordance with the ESOP Scheme.

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

(₹ in Million)

Sr. No.	Particulars of Remuneration	Name of Key Managerial Personnel other than MD/WTD/Manager					Total
		Mr. Manoj Menon	Mr. Hari Krishnan	Mr. K. Jayaprakash	Mr. Krishnan Shankar	Mr. Pankaj Goyal	
		Chief Executive Officer - Stampings, Composites, Foundry, Magnetics and Gears Divisions (upto 16th October, 2019)	Chief Executive Officer - Forgings and Bill Forge Division (from 17th October, 2019)	Chief Financial Officer	Company Secretary and Compliance Officer (upto 31st March, 2019)	Company Secretary and Compliance Officer (from 1st April, 2019)	
1	**Gross salary**						
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 *	8.03	3.18	7.88	1.18	1.80	20.01
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.03	0.04	0.03	0.00	0.00	0.10
	(c) Profits in lieu of salary under under section 17(3) Income-tax Act, 1961						
2	Stock Option	0.68	-	-	-	-	0.68
3	Sweat Equity	-	-	-	-	-	-
4	Commission	-	-	-	-	-	-
	- as % of profit	-	-	-	-	-	-
	- others, specify…	-	-	-	-	-	-
5	Others, please specify (Companies Contribution to PF)	-	-	-	-	-	-
	Others, please specify (Bonus)	-	-	-	-	-	-
	Total	8.74	3.22	7.91	1.18	1.80	20.80

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

There were no penalties / punishment/ compounding of offences for the breach of any sections of Companies Act against the Company or its Directors or other officers in default, if any, during the year.

For and on behalf of the Board

Shriprakash Shukla
Chairman
DIN: 00007418

Date : 26th February, 2020
Place : Mumbai

Annexure IX

Dividend Distribution Policy

The Dividend Distribution Policy ("the policy") establishes the principles to ascertain amounts that can be distributed to equity shareholders as dividend by the Company as well as enable the Company strike balance between pay-out and retained earnings, in order to address future needs of the Company. The policy shall come into force for accounting periods beginning from 1st January, 2017.

Dividend would be declared on per share basis on the Ordinary Equity Shares of the Company having face value ₹ 10 each. The Company currently has no other class of shares. Therefore, dividend declared will be distributed amongst all shareholders, based on their shareholding on the record date.

Dividends will generally be considered by the Board once a year, after the announcement of the full year results and before the Annual General Meeting (AGM) of the shareholders, as may be permitted by the Companies Act. The Board may also declare interim dividends as may be permitted by the Companies Act.

The dividend policy would have twin objective of appropriately rewarding shareholders through dividends and retaining capital, in order to maintain a healthy capital adequacy ratio to support the future growth.

The Company has not paid any dividend to the shareholders in the past. Going forward, subject to the provisions of the applicable law, the Company's dividend payout will be determined based on available financial resources, investment requirements and taking into account optimal shareholder return.

While determining the nature and quantum of the dividend payout, including amending the suggested payout range as above, the Board would take into account the following factors:

- **Internal Factors:**
  - i. Profitable growth of the Company and specifically, profits earned during the financial year as compared with:
    - a. Previous years and
    - b. Internal budgets,
  - ii. Cash flow position of the Company,
  - iii. Accumulated reserves
  - iv. Earnings stability
  - v. Future cash requirements for organic growth/expansion and/or for inorganic growth,
  - vi. Current and future leverage and, under exceptional circumstances, the amount of contingent liabilities,
  - vii. Deployment of funds in short term marketable investments,
  - viii. Long term investments,
  - ix. Capital expenditure(s), and
  - x. The ratio of debt to equity (at net debt and gross debt level).
- **External Factors:**
  - i. Business cycles,
  - ii. Economic environment,
  - iii. Cost of external financing,
  - iv. Applicable taxes including tax on dividend,
  - v. Industry outlook for the future years,
  - vi. Inflation rate, and
  - vii. Changes in the Government policies, industry specific rulings & regulatory provisions.

Apart from the above, the Board also considers sense of shareholders' expectations while determining the rate of dividend. The Board may additionally recommend special dividend in special circumstances.

The Board may consider not declaring dividend or may recommend a lower payout for a given financial year, in the event of challenging circumstances such as regulatory and financial environment. In such event, the Board will provide rationale in the Annual Report.

The retained earnings of the Company may be used in any of the following ways:

i. Capital expenditure for working capital,

ii. Organic and/ or inorganic growth,

iii. Investment in new business(es) and/or additional investment in existing business(es),

iv. Declaration of dividend,

v. Capitalisation of shares,

vi. Buy back of shares,

vii. General corporate purposes, including contingencies,

viii. Correcting the capital structure,

ix. Any other permitted usage as per the Companies Act, 2013.

This policy may be reviewed periodically by the Board. Any changes or revisions to the policy will be communicated to shareholders in a timely manner.

The policy will be available on the Company's website and the link to the policy is: http://www.mahindracie.com/investors/investor-relations/governance.html

The policy will also be disclosed in the Company's annual report

MANAGEMENT DISCUSSION & ANALYSIS

Management Discussion and Analysis

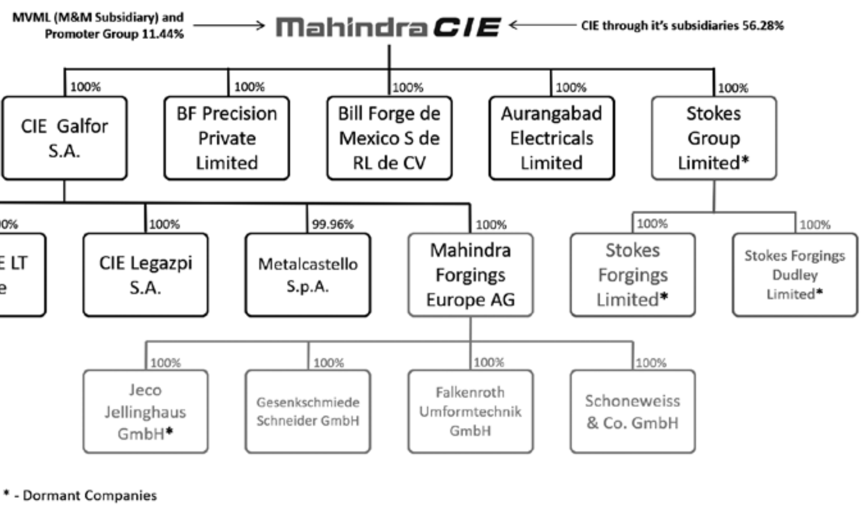
Background

Mahindra CIE Automotive Limited (‘Mahindra CIE’ or ‘MCIE’) is a multi-locational and multi-technology automotive components company with manufacturing facilities and engineering capabilities in India and in Germany, Spain, Lithuania, and Italy in the European continent as well as a plant in Mexico, North America. It has an established presence in each of these locations and supplies to automotive Original Equipment Manufacturers (OEMs) and their Tier 1 suppliers. MCIE is listed on the BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE) and currently has about 379 million shares listed.

MCIE is part of the CIE Automotive Group of Spain and is the CIE Automotive Group’s vehicle for its forgings business globally and for all other technologies/processes in India and South East Asia.

Set out below in Exhibit 1 is a graphical representation of MCIE and its subsidiaries

Exhibit 1: Legal Structure of Mahindra CIE



The list of subsidiaries of Mahindra CIE Automotive and their ownership interest is provided in Exhibit 2.

Exhibit 2: Mahindra CIE Automotive Limited Subsidiary Companies as on 31st December 2019

Subsidiary Companies Information			
Sr. No.	**Name of the Subsidiary**	**Proportion of Ownership Interest**	**Remarks**
1	CIE Galfor SA#	100%	Collectively known as CIE Forgings
	1 UAB CIE LT Forge	100%	
	2 CIE Legazpi S.A.	100%	
	3 Mahindra Forgings Europe AG	100%	Collectively known as Forgings, Germany
	1 Jeco Jellinghaus GmbH	100%	
	2 Gesenkschmiede Schneider GmbH	100%	
	3 Falkenroth Umformtechnik GmbH	100%	
	4 Schoeneweiss & Co. GmbH	100%	
	4 Metalcastello S.p.A.	99.96%	Gears, Italy
2	Aurangabad Electricals Limited	100%	
3	Stokes Group Limited	100%	Collectively known as Stokes UK
	1 Stokes Forgings Dudley Limited*	100%	
	2 Stokes Forings Limited*	100%	
4	BF Precisions Private Limited	100%	Collectively known as Bill Forge
5	Bill Forge de Mexico S de RL de CV		

Note: * These are Dormant Companies, # - Galfor SA is now the holding company for all businesses in Europe, except Stokes Group of companies

MCIE Overview

MCIE today is a large diversified auto-components company with presence across many processes/ product lines, geographies and customers. It manufactures parts, not systems and aggregates, but these parts are complex, and value added thus differentiating it from other 'tier 2 parts' companies. It should also be noted that MCIE is focused on the automotive market – cars, utility vehicles, commercial vehicles, two wheelers and tractors.

MCIE has 31 manufacturing facilities including 8 manufacturing facilities in Europe and 1 in Mexico. The manufacturing locations are generally located close to major automotive manufacturing hubs in order to facilitate supplies to customers. In certain instances, MCIE also provides services such as value analysis and value engineering to add value to the customers' products. MCIE's unique combination of specialization in high value-added products, which is usually delivered directly to OEMs and presence across multiple production technologies, differentiates it from other component suppliers.

A brief description of the key businesses of MCIE is presented in Exhibit 3.

Exhibit 3: MCIE – Lines of business

Geography	Product Specialty	Focus Areas	Key Customers	CY 2019 Revenue
Forgings				
India	Crankshafts - As forged and Machined, Stub Axles -As forged and Machined	Passenger & Utility Vehicles and Tractors	M&M, Maruti Suzuki India Limited, Tata Motors	4,265
Bill Forge	2 Wheelers: Steering races and engine valve retainers Pass Vehicles: constant velocity joints, tulips, steering shafts, steering yokes and wheel hubs	Passenger Vehicles and Two Wheelers	Hero, Bajaj, HMSI and TVS, Ford, GKN, NTN, Nexteer, RaneNSK	8,776
Germany	Forged and Machined parts, Front Axle Beams and Steel Pistons	Heavy Commercial Vehicles	Daimler AG, Man, DAF, Volvo Group, KS, Linde, AGCO, ZF, Scania, Ford, SAF Holland, Robert Bosch	17,633
Spain + Lithuania	Forged steel parts for Industrial Vehicles and Crankshafts, Common Rail, Stubs, Tulips for passenger cars	Passenger Vehicles	Renault, VW Group, Daimler, GKN, JLR, GM, Fiat, DAF, Bosch, NTN, Faurecia, Dana, ZF, BMW	19,340
Aluminum Castings				
Aurangabad Electricals Limited, India	Aluminum castings using High pressure or Gravity die casting specialized in Thin wall to thick wall parts viz- complex engine components, Brake system parts, Aesthetically sensitive parts	OEM & Tier 1 supplier for 2&3 wheelers, Passenger Vehicles and Commercial Vehicles	Bajaj, Nidec GPM, Ashok Leyland, Daimler, Brembo, KSPG, Bosch, Valeo, Mitsubishi	6,387
Stampings				
India	Sheet Metal Stampings, Components and Assemblies	Passenger & Utility Vehicles	M&M, Tata Motors	8,410
Castings				
India	Turbocharger Housings, Axle & Transmission Parts	Passenger & Utility Vehicles, Construction Equipment & Earthmoving, Tractors and Tier 1	M&M, Honeywell, Cummins, Hyundai, JCB, Automotive Axle, New Holland, Dana India CV, John Deere	4,237

Geography	Product Specialty	Focus Areas	Key Customers	CY 2019 Revenue
Magnetic Products				
India	Soft and Hard Magnets, Magnetic Induction Lighting	Tier 1 of Passenger Vehicles, Utility Vehicles, Two Wheelers	Denso, Sumida, Varroc, Intica, Mitsuba	1,068
Composites				
India	Compounds, Components, and Products	Electrical Switchgear, Auto Components	L&T Switchgear, Phoenix Mecano, TVS, M&M, Volvo Eicher	1,069
Gears				
India	Engine Gears, Timing Gears, Transmission Gears, Transmission Drive Shafts	Passenger & Utility Vehicles, Construction & Earthmoving Equipment	M&M, Eaton, Caterpillar, NHFI, Turk Tractor (CNH), BEML, New Holland	2,240
Italy	Engine Gears, Transmission Drive shafts, Crown Wheel Pinion	Tractors, Construction & Earthmoving Equipment	Caterpillar, CNH, Merritor, GDLS/Mowag/Cormer, Argo, John Deere	5,653

Acquisition of Aurangabad Electricals

In this year gone by, the MCIE Board approved the acquisition of 100% equity shares of Aurangabad Electricals Limited (AEL), and the transaction was completed in April 2019. 9 months of AEL results from Apr-Dec 2019 are part of MCIE financials for 2019 (C19).

Founded in 1995, AEL is a market leading Aluminum Die-Casting company based in Aurangabad, India with 5 manufacturing facilities in India across Aurangabad, Pune and Pantnagar and a well-equipped in-house engineering center. AEL is a crucial supplier to two-wheeler OEMs and passenger cars as well as Tier 1 auto component companies. It manufactures a variety of High Pressure Die Cast (HPDC) and Gravity Die cast (GDC) parts for as a supplier for small but highly critical tolerance parts for Pumps, Alternators, Starters, Cylinder Heads, etc.

With the acquisition of AEL, MCIE was able to fill a key gap in its technology portfolio in its attempt to mirror the technology portfolio of its parent CIE. AEL adds the crucial technologies of Aluminum HPDC and GDC that allow MCIE to offer precision die cast aluminum parts for application in the automotive industry. It makes MCIE future ready in the light of trends in the automotive industry of increasing light weighting and electrification. AEL also bolsters the efforts of MCIE to move towards customer diversification. Bajaj Auto one of the leading two-wheeler manufacturers and the leading exporter of two wheelers in India is the anchor customer at AEL. MCIE thus gets the opportunity to serve one of the finest auto OEMs in India.

The transaction of MCIE to acquire Aurangabad Electricals Limited was an all cash acquisition. MCIE paid a net equity consideration of Rs8.3bn on a cash basis at an EV/EBITDA of 6.7x F20, as estimated at the time of the deal. With the acquisition of AEL, MCIE now has 31 manufacturing facilities including 8 manufacturing facilities in Europe.

INDUSTRY OUTLOOK AND STRUCTURE

MCIE largely operates in the automotive markets of Europe and India. In Europe, MCIE supplies components mainly to the light vehicles and heavy truck markets with a small business in the off-road sector. In India, MCIE is more diversified and supplies components to the light vehicles segment (both passenger vehicles and light commercial vehicles), tractors and two wheelers.

The Economic Background

Calendar year 2019 (CY19) saw a slowdown across the world, with global growth coming in at 2.9% as against IMF's projection of 3.5% at the beginning of the year (Jan'19 outlook). The IMF expects global growth to accelerate to 3.3% in 2020 and 3.4% in 2021. This was on the back of settlement of political issues like the US China trade deal and Brexit that were an overhang on the global economy. But this forecast was made before the outbreak of the novel coronavirus in China which has spread to other countries too. This outbreak may slow down global growth rates and with China being a major part of supply chains of many industries including the automotive industry, the ripple effect on the global economy could be substantial.

The economic situation in Europe is beginning to stabilize but Germany remains key. The impact of an expected global slowdown in 2020 due to the coronavirus outbreak could also have a big impact in Europe. The IMF in its World Economic Outlook, January 2020 expects the "growth in the euro area to pick up from 1.2% in 2019 to 1.3% in 2020 (a downward revision of 0.1%) and 1.4% in 2021". The situation in Germany remains uncertain with manufacturing, which constitutes a larger part of the German economy compared to other developed countries “in contractionary territory in late 2019” as per the IMF. The good news is that Germany’s manufacturing PMI has been creeping up in the last few months providing hope that optimism is coming back.

For India, 2019 was a year of slowdown with Q2FY20 recording one of the lowest growth rates in recent memory. IMF slashed India’s 2019 growth rate from 6.1% to 4.8% and cited this reduction as the major reason why it was slashing global growth rate for the year. Much of this is down to what can be called the ‘quadruple balance sheet’ problem. Each of the four key stakeholders of the Indian economy – government, households, corporates & financial sector - are facing pressures which stymie their ability to drive growth. The revenue collections of the government are under pressure in a slowing economy.

The recent union budget shied away from providing a large fiscal stimulus specially to embattled sectors like automotive and real estate. This caused disappointment in some quarters but was a bid to hold the fiscal deficit within respectable limits. The situation of the state budgets is equally difficult making any fiscal adventurism a risky proposition. The household balance sheet is also under pressure with the savings rate dipping and consumption, both rural and urban, continuing to be stressed. The union budget has tried to provide some relief on the income tax front focused on middle income households but that is expected to have only a moderate effect on kickstarting consumption especially in urban areas. The balance sheets of the corporates continue to be hobbled by low demand arising out of slowing consumption. The reduction in corporate tax rates are aimed at reviving investment to fire the growth but the corporates remain wary. Through the budgets of 2019 and 2020, the union government has also laid out a series of proposals to attract capital, especially foreign direct investment (FDI). Some of this drive is showing results with the net FDI moving up substantially in the last couple of years.

The last key stakeholder, banks and financial institutions remain under pressure as the issue of non-performing assets (NPA) while easing has not been resolved fully despite the bankruptcy code brought in by the government. The banking sector remains conservative in their lending and this is a source of problems especially for the medium and small-scale businesses including automotive vendors and dealers. The Reserve Bank of India (RBI) has cut interest rates in the past to the extent of 135bps but most of this reduction has not been passed on by the banking sector. With inflation again creeping up and breaching RBI’s upper limit of 6% in recent months, the RBI has refrained from further cuts in its latest update but has still tried to make it easier for the banking sector to lend to small and medium businesses.

With both consumer sentiment and corporate capex looking at each other for revival, the vicious circle needs to be broken. There is some scope for optimism with the rural sentiment seemingly reviving on the back of a good Rabi crop, water levels in reservoirs increasing and a general firming of the terms of trade in favor of the agriculture sector. The union budget also continues to focus spending on the rural and infrastructure sectors, and this should provide a further push. While urban consumption remains problematic, it is expected that it will pick up somewhat based on the direct tax concessions made in this budget. It is also expected that the measures taken by the government to woo capital will also create a growth friendly climate in the medium term. The IMF expects India grow by 5.8% in 2020 (down by 0.9% from previous estimate) and by 6.5% in 2021. The caveat being that this estimate does not consider the effect of the coronavirus outbreak which may lower Indian growth too.

The Automotive Market

Europe

The light vehicles market in Europe has been affected by the introduction of Worldwide Harmonized Light Vehicle Test Procedure (WLTP) that was introduced in late 2018 that affected demand in the latter part of that year. 2019 has been a year of recovery for the European light vehicle market from the impact of this change. The European truck market experienced a year of two halves in 2019 with the first half being steady and the second half seeing a substantial drop. This was in line with what was happening globally. As manufacturing activity slowed down globally in H2CY19, it dragged down the demand for trucks with it.

The outbreak of the coronavirus casts a pall of uncertainty on 2020 with many European nations being severely affected. Both the light vehicles and truck market may bear the brunt of this uncertainty.

MCIE Europe supplies largely to the light vehicle and heavy truck market with a small portion of the revenue being supplied to the off-highway, farm equipment and tractors market.

Commercial Vehicles (CVs)

Commercial Vehicles (MHCVs>6T) – (Production Units)

Period	2019	2018	Change
Full Year	561,803	605,636	-7.2%
Oct-Dec	136,519	155,356	-12.1%
Jul-Sep	122,130	144,571	-15.5%
Apr-Jun	154,733	155,937	-0.8%
Jan-Mar	148,421	149,772	-0.9%

Source: IHS Global

CY19 was a year of two halves for commercial vehicles in Europe. Production was stable in H1CY19 while there was a sharp drop in H2CY19. For the full year CY19, the commercial vehicle production numbers for the medium and heavy CVs (MHCVs>6T) in Europe have cumulatively fallen by 7.2% as compared to the previous year as reported by IHS Global. If we look at the ACEA (European Automobile Manufacturers Association) registrations data, in CY19 the heavy CVs (HCV>16T) segment in Europe (EU) dropped by -0.9% and the medium and heavy segment (MHCV >3.5T, ACEA defines this segment differently from IHS) fell slightly by -0.1%. Clearly, there was a difference between the production and registrations numbers.

While MCIE's CV Forgings Business in Germany supplies to OEM plants across Europe, the larger part of supplies is to OEMs in Germany. As per IHS Global: MHCV (>6T) Production in Germany dropped by 18.9% in CY19 on a y-o-y basis. Both Q3CY19 and Q4CY1 saw a drop of 30% y-o-y in German MHCV (>6T) production. This had a negative impact on MCIE revenues in Europe in CY19, especially in the second half of the year.

The demand outlook for CVs in Europe remains uncertain and IHS projects that the overall MHCV production in Europe will decline at a CAGR of -1.0% over the period of 2019-24.

Light Vehicles

For Light vehicles (<3.5T incl. cars, Utility Vehicles & Light Commercial Vehicles), the data from IHS shows that the production in Europe has fallen by 4.6% in CY19 as compared to CY18. Growth in production was adversely affected in all quarters. With the European economy in a recovery mode, light vehicles segment could benefit positively. As per IHS data the passenger vehicle market in Europe is forecasted to grow at a CAGR of 0.9% over the period of 2019-24.

Light Vehicles (Production Million Units)

Period	2019	2018	Change
Full Year	20.7	21.73	-4.6%
Oct-Dec	5.0	5.3	-5.8%
Jul-Sep	4.6	4.6	0.3%
Apr-Jun	5.5	6.0	-7.2%
Jan-Mar	5.6	5.9	-4.5%

Source: IHS Global

India

The Indian automotive market was on a rollercoaster ride. A slowing down consumption and a creeping increase in total cost of ownership of cars and two wheelers has lowered growth over the last few years. The Indian automotive industry was further jolted in 2019 by two factors – the crisis in the non-banking financial companies (NBFC) and the transition to BSVI norms from the existing BSIV norms by April 1st, 2020. Compliance with BSVI norms is going to raise the prices in all segments but more so for two wheelers, diesel cars & UVs and heavy trucks and the overall industry expected a pre buying spree for BSIV vehicles and accordingly raised supply chain inventory in the early part of 2019. At the same time, the NBFC crisis became big and lending by financial institutions became scarce putting a lot of the supply chain under stress.

For a large part of 2019, OEMs have been trying to lower the supply chain inventory and growth has been badly hit, slipping into the negative zone. There have been some spurts with the introduction of some new models and the Diwali season but by and large the demand has remained muted. Demand may stabilize only after the introduction of BSVI in April 2020 and MCIE expects the first half of 2020 to continue to be muted while H2CY20 may see growth coming back. The effect of the coronavirus outbreak on the Indian auto production is yet uncertain but it may impact all forecasts that have been made.

MCIE's main target segments in India are passenger car & utility vehicle, tractors and two wheelers

Passenger Vehicles

Data from the Society of Indian Automobile Manufacturers (SIAM) shows that Passenger Vehicle sales have declined in CY19 by 10.9% over the corresponding period last year. Q3CY19 was the worst quarter and things eased up a bit in Q4CY19. While prices are expected to go up due to the transition to BSVI, resale value is also expected to be higher for these models and this coupled with lower fuel and interest costs is expected to ensure that the total cost of ownership sees a moderate increase only. Pre-buying of BS IV vehicles in FY20 is expected to shave off some growth from FY21; though the pre buying could be muted as OEMs focus on ensuring that inventory of BSIV vehicles is optimized. All these factors put together makes sure that the market outlook for CY20 remains difficult to predict in precise terms. The long-term picture however remains healthy, given the current low vehicle penetration levels. Over next five years, income growth and affordability with respect to ownership will contribute to passenger vehicle demand.

CRISIL expects the domestic Passenger vehicle wholesale sales (from OEMs to dealers) to increase by 4-6% in FY21 over a low base in FY20. CRISIL expects the compounded annual growth rate (CAGR) between FY19-24 to be 2-4%. On the other hand, IHS expects the Indian light vehicles (less than 6T) production to grow by 6.8% between CY20 and CY21 and grow at a CAGR of 4.3% over a period of 2019-24.

Passenger Vehicles (PV+UV+Vans) (Production

Period	2019	2018	Change
Full Year	3,623,335	4,067,737	-10.9%
Oct-Dec	818,304	887,431	-7.8%
Jul-Sep	867,330	1,080,273	-19.7%
Apr-Jun	903,027	1.025,764	-12.0%
Jan-Mar	1,034,674	1,074,269	-3.7%

Source: SIAM

Tractors

The cumulative Tractor industry production has shown a decrease by about 12% in CY19 (source: Tractor Manufacturers Association/ TMA). There was much fluctuation in growth rates across quarters in CY19. With rural consumption slowing and the distribution of monsoon across states being suboptimal, the demand scenario in CY19 remained weak. CY18 was a strong year for tractors as it benefited from the farm loan waivers announced in two big states – UP and Maharashtra and consequently CY19 suffered from a high base effect. With the situation in the agriculture sector improving and coupled with farm loan waivers in Rajasthan and Madhya Pradesh, there may be a positive impact on the demand during the year. CRISIL has forecasted growth of Tractor domestic industry by 6-8% in FY21.The long-term tractor industry CAGR between FY19-FY24 according to CRISIL is expected to be 1-3%.

Tractors (Production Units)

Period	2019	2018	Change
Full Year	785,414	890,633	-11.8%
Oct-Dec	179,092	226,041	-20.8%
Jul-Sep	228,257	234,143	-2.5%
Apr-Jun	187,537	238,323	-21.3%
Jan-Mar	190,528	192,126	-0.8%

Source: TMA

Two Wheelers

The Two-Wheeler industry production has shown a decline of about 12% compared to the corresponding period in the previous year (source: SIAM). The quarter wise performance reveals the decline has been spread out over the year. While FY21 is helped by a low base in FY20, the almost 10-11% increase in prices in two wheelers after the transition to BSVI will dampen demand. CRISIL expects the two-wheeler industry to grow by 0-2% in FY21.

According to CRISIL Research, post a 17-19% increase in total cost of ownership from FY18 to FY24, the industry will take some time to absorb the cost increase and the long-term growth between F19-F24 is expected to be a modest 1-3%. Most of this growth is expected to come from the increasing penetration of motorcycles in rural areas.

Two Wheelers (Production Units)

Period	2019	2018	Change
Full Year	22,062,013	25,086,506	-12.1%
Oct-Dec	4,998,023	5,757,120	-13.2%
Jul-Sep	5,848,239	6,874,424	-14.9%
Apr-Jun	5,810,619	6,463,351	-10.1%
Jan-Mar	5,405,132	5,991,611	-9.8%

Source: SIAM

Human Resources and Industrial Relations Climate

India

As on 31st December 2019 there were 8,772 employees on the rolls of MCIE in India, including Bill Forge and AEL. A portion of our permanent labor workforce in certain locations is part of labor unions. We have signed collective bargaining and other agreements with labor unions at several plants where we have agreed to certain guaranteed bonuses, guaranteed wage increases, and wages linked to productivity. This year we have concluded wage agreements at Pune Plant of Gears and Stampings plant at Rudrapur. In addition to our own employees, we also employ additional workers who are hired on a contract labor basis through registered contractors for ancillary activities. Our human resources (“HR”) policies are designed to meet the specific requirements at each plant location, are comprehensive and based on the prevailing HR practices. Considering the strategic priorities of the divisions, we have implemented capability building model to improve capabilities of the employees in our continued endeavor to improve long term operational results. We are also providing our employees with ongoing career development opportunities. Our performance evaluation and management processes continue to be the backbone of all our HR activities and is based on an appropriate goal-setting process. The employee relationship with employees & labor unions were cordial.

Europe

MFE: As on 31st December 2019, there were 849 employees on the rolls of the company.

CIEF: As on 31st December 2019, there were 841 employees on the rolls of CIE Galfor S.A., CIE Legazpi S.A. and CIE LT Forge.

MC: As on 31st December 2019, there were 284 employees on the rolls of the company.

The company continues to maintain harmonious relations with its employees at all plants in Europe.

OPERATIONAL PERFORMANCE

Highlights

MCIE announced the Aurangabad Electricals (AEL) acquisition in March 2019 and executed the transaction in April 2019.

A New Organization structure was implemented in October for MCIE India wherein the following appointments were made.

- Mr. Manoj Menon as CEO of Stampings, Composites, Gears, Castings and Magnets.
- Mr. Hari Krishnan as CEO of Bill Forge and Chakan Forgings.
- Mr. Vinayak Pol as CEO of Aurangabad Electricals.

In the process of simplifying its legal structure, the MCIE –Bill Forge merger was executed in this year.

Production has completely stopped at Stokes (UK) and some products from there were transferred to Bill Forge, India. The total liquidation process is expected to finish during CY20.

India

MCIE continues to focus on Plant Efficiency Improvement as also upgrading the facilities to improve margins and adding new capabilities. These actions have allowed MCIE to ride over the business slowdown during the year and continue with implementation of the long-term strategic plan.

New State of Art Plants for the Composite and Stampings Division were set up during the year and this allows MCIE to be future ready to service the needs of Global Customers. Steps continue to be taken to diversify the Customer base and CY19 has seen the highest addition of new customers in many of the Divisions. Bill Forge Mexican operations are now on track while integration of the Aurangabad Electricals (AEL) business is proceeding smoothly.

The integration between MCIE and CIE has further strengthened and the interaction between the employees of the two entities has progressed in areas of Design, Quality Management, Manufacturing and Process development among others. These interactions allow the various Divisions to adopt Best-in-Class Technology and deliver high quality and precision parts at competitive prices.

Thus, the approach has been to focus on improving plant operations, improving margins through continuous improvements and strive for growth.

Europe

The operations in Germany this year have seen some pain due to the issues of challenging market conditions. The management, however, is continuing to focus on improving the profitability in a sustainable manner.

Plants in Spain, Lithuania and Italy have been consistently profitable over the last few years and profit margins are in line with the margins of the CIE group worldwide.

STRATEGY

The demand situation in the automotive markets that MCIE serves in India & Europe continues to be turbulent in the short term. With global climate change coming to the fore, the automotive industry is in the throes of structural changes driven by tightening of emission norms and a move away from internal combustion to electric and hybrid powertrains. Consumer preferences are also changing as shared services and digital interfaces become more and more important. As consumers start renting as compared to owning cars, companies like Ola/Uber and concepts like autonomous driving will change the automotive industry in the medium to long term.

While only a small part of MCIE's business will be affected by electrification, MCIE is cognizant of this change. Electrification will mean a greater emphasis on stamped, plastic and aluminum parts compared to forged, cast or machined parts. MCIE being a player with a presence across different processes, is well placed to tackle this change.

MCIE's short term challenge is to navigate the demand turbulence in a way that the financials are least affected. This requires a focus on operational excellence and cost optimization. MCIE also needs to be future ready to face the impending disruptions in the automotive industry by diversifying its product and customer base. In effect, MCIE continues to replicate its parent CIE's short term and long-term strategies.

As the European truck market slows down, the truck forgings business in Germany is under pressure even as costs such as power and wages increase. In this scenario, MCIE aims to rationalize its product portfolio in Germany to improve margins. This may lead to some revenue loss in these operations.

The car forgings business with plants in Spain & Lithuania have been consistently profitable over the last few years and profit margins are in line with the margins of the CIE group worldwide. The strategic focus is to maintain profitability at these plants while growing with the market.

The Italian operations which supply to the European off-road market are also seeing a turbulent market scenario and the focus remains on maintaining profitability.

In India, MCIE has pursued a strategy which is focused on increasing plant efficiency to preserve margins in the face of a demand squeeze. With focus on incremental automation, upgrading facilities and optimized manpower usage, MCIE has chosen to become more future ready for when the demand does come back. While MCIE continues to focus on meeting the needs and strengthening its position at existing customers, it continues to endeavor to de-risk its business model by focusing on diversifying its customer base by actively engaging with new customers. MCIE has seen good traction on this front in CY19 including products for BSVI and electric vehicles.

MCIE has also this year tried to address the gap in our technology portfolio. MCIE has acquired AEL and entered the Aluminum die casting space. This allows MCIE to become key suppliers of aluminum components to the two-wheeler industry, which is expected to be one of the first to electrify in India. AEL priority continues to be on meeting the needs of its anchor customer, a leading two wheelers OEM, while it embarks on a plan to increase exports.

The overall strategic priorities of MCIE are listed in the exhibit below:

Exhibit 4: MCIE Strategy

WHAT	OPERATIONAL EXCELLENCE	CUSTOMER/ MARKET DIVERSIFICATION	FINANCIAL EXIGENCE
WHY	• To maintain competitiveness • To maintain profitability	• To derisk Market Cycle and high customer dependence • Be ready for technology change – Emission norms, EV's	• Be in a position to combat market downturns • Cash generation to Build up reserves
HOW	• Debottlenecking and incremental automation • Manpower optimisation	• Fill strategic gaps through M&A - Plastics • >75% of New order booked in MCIE India (non M&M) • New Orders (CY19 – MCIE India): EV's – ₹85Mn and BS-VI – ₹115 Mn	• Focus on RONA and ROE • Cost Control • CAPEX monitoring • Low Debt: Debt/EBITDA<2 • OCF/ EBITDA > 50%

OPPORTUNITIES

Globally, CIE Automotive is focusing on growth in emerging markets like Mexico & India. MCIE will continue to lead this growth strategy in India. MCIE's European operations could use CIE's expertise to significantly improve their profitability. MCIE is also well placed to leverage CIE's experience in working with OEMs on their new electric vehicle programs.

FINANCIAL PERFORMANCE

The financial performance of the entity for the year ended 31st December 2019 and 31st December 2018 is presented below:

MCIE's abridged P&L Statement for the Financial Year 2019

(₹ in Million)

Sr. No.	Particulars	Standalone		Consolidated	
		Year Ended		Year Ended	
		December 19	December 18	December 19	December 18
		Audited	Audited	Audited	Audited
1	Income from operation				
	(a) Net sales	**26,942**	28,958	**75,660**	76,485
	(b) Other operating income	**2,003**	2,504	**3,419**	3,830
	Total Income from operation	**28,945**	31,462	**79,079**	80,315
2	Expenses				
	(a) Cost of material consumed	**14,247**	17,178	**36,590**	37,737
	(b) Change of inventories of finished goods and work-in progress	**314**	(1,090)	**896**	(1,421)
	(c) Employee benefit expenses	**3,834**	3,628	**13,080**	13,297
	(d) Depreciation and amortisation expenses	**1,127**	1,020	**3,161**	2,867
	(e) Other Expenses	**7,096**	7,520	**18,834**	20,192
	Total expenses	**26,618**	28,256	**72,562**	72,672
3	Profit/(loss) from operation before other income finance cost and exceptional items (1 - 2)	**2,327**	3,206	**6,517**	7,643
4	Other Income	**326**	262	**331**	387
5	Profit/(Loss) from ordinary activities before finance cost and exceptional items (3 +4)	**2,653**	3,468	**6,848**	8,030
6	Finance cost	**136**	66	**523**	502

(₹ in Million)

Sr. No.	Particulars	Standalone		Consolidated	
		Year Ended		Year Ended	
		December 19	December 18	December 19	December 18
		Audited	Audited	Audited	Audited
7	Profit/(Loss) from ordinary activities after finance cost but before exceptional items (5-6)	**2,517**	3,402	**6,325**	7,528
8	Exceptional items	**(119)**	1,286	**46**	-
9	Profit/(Loss) from ordinary activities before tax (7-8)	**2,636**	2,116	**6,279**	7,528
10	Current Tax	**(72)**	1,152	**710**	1,899
	Deferred Tax (Credit) / Charge	**985**	26	**2,030**	144
11	Net Profit/(Loss) from ordinary activities after tax(9-10)	**1,723**	938	**3,539**	5,485
12	Net Profit/(Loss) for the period	**1,723**	938	**3,539**	5,485
13	Minority Interest				
14	Net Profit/(Loss) after taxes, Minority Interest (12-13)	**1,723**	938	**3,539**	5,485
15	Paid - Up equity share capital (Face value of ₹ 10 per equity share)	**3,790**	3,788	**3,790**	3,788
16	Earnings per share (after extraordinary items) (of ₹ 10/- each)				
	(a) Basic	**4.55**	2.48	**9.34**	14.49
	(b) Diluted	**4.55**	2.48	**9.33**	14.48

Information for our Indian and Overseas operations are summarized in the table below:

Segment wise results for 2019 (₹ in Million)

Sr. No.	Particulars	Year ended	
		31st December 2019	31st December 2018
		Audited	Audited
1	**Segment Revenue**		
	a) India	**36,508**	33,886
	b) Overseas	**43,123**	46,789
	Total	**79,631**	80,675
	Less: Inter Segment Revenue	**(553)**	360
	Net Sales / Income from Operations	**79,078**	80,315
2	**Segment Profit/(Loss) before tax and interest from**		
	a) India	**3,047**	3,588
	b) Overseas	**3,753**	4,443
	Total	**6,800**	8,031
	Less:		
	(i) Un-allocable expenditure	**522**	502
	(ii) Un-allocable income	**-**	-
	Total Profit Before Tax	**6,278**	7,529
3	**Capital Employed** (Segment Assets- Segment Liabilities)		
	a) India	**46,470**	41,158
	b) Overseas	**40,399**	44,146
	Total	**86,870**	85,304
4	**Segment Liabilities**		
	a) India	**14,942**	13,305
	b) Overseas	**25,591**	29,110
	Total	**40,533**	42,415

The Key Financial Ratios of the company are given as below:

Ratio	Standalone		Consolidated	
	CY 19	CY 18	CY 19	CY 18
Debtors Turnover (Days)	71	68	36	35
Inventory Turnover (Days)	39	50	53	62
Interest Coverage Ratio (times)	20	33	13	16
Current Ratio (times)	1.5	2.5	0.8	1.2
Debt Equity Ratio (times)	0.03	0.02	0.3	0.4
Operating Profit Margin (%)	14.5	11.1	13.2	14.2
Net Profit Margin (%)	9.8	7.3	4.7	7.2
Return on Net Worth (%)	4.4	2.5	7.6	11.6

Working Capital

Receivables have increased marginally due to the company reducing cash discounting wherever it was more expensive.

With reduced business volumes, focused efforts were taken to conserve cash and inventories were brought down significantly by reducing lead times along with other actions.

Interest Coverage, Current and Debt Equity Ratios

These ratios are at good levels. The changes over 2018 are as a result of the significant liquid investments the company had at the end of 2018, which was used for acquisition of Aurangabad Electricals Limited during the year.

Operating Profit Margin

Standalone profit margins in 2018 were impacted due to the extraordinary loss on closure of stokes and transfer of 100% holding in Mahindra Forgings Europe AG (MFE) to another wholly owned subsidiary of the Company. Without this exception the operating profit margin dropped from 15.5% to 14.4%. This was a result of the degrowth in sales due to the slowdown in the Indian automobile market. Consolidated operating margins were further impacted by the drop in sales in Europe. Company has taken actions to adjust costs to lower sales and will work on improving these margins.

Net Profit Margin

Net profit margins dropped as a result of the drop in operating margins and were further impacted in the consolidated results due to write-off of deferred tax asset on losses in Mahindra Forgings Europe in view of the dropping sales.

Return on Net Worth

Return on Net Worth suffered as a result of drop in net margin and sales. Going forward efforts are on to increase revenues and margins to increase the return on net worth.

RISKS AND CONCERNS

The business has a specific set of risk characteristics which are managed through an internal risk management practice. MCIE senior executives participate in the annual risk assessment survey carried out by its parent CIE to identify key risks associated with the business in each of the key geographies that CIE operates in. This is supplemented by periodic internal assessment to identify risks under different categories – strategic & reputational, operational, financial, regulatory/compliance and ESG (Environmental, Social & Governance). Risks under these categories are classified as short term and long term and monitored periodically via a risk management committee that reports to the audit committee of the board.

Some of the risks identified are as follows:

- MCIE is highly dependent on the performance of the automotive industry in India and Europe. Any adverse changes in the conditions affecting these markets may negatively affect business, results of operations, financial condition and prospects.
    - MCIE is monitoring the situation so that corrective actions are immediately taken in response to any demand movements e.g. This year MCIE has endeavored to reduce costs, optimize manpower and improve efficiencies by incremental automation and upgradation projects.
- Potential inability to pass-through to its customers via a price increase the cost increases, in labor, energy, etc. could reduce future profitability.
- The loss of certain principal customers or a significant reduction in purchase orders from certain customers could adversely affect business, results of operations, financial condition and prospects.

- In India, MCIE is focusing on entering newer customers and newer products, e.g. with AEL acquisition MCIE has entered the Aluminum Die casting technology in HPDC and GDC and expanded business with a key 2wheeler OEM in India

- The dependence on a few key customers especially in India leaves MCIE reliant on the performance of these OEMs
  - MCIE is focused on developing new products and acquiring new customers as part of its strategy, e.g. with AEL acquisition, MCIE has expanded business with a key 2wheeler OEM in India
- Advancement of emission and safety norms in India would require MCIE to work with OEMs to meet the changed requirements. This may require further investments.
  - MCIE pays attention to acquiring business that are triggered by these changes and monitors them e.g. MCIE has benefited from BSVI transition in terms of receiving new orders
- MCIE will need to be ready for changes in its product portfolio to counter the impact of changes in automotive technology like hybrids and electrical engines.
  - Electrification will mean a greater emphasis on stamped, plastic and aluminum parts compared to forged, cast or machined parts. MCIE being a player with a presence across different processes is well placed to tackle this change.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

In the opinion of the Management, MCIE has adequate internal audit and control systems to ensure that all transactions are authorized, recorded and reported correctly. The internal control systems comprise extensive internal and statutory audits. The Corporate Governance practices instituted by the Company are discussed in detail in the chapter on Corporate Governance which forms part of the Annual Report.

LOOKING AHEAD

MCIE continues to be focused on improving operations in order to become more efficient and profitable. MCIE believes this makes it better prepared to face the turbulent market environment and to be ready to take advantage of the opportunities that will come once this phase of slowdown is behind.

CAUTIONARY STATEMENT

Certain statements in the Management Discussion & Analysis describing the Company’s objectives, projections, estimates, expectations or predictions may be “forward looking statements” within the meaning of applicable securities laws and regulations. Actual results could differ from those express or implied. Important factors that could make a difference to the Company’s operations include raw material availability and prices, cyclical demand and pricing in the Company’s principal markets, changes in Government regulations, tax regimes, economic developments within India and the countries in which the Company conducts business and other incidental factors.

Date: 26th February, 2020

REPORT ON CORPORATE GOVERNANCE

CORPORATE GOVERNANCE

I. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Corporate Governance is based on preserving core beliefs and ethical business conduct while maintaining a strong commitment to maximise long-term stakeholder value. Your Company is focused towards bringing transparency in all its dealings, adhering to well-defined corporate values and leveraging the corporate resources for long term value creation.

Your Company is committed to moulding Corporate Governance practices in line with its core values, beliefs and ethics. Your Company believes in attainment of highest levels of transparency in all facets of its operations and maintains an unwavering focus on imbibing good Corporate Governance practices.

Your Company continues to strengthen its governance principles to generate long-term value for its various stakeholders on a sustainable basis thus ensuring ethical and responsible leadership both at the Board and at the Management levels.

A Report on compliance with the Corporate Governance provisions as prescribed under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time (hereinafter referred to as "Listing Regulations") is given herein below.

II. BOARD OF DIRECTORS

The composition of the Board is in conformity with Regulation 17 of the Listing Regulations and provisions of the Companies Act, 2013 (hereinafter referred to as **"the Act"**), as amended from time to time.

The Board has an optimum combination of Executive and Non-Executive Directors with the Chairman being Non-Executive Director and not less than fifty percent of the Board comprising Independent Directors including one Woman Independent Director. The Board reviews and approves strategy and oversees performance of the Management to ensure that the long-term objectives of enhancing Stakeholders' value are achieved.

The Management of the Company is entrusted in the hands of Key Managerial Personnel(s), headed by Mr. Ander Arenaza, Whole Time Director and the CEO of MCIE Group, who operate under the supervision and control of the Board. Apart from Mr. Arenaza, Mr. Anil Haridass (w.e.f. 10th December 2019) and Mr. Manoj Menon (w.e.f. 17th October 2019) are Whole Time Directors of the Company. Mr. Romesh Kaul ceased to be whole time director of the Company w.e.f. 16th October 2019.

Mr. Shriprakash Shukla, the Non-Independent, Non-Executive Director, was appointed as the Chairman at the meeting of Board held on 23rd October 2019 after Mr. Hemant Luthra demitted his office as the Chairman and Non-executive Director of the Company. Mr. Shriprakash Shukla and Mr. Zhooben Bhiwandiwala (Non – Independent, Non-Executive Director) are in employment of Mahindra & Mahindra Limited.

Mr. Jesus Maria Herrera Barandiaran, Non-Independent Non-Executive Director, is the Global CEO of CIE Automotive S.A. ("CIE"), the ultimate holding company of the Company.

The remaining six Non-Executive Directors are Independent Directors and are professionals from diverse fields, possess requisite qualifications and experience which enable them to discharge their responsibilities, provide effective leadership to business and enhance the quality of Board's decision making process.

The maximum tenure of Independent Directors is in compliance with the Companies Act, 2013 ("the Act") and the Listing Regulations. All the Independent Directors have confirmed that they meet the criteria as mentioned in Regulation 16(1)(b) of the Listing Regulations and Section 149(6) of the Act. The Independent Directors have also confirmed that they are not aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact their ability to discharge their duties with an objective independent judgement and without any external influence. Further, the Board after taking these declaration/disclosures on record and acknowledging the veracity of the same, opined that the Independent Directors are persons of integrity and possess the relevant expertise and experience fulfils the conditions specified in the Listing Regulations and the Act for appointment of Independent Directors and are Independent of the Management.

Apart from reimbursement of expenses incurred in the discharge of their duties, the remuneration that the Independent Directors were entitled to under the Act and the remuneration that a firm receives, in which an independent Director is a partner, for professional services rendered by the firm to the Company, none of the Independent Directors have any other pecuniary relationships with your Company, its Subsidiaries or Associates or their Promoters or Directors, during the two immediately preceding financial years or during the current financial year.

None of the Directors of your Company are inter-se related to each other.

During the year under review, no Independent Director of the Company resigned before the expiry of their tenure. Mr. Daljit Mirchandani, Ms. Neelam Deo and Mr. Juan Maria Bilbao Ugarriza, who were appointed as Independent Directors of the Company for the period of 5 years with effect from 29th September 2014, did not offer themselves for re-appointment after the end of their term and ceased to be Independent Directors of the Company with effect from 28th September, 2019.

The Senior Management of your Company have made disclosures to the Board confirming that there are no material financial and commercial transactions between them and the Company which could have potential conflict of interest with the Company at large.

A. Composition of the Board

The Board of your Company comprises of Twelve Directors as on 31st December, 2019.

None of the Director is a director in more than 10 public limited companies (as specified in Section 165 of the Act) and director in more than 8 listed entities (as specified in Regulation 17A of the Listing Regulations) or acts as an independent director (including any alternate directorships) in more than 7 listed companies or 3 equity listed companies in case he/she serves as a whole-time director/ managing director in any listed company (as specified in Regulation 17A of the Listing Regulations). Further, none of the Directors on the Board is a member of more than 10 committees and chairperson of more than 5 committees (as specified in Regulation 26 of the Listing Regulations), across all the Indian public limited companies in which he/ she is a director.

The names and categories of Directors, DIN, the number of Directorships and Committee positions held by them, in the Companies as on 31st December, 2019 are given in Table 1 below.

Table 1: Composition of the Board of Directors

Name of the Directors, Category and DIN	Total number of Committee Memberships of Public Companies as on 31st December, 2019@	Total number of Chairmanships of Committee of Public Companies as on 31st December, 2019@	Total number of Directorships of Public Companies as on 31st December, 2019*	Total number of Directorships of Private Companies as on 31st December, 2019*	Name of listed entities where the Director is a director along-with the category of directorship excluding the Company
NON – EXECUTIVE, NON INDEPENDENT$					
Mr. Shriprakash Shukla (DIN -00007418)	Nil	Nil	5	1	Nil
Mr. Jesus Maria Herrera Barandiaran - (DIN - 06705854)	Nil	Nil	1	1	Nil
Mr. Zhooben Bhiwandiwala (DIN -00110373)	2	1	7	5	1. Mahindra Logistics Limited (Non-executive Chairman)
NON – EXECUTIVE, INDEPENDENT					
Mr. Manoj Maheshwari - (DIN -00012341)	2	1	4	2	1. Ador Welding Limited – (Independent Director) 2. RPG Life Sciences Limited – (Independent Director)
Mr. Dhananjay Mungale - (DIN -00007563)	7	2	6	5	1. Mahindra and Mahindra Financial Services Limited –(Chairman - Independent Director) 2. Tamilnadu Petroproducts Limited –(Independent Director) 3. NOCIL Limited – (Independent Director)
Mr. Kadambi Narahari - (DIN -05351378)	1	1	1	1	Nil
Mrs. Roxana Meda Inoriza - (DIN - 08520545)	1	Nil	2	Nil	Nil
Mr. Alan Savio D'Silva Picardo - (DIN -08513835)	1	Nil	1	Nil	Nil
Mr. Suhail Nathani - (DIN -01089938)	2	Nil	2	2	Nil
EXECUTIVE$					
Mr. Ander Arenaza Alvarez - (DIN -07591785)	Nil	Nil	3	Nil	Nil
Mr. Manoj Menon - (DIN -07642469)	Nil	Nil	2	Nil	Nil
Mr. Anil Haridass - (DIN -00266080)	Nil	Nil	2	Nil	Nil

$ Participaciones Internacionales Autometal, DOS S.L (PIA2), one of the Promoters of the Company, has nominated Mr. Ander Arenaza, Mr. Manoj Menon, Mr. Anil Haridass and Mr. Jesus Maria Herrera Barandiaran on the Board of the Company. Mahindra and Mahindra Limited (M&M) [holding company of Mahindra Vehicle Manufacturers Limited (MVML) one of the Promoter of the Company] has nominated, Mr. Zhooben Bhiwandiwala and Mr. S.P. Shukla on the Board of the Company. These nominations are made in accordance with rights vested in PIA2 and M&M (jointly with MVML) under the Articles of Association of the Company. However, the Directors are not appointed as "Nominee Directors" in terms of provisions of the Companies Act, 2013 and they are acting as Directors of the Company in their professional capacity. None of the Director is inter-se related to each other.

* Excludes Directorships in Companies registered under Section 8 (of the Companies Act, 2013) and Companies registered outside India but includes Directorship in the Company.

@ Chairpersonship and Membership of the Audit Committee and the Stakeholders' Relationship Committee held in all the Public Companies including that of the Company is considered. The Committee Chairmanship (s) are counted out of the Committee Membership(s) held by the respective Director.

Matrix setting out the core skills/ expertise/ competence of the Board of Directors

A chart/ matrix setting out the core skills/ expertise/ competencies identified by the Board of Directors in the context of the Company's businesses and sectors as required for it to function effectively and those actually available with the Board are given below:

Sr. No.	Skill / expertise / competencies	Particulars
1.	Strategy and Planning	Strategic Planning, Succession Planning and Driving change to ensure long term sustainable growth.
2.	Leadership	Leadership Skill to ensure effective guidance to and monitoring of the management and to set a corporate culture and the values by which executives throughout the group should behave.
3.	Financial Discipline and Risk Oversight	Understanding of Financial Management, Financial Reporting Process and Financial & Operational controls. Ensuring focus on returns. Understand and Oversee internal and external risks associated with the Business and to put in place appropriate policies and procedures to effectively manage such risks.
4.	Manufacturing Excellence and Technology	Understanding the manufacturing processes and optimizing the same. Anticipate Technological Trends and creating new business models.
5.	Mergers and Acquisition	A history of leading growth through acquisitions and other business combinations with ability to assess fit of the target with Company's Strategy and Culture, Valuations and Integration Process.
6.	Governance and Regulatory Oversight	Devise system for compliance with all applicable laws to the Company and reviewing the effectiveness of such system and monitoring of compliances. Setting governance practices and policies to ensure high ethical standards, to safeguard the interests of all stakeholders while ensuring right balance of conflicting interest of the stakeholders.

B. Board Procedure

A detailed agenda, setting out the business to be transacted at the Meeting(s), supported by detailed notes and presentations, if any is sent to each Director at least seven days before the date of the Board Meeting(s) and of the Committee Meeting(s). The Directors are provided the facility of video conferencing to enable them to participate effectively in the Meeting(s), as and when required.

To enable the Board to discharge its responsibilities effectively and take informed decisions, the Executive Directors along-with Chief Executive Officers of respective business divisions apprise the Board at every meeting on the performance of the Company, followed by presentations by other Senior Executives of the Company.

The Board, inter alia, periodically reviews strategy and business plans, annual operating and capital expenditure budget(s), compliance report(s) of all laws applicable to your Company as well as steps taken by your Company to rectify instances of non-compliances, if any, review of major legal issues, minutes of the Committees of the Board, minutes of Board Meetings of your Company's Subsidiary Companies, significant transactions and arrangements entered into by the Unlisted Subsidiary Companies, approval of quarterly/half-yearly/annual financial results, significant labour problems and their proposed solutions, safety and risk management, transactions pertaining to purchase/disposal of property(ies), sale of investments, remuneration of Key Managerial Personnel, major accounting provisions and write-offs, corporate restructuring, details of any joint ventures or collaboration agreement, material default in financial obligations, if any, fatal or serious accidents, any material effluent or pollution problems, transactions that involve substantial payment towards goodwill, brand equity or intellectual property, any issue that involves possible public or product liability claims of substantial nature, including judgement or order which may have passed strictures on the conduct of your Company, quarterly details of foreign exchange exposures and the steps taken by Management to limit the risks of adverse exchange rate movement and information on recruitment of Senior Officers just below the Board level.

The Board sets annual performance objectives, oversees the actions and results of the management, evaluates its own performance and performance of its Committees on an annual basis and monitors the effectiveness of the Company's governance practices for enhancing the Stakeholders' value.

Apart from the Directors and the Company Secretary, the Board and Committee meetings are generally attended by the Chief Executive Officers of each Business Divisions of the Company, the Chief Financial Officer, the Chief Business Controller and the Head of Strategy and Investors Relations. The Chairperson of the Board or Chairperson of the Committees of the Board also invite other officers of the Company or of its Subsidiaries as and when necessary.

C. Number of Board Meetings, Attendance of the Directors at Meetings of the Board and at the last Annual General Meeting (AGM)

The Board of Directors met seven times during the Financial Year ended 31st December, 2019 on 20th February, 2019, 12th March, 2019, 6th May, 2019, 19th July, 2019, 27th September, 2019, 23rd October, 2019 and 10th December, 2019. The Board met at least once in a calendar quarter and the gap between any two meetings did not exceed One Hundred and Twenty Days.

The twentieth Annual General Meeting (AGM) of Members of your Company was held on 6th May, 2019.

The attendance of the Directors at these meetings is presented in Table 2 below.

Table 2: Number of Meetings and Attendance

Sr. No	Directors	No. of Board Meetings Attended	Attendance at the last AGM
1	Mr. Hemant Luthra *	6	Yes
2	Mr. Shriprakash Shukla	4	No
3	Mr. Ander Arenaza Alvarez	6	Yes
4	Mr. Romesh Kaul @	5	Yes
5	Mr. Manoj Menon !	2	NA
6	Mr. Anil Haridass !!	1	NA
7	Mr. Jesus Maria Herrera Barandiaran	4	No
8	Mr. Zhooben Bhiwandiwala	7	Yes
9	Mr. Daljit Mirchandani #	5	Yes
10	Mr. Juan Maria Bilbao Ugarriza #	0	No
11	Mrs. Neelam Deo #	5	No
12	Mr. Manoj Maheshwari	5	No
13	Mr. Dhananjay Mungale	7	Yes
14	Mr. Kadambi Narahari ^	2	NA
15	Mrs. Roxana Meda Inoriza ^	2	NA
16	Mr. Alan Savio D'Silva Picardo ^	2	NA
17	Mr. Suhail Nathani	6	Yes

* Ceased as Director w.e.f. 23rd October, 2019.

@ Ceased as Director w.e.f. 16th October, 2019.

! Appointed as Director w.e.f. 17th October, 2019.

!! Appointed as Director w.e.f. 10th December, 2019.

Ceased as Director w.e.f. 28th September, 2019.

^ Appointed as Director w.e.f. 29th September, 2019.

D. Meeting of Independent Directors

The Independent Directors of your Company met on 10th December, 2019 without the presence of the Chairman, Executive Directors, other Non-Independent Director(s) and any other Managerial Personnel.

During the meeting the Independent Directors, inter alia, reviewed the process and approved the structured quetionneir for seeking feedback of all the Directors for the purpose of performance evaluation of Non-Independent Directors, performance evaluation of the Board as a whole and the performance evaluation of the Chairman of the Company and assessed the quality, quantity and timeliness of flow of information between the Company's Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

E. Directors seeking appointment /re-appointment

Mr. Zhooben Bhiwandiwala, is liable to retire by rotation and being eligible, has offered himself for re-appointment at the ensuing AGM of the Company.

The Board at its meeting held on 27th September, 2019 on recommendation of Nomination and Remuneration Committee, appointed Mr. Manoj Mullassery Menon (DIN: 07642469) as an Additional Director with effect from 17th October, 2019. Pursuant to Section 161 of the Companies Act, 2013, Mr. Menon will hold office up to the date of the ensuing Annual General Meeting of the Company. In accordance with Section 160 of the Companies Act, 2013 the Company has received notice in writing from a member signifying its intention to propose the candidature of Mr. Menon for the office of Director of the Company. The Board of Directors of the Company on recommendation of the Nomination and Remuneration Committee proposed appointment of Mr. Menon as Director liable to retire by rotation at the forthcoming Annual General Meeting of the Company.

Further, the Board at its meeting held on 10th December, 2019 on recommendation of Nomination and Remuneration Committee, appointed Mr. Anil Haridass (DIN: 00266080) as an Additional Director with effect from 10th December, 2019. Pursuant to Section 161 of the Companies Act, 2013, Mr. Haridass will hold office up to the date of the ensuing Annual General Meeting of the Company. In accordance with Section 160 of the Companies Act, 2013 the Company has received notice in writing from a member signifying its intention to propose the candidature of Mr. Haridass for the office of Director of the Company. The Board of Directors of the Company on recommendation of the Nomination and Remuneration Committee proposed appointment of Mr. Haridass as Director liable to retire by rotation at the forthcoming Annual General Meeting of the Company.

F. Codes of Conduct

The Board of your Company has laid down separate Codes of Conduct ("Codes"), for all the Board Members, for Independent Directors and for Senior Management Personnel's and Employees of the Company. These Codes have been posted on the Company's website http://www.mahindracie.com. All the Board Members and Senior Management Personnel have affirmed compliance with these Codes. A declaration signed by the Executive Director to this effect is enclosed at the end of this Report.

G. CEO/CFO Certification

As required under Regulation 17 (8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr. Ander Arenaza, Executive Director and Mr. K. Jayaprakash, Chief Financial Officer of the Company have certified to the Board that the Financial Statements for the year ended 31st December, 2019 do not contain any untrue statement and that these statements represent a true and fair view of the Company's affairs and other matters as specified thereunder.

H. Performance evaluation of Board, its Committees and Directors

Pursuant to the provisions of the Companies Act, 2013 and Listing Regulations the manner in which formal annual evaluation of the performance of the Board, its Committees and of individual directors was carried out is discussed in detail in the Directors' Report.

I. Familiarisation programme for Independent Directors

A new Director is welcomed to the Board of Directors of the Company by sharing various documents and information of the Company for his/her reference such as brief introduction to the Company and profile of Board of Directors of the Company, Details of various Committees of the Board, Latest Annual Reports, Code of Conduct for Directors, Code of Conduct for Senior Management and Employees, Code of Conduct for Independent Directors, Code of Conduct for Prevention of Insider Trading in shares of the Company etc.

The Company updates the Board Members on a continuing basis on any significant changes and provides them an insight into their expected roles and responsibilities so as to be in a position to take a well-informed and timely decisions and contribute significantly to the Company.

Other Initiatives to update the Directors on a continuing basis:

All Directors are apprised of any changes in the codes or policies of the Company. The Board of Directors has access to the information within the Company which is necessary to enable it to perform their role and responsibilities diligently.

The Executive Director / Senior Managerial Personnel regularly apprise the Board and its committees of the business strategies, operational and financial performance, budgets, Internal Controls and Risk Management Plans, statutory compliances and regulatory updates, performance of the Subsidiaries etc.

Such presentations also provide an opportunity to the Independent Directors to interact with the Senior Management team of the Company and its Subsidiaries and help them to understand the Company's policies, its long-term vision and strategy, business model, operations and such other areas as are relevant from time to time.

Thus, the Company ensures that there is an adequate mechanism to ensure that the Directors remain familiar with their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company, etc., and continue to be updated on the state of the Company's affairs and the industry in which it operates.

Details of familiarisation program during the year under review

During the year under review, on 22nd October, 2019 a special session was organized for the newly appointed Independent Directors werein they were briefed on Background of the Company, its Business, Customer, Products, Technologies, Market and Industry in which the Company operates, Risk Management and Internal Controls Framework, Roles and Responsibilities of the Directors as prescribed under the Companies Act and the Listing Regulations, Various committees of Board and their terms of references and various policies framed by the Board of Directors of the Company.

On 11th December, 2019 directors visited three Plants of the Stampings and Composites Division of the Company at Village Kanhe. The members of Board were inter-alia briefed on the Business Overview, manufacturing capabilities and Engineering Capability of the Plants, manufacturing process, products manufactured, Sales evolution and opportunities and challenges going forward for the respective business divisions.

As required under Regulation 46 of the Listing Regulations the details of familiarisation programme for the Independent Directors has been hosted on the Company's website and can be viewed by visiting the following link: http://www.mahindracie.com/investors/downloads/documents.html#other-documents-and-disclosures

J. Risk Management

Your Company follows well defined and detailed risk management plan. Your Company has established procedures to periodically place before the Board, the risk assessment and minimisation procedures being followed by the Company and steps taken by it to mitigate the Risks. The Board of Directors of the Company have constituted a Risk Management Committee consisting of Board Members and Senior Management Personnel and has delegated the function of monitoring and reviewing of risk management plan to the Committee. Further details in respect of the Committee are covered under details of Risk Management Committee.

III. COMMITTEES OF THE BOARD OF DIRECTORS

Your Company has constituted Board-level Committees to delegate particular matters relating to the affairs of the Company that require greater and more focussed attention. These Committees prepare the ground-work for decision making and report to the Board.

All decisions pertaining to the constitution of Committees, appointment of Members and fixing of terms of service for Committee Members are taken by the Board of Directors. Details regarding the role and composition of these Committees, including the number of meetings held during the Financial Year and the related attendance, are provided below:

A. Audit Committee:

i. Composition, name of Members and Chairperson

As on 31st December, 2019, the Audit Committee comprises of four Non-Executive Independent Directors namely Mr. Dhananjay Mungale (Chairman of the Committee w.e.f. 29th September, 2019), Mr. Manoj Maheshwari, Mr. Alan Savio D'Silva Picardo and Mrs. Roxana Meda Inoriza.

During the year under review, Mr. Daljit Mirchandani and Mr. Juan Maria Bilbao Ugarriza ceased to be members of the Committee with effect from 28th September, 2019 upon completion for their respective term as Independent Director. Mr. Zhooben Bhiwandiwala, Non-Executive Director of the Company is a permanent invitee at the Committee with effect from 29th September, 2019.

Mr. Daljit Mirchandani who was the Chairman of the Audit Committee on the date of the 20th Annual General Meeting which was held on 6th May, 2019, had attended the same to answer queries of Shareholders.

All the Members of the Audit Committee have vast experience and possess financial/ accounting expertise/ exposure. The composition of Committee meets with requirements of Section 177 of the Act and Regulation 18 (1) of Listing Regulations.

The Company Secretary is the Secretary to the Committee.

ii. Terms of reference

The terms of reference of this Committee are very wide and are in line with the regulatory requirements mandated by the Act and Part C of Schedule II of the Listing Regulations. Besides having access to all the required information from within the Company, the Committee can obtain external professional advice whenever required. The Committee acts as a link between the Statutory Auditors, the Internal Auditors and the Board of Directors of the Company. It is authorised to select and establish accounting policies, review reports of the Statutory and the Internal Auditors and meet them to discuss their findings, suggestions and other related matters and monitor and review the Auditor's independence and performance, effectiveness of the audit process, oversee Company's financial reporting process and the disclosure of its financial information, review with the management the quarterly and annual financial statements before submission to the Board for approval, select and establish accounting policies, approve wherever necessary transactions of the Company with related parties including subsequent modifications thereof, grant omnibus approvals subject to fulfillment of certain conditions, scrutinise inter-corporate loans and investments, review the risk assessment and minimisation procedures, evaluate internal financial controls and risk management systems. The Committee is also empowered to recommend, the remuneration payable to the Statutory Auditors and to recommend a change in Auditors, if felt necessary.

The Committee is also empowered to recommend appointment and remuneration of the Cost Auditor, Internal

Auditor and Chief Financial Officer (i.e., the Whole-time Finance Director or any other person heading the finance function or discharging that function), etc. The Committee also reviews Financial Statements and investments of Unlisted Subsidiary Companies, Management Discussion & Analysis of financial condition and results of operations, material individual transactions with related parties not in normal course of business or which are not on an arm's length basis, if any and reviews all the information as prescribed in Part C of Schedule II of the Listing Regulations including the working of whistle blower mechanism. The Audit Committee has been granted powers as prescribed under Regulation 18 (2) of Listing Regulations.

The Committee also reviews on quarterly basis the Report on compliance under Code Prevention of Insider Trading adopted by the Company pursuant to Securities and Board Exchange of India.

Pursuant to amendments in the Listing Regulations and the SEBI (Prohibition of Insider Trading) Regulations, 2015 (PIT Regulations) the terms of reference of the Audit Committee were amended to include (i) review of the utilization of loans and/ or advances from/investment by the holding company in the subsidiary exceeding ₹ 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments and (ii) reviewing the internal controls established as per the PIT Regulations and verifying their adequacy and efficiency at least once in the year.

iii. Meetings and attendance

The Committee held 6 (Six) meetings during the Financial Year ended 31st December, 2019 on 20th February, 2019, 12th March, 2019, 6th May, 2019, 19th July, 2019, 23rd October, 2019 and 10th December, 2019. The time gap between two meetings did not exceed one hundred and twenty days.

Table 4: Attendance record of Audit Committee

Name of the Member	Position	Status	No. of Meetings Attended
Mr. Daljit Mirchandani *	Independent Director	Chairman*	4
Mr. Manoj Maheshwari	Independent Director	Member	4
Mr. Dhananjay Mungale	Independent Director	Chairman#	6
Mr. Juan Maria Bilbao Ugarriza *	Independent Director	Member	0
Mr. Alan Savio D Silva Picardo ^	Independent Director	Member	2
Mrs. Roxana Meda Inoriza ^	Independent Director	Member	2

#appointed as the Chairman w.e.f. 29th September, 2019

*Ceased to be Director and member of the Committee w.e.f. 28th September, 2019

^Appointed as member of the Committee w.e.f. 29th September, 2019.

The meetings of the Audit Committee are also attended by the Chairman, Executive Director, Chief Financial Officer, the Company Secretary, the Statutory Auditors and the Internal Auditors.

The Cost Auditor also attends the Committee Meeting at which the Cost Audit Report is considered.

B. Nomination and Remuneration Committee:

i. Composition, name of Members and Chairperson

As on 31st December, 2019, the Nomination and Remuneration Committee comprised of four Members with half of them being Independent Directors, including its Chairman, namely Mr. Manoj Maheshwari (Chairman of the Committee), Mr. Alan Savio D'Silva Picardo, Mr. Jesus Maria Herrera Barandiaran Non Executive Director and Mr. Shriprakash Shukla, Non-Executive Director and Chairman of the Company.

During the year under review, Mr. Daljit Mirchandani and Mr. Hemant Luthra ceased to be members of the Committee with effect from 28th September, 2019 and 23rd October, 2019 respectively.

The Company Secretary is the Secretary to the Committee.

ii. Terms of reference

The terms of reference of the Nomination and Remuneration Committee inter-alia includes, identification of persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down, determining the criteria for determining qualifications, positive attributes and independence of a Director, recommend to the Board appointment and removal of Directors & Key Managerial Personnel's, carry out evaluation of every Director's performance and recommend to the Board a policy, relating to the remuneration of Directors, Key Managerial Personnel and other employees.

The scope of the Committee further includes reviewing and recommending to the Board appointment and remuneration of the Executive Director(s) and Key Managerial Personnel of the Company.

The Committee also administers the Company's Employee Stock Option Schemes formulated from time to time including Mahindra CIE Employees Stock Option Scheme 2007 and Mahindra CIE Employees Stock Option Scheme 2015 and take appropriate decisions in terms of the concerned Scheme(s). It also attends to such other matters as may be prescribed from time to time.

Pursuant to Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 dated 9th May, 2018, the Board at its meeting held on 20th February, 2019 has additionally included in terms of reference of the Committee i.e., to identify the persons capable to be appointed in the position of Senior Management, to recommend to the Board, all remuneration, in whatever form, payable to senior management, to identify persons who are qualified to become directors and who may be appointed in senior management of the Company, to recommend to the Board the appointment and removal of senior management and to specify the manner for effective evaluation of performance of Board, its Committees and individual directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance.

The terms of reference of this Committee are in line with the regulatory requirements mandated in the Act and Part D of Schedule II of the Listing Regulations.

iii. Meetings and attendance

The Committee held 4 (Four) meetings during the Financial Year ended 31st December, 2019 on 20th February, 2019, 19th July, 2019, 27th September, 2019 and 9th December, 2019.

Table 5: Attendance record of Nomination and Remuneration Committee

Name of the Member	Position	Status	No. of Meetings Attended
Mr. Manoj Maheshwari	Independent Director	Chairman	3
Mr. Daljit Mirchandani *	Independent Director	Member	3
Mr. Jesús María Herrera Barandiaran	Non-Executive Director	Member	3
Mr. Alan Savio D Silva Picardo ^	Independent Director	Member	1
Mr. Shriprakash Shukla @	Non-Executive Director	Member	N.A.
Mr. Hemant Luthra **	Non-Executive Director	Member	3

*Ceased as Director w.e.f. 28th September, 2019 resulting in cessation from committee as well.

**Ceased as Director w.e.f. 23rd October, 2019 resulting in cessation from committee as well.

^Appointed as member of the Committee w.e.f. 29th September, 2019.

@Appointed as member of the Committee w.e.f. 10th December, 2019.

Mr. Daljit Mirchandani and Mr. Hemant Luthra members of the Committee were present at the 20th Annual General Meeting of the Company held on 6th May, 2019.

iv. Performance evaluation criteria for Independent Directors.

In accordance with Schedule IV to the Companies Act, 2013 and the Listing Regulations, performance evaluation of Independent Directors was done by the entire Board excluding the Directors being evaluated. The Performance Evaluation reports of the Independent Directors for last three years were perused by the Board, while considering the re-appointment of the Independent Directors, their performance was evaluated. The re-appointment of the Independent Directors was recommended to the members based on the said Performance Evaluation.

The performance evaluation of Independent Directors was based on various criteria, inter alia, including attendance at Board and Committee Meetings, skill, experience, ability to challenge views of others in a constructive manner, knowledge acquired with regard to the Company's business, understanding of industry and global trends, etc.

C. Stakeholders' Relationship Committee:

i. Composition, name of Members and Chairperson

As on 31st December, 2019, the Stakeholders' Relationship Committee comprises of three Non-Executive Independent Directors of the Company namely Mr. Kadambi Narahari, Chairman of the Committee, Mr. Dhananjay Mungale and Mr. Suhail Nathani. Mr. Pankaj Goyal, Company Secretary is the Compliance Officer of the Company.

During the year under review, Mr. Kadambi Narahari was appointed as the Chairman of the Committee w.e.f. 10th December, 2019. Mr. Dhananjay Mungale was the Chairman of the Committee upto 10th December, 2019. Mr. Suhail Nathani was appointed as member of the Committee w.e.f. 29th September, 2019. Mr. Hemant Luthra was appointed as member for the Committee w.e.f. 20th February, 2019 and he ceased as member for the Committee w.e.f. 23rd October, 2019. Mr. Daljit Mirchandani ceased to be member of the Committee with effect from 28th September, 2019.

ii. Terms of reference

The Committee meets as and when required, to inter alia deal with matters relating to transfers of shares, request for issue of duplicate share certificates and monitors redressal of the grievances of the security holders relating to transfers, non-receipt of balance sheet etc. With a view to expediting the process of share transfers, necessary authorisation has been delegated to the Chairman of the Committee and the Company Secretary who are severally authorised to approve the transfers and transmission of not more than 5,000 ordinary equity shares per transfer provided that the transferee does not hold 100,000 or more ordinary equity shares in your Company.

The Committee is also authorised to approve request for transmission of shares and issue of duplicate share certificates. The role and terms of reference of the Committee covers the areas as contemplated under Regulation 20 read with Part D of Schedule II of the Listing Regulations and Section 178 of the Act, as applicable, besides the other terms as referred by the Board of Directors.

Further, pursuant to amendments in Regulation 20 read with Part D of Schedule II of the Listing Regulations the Board at its meeting held on 20th February, 2019 has additionally included terms of reference i.e., to look into various aspects of interest of shareholders, debenture holders and other security holders, resolving the grievances of the security holders of the listed entity including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc., review of measures taken for effective exercise of voting rights by shareholders, review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent and review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/ annual reports/statutory notices by the shareholders of the company.

iii. Meetings and Attendance

The Committee met once during the year under review, on 19th July, 2019. The Committee also considered the matters relating to issue of duplicate share certificates through circular resolution. The details of shares transferred, transmitted etc. and report of Investors Complaints received and resolved was presented to Board on quarterly basis.

Table 6: Attendance record of Stakeholder Relationship Committee

Name of the Member	Position	Status	No. of Meetings Attended
Mr. Kadambi Narahari ^	Independent Director	Chairman	N.A.
Mr. Daljit Mirchandani *	Independent Director	Member	1
Mr. Dhananjay Mungale	Independent Director	Member	1
Mr. Suhail Nathani ^^	Independent Director	Member	N.A.
Mr. Hemant Luthra **	Non-Executive Director	Member	1

*Ceased as Director w.e.f. 28th September, 2019 resulting in cessation from committee as well.

**Appointed as member of the Committee w.e.f. 20th February, 2019, further ceased as Director w.e.f. 23rd October, 2019 resulting in cessation from committee as well.

^Appointed as member and Chairman of the Committee w.e.f. 10th December, 2019.

^^Appointed as member of the Committee w.e.f. 29th September, 2019.

During the year ended 31st December, 2019, 68 complaints were received from Shareholders and all of which have been attended /resolved to the satisfaction of Shareholders. As of date, there are no pending share transfers pertaining to the year under review.

Mr. Dhananjay Mungale, Chairman and Mr. Daljit Mirchandani member of the Committee were present at the 20th Annual General Meeting of the Company held on 6th May, 2019.

D. Risk Management Committee

i. Composition, name of Members and Chairperson

Pursuant to Regulation 21 of Listing Regulations, the Board at its meeting held on 20th February, 2019 has constituted a Risk Management Committee comprising of three members namely Mr. Romesh Kaul (Executive Director) – Chairman of the Committee, Mr. Ander Arenaza (Executive Director) – Member, Mr. Manoj Menon (Executive Director) – Member.

During the year under review Mr. Romesh Kaul ceased as member and Chairman of the Committee w.e.f. 16th October, 2019. Mr. Manoj Menon was appointed as Chairman of the Committee w.e.f. 17th October, 2019. Further, Mr. Hari Krishan (Chief Executive Officer – Forgings and Bill Forge Divisions) was inducted as member of the Committee w.e.f. 17th October, 2019.

As on 31st December, 2019 the Risk Management Committee comprises of Mr. Manoj Menon – Chairman of the Committee, Mr. Ander Arenaza – Member and Mr. Hari Krishnan – Member.

ii. Terms of reference

The terms of reference of Risk Management committee inter-alia include to formulate a formal Risk management policy which should specifically include ‘Cyber Security Risk’ and ‘Commodities Risk including hedging activities’. The policy should also take into account total exposure of the entity towards commodities, commodity risks faced by the entity, hedged exposures, etc., to ensure the presence of Risk Management system in Company’s accounting and financial reporting system, to monitor and review the risk management plan regarding “cyber security”, to review total exposure of the entity towards commodities, commodity risks faced by the entity, hedged exposures, etc., to ensure that encouraging positive thinking, does not lead to taking excessive risk, to review and the Risk Policy formulated by the Company and to ensure that an explanation regarding steps taken by the management to limit the risks of adverse exchange rate movement is placed before the Board.

iii. Meetings and Attendance

The Committee once during the year under review, on 16th July, 2019.

Table 8: Attendance record of Risk Management Committee

Name of the Member	Position	Status	No. of Meetings Attended
Mr. Romesh Kaul *	Executive Director	Chairman	1
Mr. Manoj Menon ^	Executive Director	Chairman	1
Mr. Ander Arenaza	Executive Director	Member	1
Mr. Hari Krishnan ^^	Chief Executive Officer	Member	NA

*Ceased as Director w.e.f. 16th October, 2019 resulting in cessation from committee as well.

^Appointed as Chairman of the Committee w.e.f. 17th October, 2019.

^^Appointed as member of the Committee w.e.f. 17th October, 2019.

E. Corporate Social Responsibility Committee

i. Composition, name of Members and Chairperson

As on 31st December, 2019, the Corporate Social Responsibility Committee comprises of four members namely Mr. Kadambi Narahari - Chairman, Mr. Dhananjay Mungale, Mr. Manoj Menon and Mr. Anil Haridass.

During the year under review, Mr. Daljit Mirchandani ceased as member and Chairman of the Committee w.e.f. 28th September, 2019. Mr. Hemant Luthra ceased as member of the Committee w.e.f. 23rd October, 2019. Mr. Kadambi Narahari was appointed as member and Chairman of the Committee w.e.f. 29th September, 2019 and Mr. Manoj Menon & Mr. Anil Haridass were appointed as member of the Committee w.e.f. 10th December, 2019.

ii. Terms of reference

The terms of reference of the CSR Committee inter-alia included formulating and recommending to the Board CSR Policy indicating the activities to be undertaken by the Company in compliance with the provisions of the Companies Act, 2013 and Rules made there under, allocate the amount of expenditure to be incurred on CSR activities as enumerated in Schedule VII to the Companies Act, 2013, and monitor the implementation of CSR Policy and projects of the Company periodically.

iii. Meetings and attendance

The Committee met 3 (three) times during the year under review, on 20th February, 2019, 19th July, 2019 and 10th December, 2019.

Table 7: Attendance record of Corporate Social Responsibility Committee

Name of the Member	Position	Status	No. of Meetings Attended
Mr. Daljit Mirchandani *	Independent Director	Chairman	2
Mr. Dhananjay Mungale	Independent Director	Member	3
Mr. Hemant Luthra **	Non-Executive Director	Member	2
Mr. Kadambi Narahari ^	Independent Director	Chairman	1
Mr. Manoj Menon ^^	Executive Director	Member	1
Mr. Anil Haridass ^^	Executive Director	Member	1

*Ceased as Director w.e.f. 28th September, 2019 resulting in cessation from committee as well.

**Ceased as Director w.e.f. 23rd October, 2019 resulting in cessation from committee as well.

^Appointed as member and Chairman of the Committee w.e.f. 29th September, 2019.

^^Appointed as member of the Committee w.e.f. 10th December, 2019.

The details of CSR initiatives undertaken by the Company are provided in the CSR Report annexed to the Directors Report.

F. Recommendations made by any of the above Committees which were not accepted by the Board

During the year under review, there were no instances where the Board had not accepted any recommendation(s) made by any of the Committee of the Board. All the recommendations of the committees were accepted by the Board.

G. Other non-mandatory committee - Allotment Committee:

The Board of Directors have constituted 'Allotment Committee' for considering issue and allotment of shares pursuant to exercise of options granted under ESOP scheme of the Company. Allotment Committee comprises of Mr. Kadambi Narahari, Chairman of the Committee, Mr. Dhananjay Mungale and Mr. Suhail Nathani.

During the year under review, Mr. Daljit Mirchandani ceased to be member of the Committee w.e.f. 28th September, 2019. Mr. Hemant Luthra was appointed as member and Chairman of the Committee w.e.f. 29th September, 2019, who further ceased to be member of the Committee w.e.f. 23rd October, 2019. Mr. Suhail Nathani was appointed as member of the Committee w.e.f. 29th September, 2019 and Mr. Kadambi Narahari was appointed as member and Chairman of the Committee w.e.f. 10th December, 2019

During the year under review, no meeting of the Committee was held however the Committee considered the matters relating the issue and allotment of shares through circular resolution.

IV. APPOINTMENT AND REMUNERATION OF DIRECTORS

A. Policy on appointment of Directors and Senior Managerial Personnel

Your Company has a well-defined Policy for appointment of Directors and senior management. The Policy was approved by the Board of your Company at its Meeting held on 11th May, 2015 based on the recommendations made by the Nomination and Remuneration Committee.

i. Appointment of Directors

The Nomination and Remuneration Committee (NRC) reviews and assesses the Board Composition and recommends the appointment of new Directors. All Board appointments are based on merit, skills, experience, independence and knowledge of individuals. NRC also takes into account ability of candidates to devote sufficient time in discharging his/her duties.

ii. Appointment of Senior Managerial Personnel:

The Nomination and Remuneration Committee (NRC) has laid down the criteria for identification of persons who may be appointed in the Senior Management which includes the qualification, skills and experience of the candidate for the responsibility the position shall carry. Senior Management personnel are appointed or promoted and removed/ relieved with the authority of Chairman and/or Managing Director or Executive Director based on the business need and the suitability of the candidate in accordance with the criteria laid down. The details of the appointment made and the personnel removed is presented to the NRC.

B. Policy on remuneration

Your Company has a well-defined Compensation Policy for Remuneration of the Directors, Key Managerial Personnel and other Employees. The Policy was approved by the Board of your Company at its Meeting held on 11th May, 2015 based on the recommendations by the Nomination and Remuneration Committee.

i. Remuneration to Non-Executive including Independent Directors

The Nomination and Remuneration Committee (NRC) decides the basis for determining the compensation, both Fixed and Variable, to the Non-Executive Directors, including Independent Directors, whether as commission or otherwise and submit its recommendations to the Board. The NRC, while making its recommendation, shall take into consideration various factors such as director's participation in Board and Committee meetings during the year, other responsibilities undertaken, such as membership or Chairmanship of committees, time spent in carrying out their duties, role and functions of the Independent Directors as envisaged in Schedule IV of the Companies Act 2013 and SEBI Listing Obligations and Disclosure Requirements Regulations, 2015 (LODR) as amended from time to time and such other factors as the NRC may consider deem fit. On recommendation of the NRC, the Board shall determine the compensation to Non-Executive Directors within the overall limits specified in the Shareholders resolution.

ii. Remuneration to Executive Directors:

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

iii. Remuneration to Key Managerial Personnel's (Excluding Managing Director and Executive Directors) (KMPs)

Pursuant to the provisions of Section 203 of the Companies Act 2013, the Board approves the remuneration of KMP at the time of their appointment on recommendation of the Nomination and Remuneration Committee. Remuneration of KMPs consists of both fixed and variable compensation and is paid as salary, commission, performance bonus, stock options (where applicable), perquisites and fringe benefits as approved by the Board on recommendation of the Nomination and Remuneration Committee. The terms of remuneration of Chief Financial Officer (CFO) are also approved by the Audit Committee.

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

iv. Senior Management Personnel's and other Employees

The Company has a CTC (Cost to Company) concept which includes a fixed component (Guaranteed Pay) and a variable component (Performance pay). The percentage of the variable component increases with increasing hierarchy levels, as we believe employees at higher positions have a far greater impact and influence on the overall business result. The CTC is reviewed once every year.

Remuneration for the new employees other than KMPs is decided by the head of Human Resource Department of the respective divisions/plant as the case may be, in consultation with the head of the concerned Division, depending upon the relevant job experience, last compensation and the skill-set of the selected candidate.

C. **Remuneration / Compensation paid to Directors**

Table 9: Details of remuneration paid/payable to the Directors for the financial year ended 31st December, 2019

(₹ in Million)

Name of the Director	Sitting Fees	Salary and Perquisites	Other Compensation/ Fees	Total	Contract Period
Mr. Hemant Luthra #	Nil	12.19	22.73	34.92	1st April 2018 to 31st March, 2020
Mr. Shriprakash Shukla	Nil	Nil	Nil	Nil	NA
Mr. Ander Arenaza Alvarez	Nil	1.70	Nil	1.70	Renewed for further period of 3 years from 13th September, 2019 to 12th September, 2022
Mr. Romesh Kaul ##	Nil	16.94	Nil	16.94	NA
Mr. Manoj Menon ^^	Nil	2.35	Nil	2.35	17th October, 2019 to 16th October, 2022
Mr. Anil Haridass ^^^	Nil	0.83	Nil	0.83	10th December, 2019 to 9th December, 2022
Mr. Daljit Mirchandani ###	0.82	NA	1.06	1.88	NA
Mr. Dhananjay Mungale	1.08	NA	1.42	2.50	NA
Mr. Manoj Maheshwari	0.76	NA	1.50	2.26	NA
Mrs. Neelam Deo ###	0.50	NA	1.13	1.63	NA
Mr. Juan Maria Bilbao Ugarriza ###	Nil	NA	1.13	1.13	NA
Mr. Suhail Nathani	0.60	NA	1.50	2.10	NA
Mr. Kadambi Narahari ^	0.22	NA	0.38	0.60	NA
Mrs. Roxana Meda Inoriza ^	0.30	NA	0.33	0.63	NA
Mr. Alan Savio D'Silva Picardo ^	0.32	NA	0.31	0.63	NA
Mr. Zhooben Bhiwandiwala	Nil	Nil	Nil	Nil	NA

#Ceased as Director w.e.f. 23rd October, 2019.

Ceased as Director w.e.f. 16th October, 2019.

###Ceased as Director on completion of term w.e.f. 28th September, 2019.

^Appointed as Independent Director w.e.f. 29th September, 2019.

^^Appointed as Executive Director w.e.f. 17th October, 2019.

^^^Appointed as Executive Director w.e.f. 10th December, 2019.

Note

1. Mr. Hemant Luthra was paid professional fees in accordance with approval of the shareholders. Further, the perquisites as disclosed above is pertaining to the ESOPs which were granted to Mr. Luthra during his employment with the Company and which remained vested in him post his retirement in accordance with the ESOP Scheme.

2. Independent Directors were entitled to remuneration by way of sitting fees for attending meeting of Board and committees and profit linked commission as approved by the shareholders. While the sitting fees payable were fixed during the year and included in above calculations on the basis of what was actually paid/payable; no commission was paid to the Independent Directors during 2019. The Company has made provision in books of accounts for the commission payable to Independent Directors in accordance with maximum commission payable to an Independent Director as per the approval of the shareholders. Actual Commission, as may be approved by the Board of Directors of the Company, on recommendation of the nomination and remuneration committee and in line with the policy as disclosed hereinabove, shall be paid during 2020. However, the provisions made in the books of accounts for the Commission payable is considered and disclosed above.

Criterion for payment of Remuneration to Non-Executive Directors

Mr. Jesus Maria Herrera Barandiaran, Mr. Zhooben Bhiwandiwala and Mr. Shriprakash Shukla were not entitled to any remuneration or sitting fees.

Non-Executive Independent Directors were entitled to sitting fees of ₹ 1,00,000/- for attending every meeting of the Board, ₹ 50,000/- for attending every meeting of the Audit Committee and ₹ 20,000/- for attending other Committee meetings of the Board.

In accordance with the approval of shareholders, Non-Executive Independent Directors were also entitled to remuneration by way of commission upto ₹ 15,00,000 subject to condition that the total remuneration including sitting fees does not exceed Rs, 25,00,000.

Pecuniary and other relationships of Directors

Apart from the sitting fees and the remuneration by way of commission paid/payable to Independent Directors, none of the Independent Directors had any pecuniary relationship with the Company except for the professional fees paid to Economic Law Practice (ELP), Advocates & Solicitors, in which Mr. Suhail Nathani, Independent Director is a partner, amounting to ₹ 0.44 Million (including out of pocket expenses).

Apart from the remuneration paid to Mr. Hemant Luthra as Director of the Company as approved by the shareholders, none of the Non-Executive, Non-independent Directors had any pecuniary relationship or transactions vis-à-vis the Company.

Other disclosures

The remuneration payable to the Executive Director is fixed by the Board of Directors of the Company on the recommendation of the Nomination and Remuneration Committee of the Company and also approved by the Shareholders of the Company.

The Company did not advance loans to any of its Directors.

Notice period applicable to the Executive Directors is three months. No severance fees or commission is paid to the Executive Directors. Performance Pay and Employee Stock Option is the only component of remuneration that is performance–linked. All other components are fixed.

D. Table 10: The Stock options granted to Directors, the period over which accrued and over which it is exercisable are as under:

Name of the Director	ESOP - 2007					ESOP-2015	No. of Ordinary (Equity) shares held as on 31st December, 2019
	No. of Options granted in February, 2008@@	No. of Options granted in August, 2008@@@	No. of Options granted in April, 2011@@@@	No. of Options granted in January, 2012@@@@@	No. of options granted on 12th December, 2014 against the options held in MCL@@@@@@	No. of Options granted in February, 2016$	
Mr. Hemant Luthra	200,000	NIL	NIL	NIL	5,220	4,16,700	387,653#
Mr. Daljit Mirchandani**	NA	10,000	15,000	NIL	NIL	-	25,000#
Mr. Romesh Kaul (Ceased as Director w.e.f. 16th October, 2019)	6,250	6,250	6,250	6,250	NIL	133,330	44,500
Mr. Manoj Menon (Appointed as Executive Director w.e.f. 17th October, 2019)	NIL	NIL	NIL	NIL	NIL	33,330	12,448

@@ These Options vested in four equal instalments in February 2009, February 2010, February 2011 and February 2012 respectively and were exercisable within five years from the date of vesting of the Options at an Exercise Price of ₹ 197/- per share, except for Mr. Hemant Luthra who was granted Options at an exercise price of ₹ 83/- per share.

@@@ These Options vested in four equal instalments in August 2009, August 2010, August 2011 and August 2012 respectively and were exercisable within five years from the date of vesting of the Options at an Exercise Price ₹ 109/- per share.

@@@@ These Options vested in four equal instalments in April 2012, April 2013, April 2014 and April 2015 respectively. These Options can be exercised within five years from the date of vesting of the Options at an Exercise Price ₹ 57/-per share.

@@@@@ These Options vested in four equal instalments in January 2013, January 2014, January 2015 and January 2016 respectively. These Options can be exercised within five years from the date of vesting of the Options at an Exercise Price ₹ 44/-per share.

@@@@@@ These Options were granted in lieu of the Options held in Mahindra Composites Limited which was amalgamated with the Company as per the Scheme of Amalgamation. These options were vested in three equal instalments on July, 2010, July 2011 and July, 2012 respectively and were exercisable within five years from the date of vesting of the Options at an Exercise Price ₹ 52.67/-per share.

These shares were allotted pursuant to exercise of Stock Options / pursuant to Integrated Scheme and Composites Scheme of Amalgamation.

** The Stock options were granted to Mr. Mirchandani before the Companies Act, 2013 and the Listing Regulations came into force. The Independent Directors are not entitled to any stock options w.e.f. 1st April, 2014.

$ These Options vested in three equal instalments in February, 2017, February, 2018 and February, 2019 respectively. These Options can be exercised within four years from the date of vesting of the Options at an Exercise Price ₹ 150/-per share.

V. GENERAL BODY MEETINGS

a. Details of time, venue and special resolutions passed in the Annual General Meetings (AGMs) in last three Financial Years are given in Table 11 below:

Table 11:

Year	Date and Venue	Time	Special Resolution(s) passed
AGM 2017	27th April, 2017 Kishinchand Chellaram College, 124, Dinshaw Wacha Road, Churchgate, Mumbai - 400020	11:00 a.m.	1. Approval for payment of remuneration to Mr. Ander Arenaza Álvarez (DIN: 07591785) as the Whole-time Director (Executive Director) of the Company w.e.f. 1st April, 2017 till the remaining tenure of his appointment upto 12th September, 2019.
AGM 2018	19th April, 2018 Kishinchand Chellaram College, 124, Dinshaw Wacha Road, Churchgate, Mumbai - 400020	10:30 a.m.	1. Modification in the sub-limits of remuneration payable to Directors of the Company. 2. Remuneration payable to Mr. Hemant Luthra (DIN: 00231420) as Non-Executive Chairman of the Company.
AGM 2019	6th May, 2019 Kishinchand Chellaram College, 124, Dinshaw Wacha Road, Churchgate, Mumbai - 400020	3:30 p.m.	1. Approval of remuneration by way of commission to Independent Directors of the Company 2. Approval of Annual Remuneration of Mr. Hemant Luthra as Non-executive Chairman of the Company

b Postal Ballot

During the Financial Year ended 31st December, 2019 following special resolutions were passed through Postal Ballot along-with details of voting results:

Sr. No.	Particulars	% votes in favor	% votes against	Result
1	Re-appointment of Mr. Manojkumar Madangopal Maheshwari (DIN: 00012341) as an Independent Director of the Company, to hold office for a second term of 5 (five) consecutive years commencing from 29th September, 2019 to 28th September, 2024	99.6853	0.3147	passed with requisite majority
2	Re-appointment of Mr. Dhananjay Narendra Mungale (DIN: 00007563) as an Independent Director of the Company, to hold office for the second term commencing from 29th September, 2019 to the date of Annual General Meeting to be held following Mr. Dhananjay Narendra Mungale completing 70 (Seventy) years of age, subject to the condition that the term shall not exceed five consecutive years commencing from 29th September, 2019	99.6443	0.3557	passed with requisite majority

Sr. No.	Particulars	% votes in favor	% votes against	Result
3	Re-appointment of Mr. Suhail Amin Nathani (DIN: 01089938) as an Independent Director of the Company, to hold office for a second term of 5 (five) consecutive years commencing from 12th December, 2019 to 11th December, 2024	95.3696	4.6304	passed with requisite majority
4	Appointment of Mr. Ander Arenaza Alvarez (DIN: 07591785) as Whole-time Director (designated as Executive Director) of the Company for a term of 3 (three) years commencing from 13th September, 2019 to 12th September, 2022 on an aggregate remuneration not exceeding ₹ 2,400,000 (Rupees Two Million Four Hundred Thousand) per annum	99.9999	0.0001	passed with requisite majority

c. Person who conducted the postal ballot exercise

The Board of Directors in its meeting held on 19th July, 2019, in compliance with Rule 22(5) of the Rules, had appointed Mr. Sachin Bhagwat, Practicing Company Secretary (Membership No. ACS 10189) as the Scrutinizer for conducting the Postal Ballot voting process in a fair and transparent manner.

d. Procedure followed for the postal ballot conducted during the financial year ended 31st December, 2019:

Date of Postal ballot notice: 19th July, 2019

Voting period: 12th August, 2019 to 10th September, 2019

Date of Deceleration of results: 12th September, 2019

Pursuant to section 108 and 110 and other applicable provisions of the Companies Act, 2013, read with related rules, the Company provided e-voting facility to all its members. The members had the option to either vote by physical ballot or through remote e-voting.

The Company dispatched the postal ballot notice and form along-with the self-addressed postage pre-paid envelope to its members whose names appeared in the register of members/ list of beneficiaries as on 2nd August, 2019 (the cut-off date). The postal ballot notice was sent to members in electronic form to the email addresses registered with their depository participants (in case of electronic shareholding) or with the Company's registrar and share transfer agent (in case of physical shareholding) and through courier/speed/registered post to the member whose email addresses were not registered. The Company had also published a notice in the newspaper declaring the details of completion of dispatch and other requirements as required under the applicable rules.

Voting rights were reckoned on the paid - up value of shares registered in the names of the members as on the cut-off date. Members desiring to exercise their vote by physical postal ballot forms were requested to return the forms, duly completed and signed, to the scrutinizer on or before the close of voting period. Members desiring to exercise their vote by electronic mode were requested to vote before the close of business hours of last voting date of remote e-voting.

The scrutinizer submitted his report to the Chairman, after the completion of scrutiny, and the consolidated result of the remote e-voting and voting by postal ballot was announced by the Chairman. The result was also displayed on the website of the Company besides being communicated to the Stock Exchanges and registrar and share transfer agents of the Company.

e. Special Resolution proposed to be passed through Postal Ballot

None of the businesses/special resolution proposed to be transacted in the ensuing Annual General Meeting which requires the passing of a Resolution by way of Postal Ballot.

VI. DISCLOSURES

a. Policy for determining 'material' Subsidiaries

Your Company has formulated a Policy for Determining 'Material' Subsidiaries as defined in Regulation 16 of the Listing Regulations. During the year under review, the Policy was amended to align it with the amendments made in the Listing Regulations. This Policy has also been posted on the website of the Company and can be accessed through web link: http://www.mahindracie.com.

b. Policy on Materiality of and Dealing with Related Party Transactions

Your Company has formulated a Policy on Materiality of and Dealing with Related Party Transactions which specify the manner of entering into related party transactions. During the year under review, this Policy was also amended to align it with the amendments made in the Listing Regulations and with the regulatory requirements mandated in the Act. This Policy has also been posted on the website of the Company and can be accessed through web link: http://www.mahindracie.com.

c. Disclosure of Transactions with Related Parties

All related party transactions that were entered into during the Financial Year were on an arm's length basis and were in the ordinary course of business. During the Financial Year ended 31st December, 2019, there were no materially significant related party transactions or arrangements entered into (exceeding 10% of the annual consolidated turnover of the Company) by the Company with its Directors, Key Managerial Personnel or any other designated persons which may have a potential conflict with the interest of the Company at large. The Company has obtained approval of the shareholders by way of ordinary resolution passed at the 20th Annual General Meeting of the Company held on 6th May, 2019 for the transactions to be entered into with Mahindra and Mahindra Limited (Holding Company of the Investing Company in respect of which the Company is an Associate), for Financial Year starting from 1st January, 2019 and every Financial Year thereafter, provided that aggregate amount of all such Transactions during any one Financial Year shall not exceed ₹ 18,000,000,000 (Rupee Eighteen Thousand Million). Details of related party transactions are presented in Note no. 31 to the Standalone Financial Statement for the year ended 31st December, 2019.

All the related party Transactions were approved by the Audit Committee from time to time. The Audit Committee has also granted omnibus approval to related party transactions of repetitive nature. A statement of all the Related Party Transaction entered into by the Company pursuant to the omnibus approval granted was placed before the meeting of Audit Committee for its review on quarterly basis.

d. Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Company has in place Anti-Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contract, temporary, trainees) are covered under this Policy. The Policy is gender neutral. Status of complaints during the year under review is as follows:

a. number of complaints filed during the Financial Year 2019: Nil

b. number of complaints disposed of during the Financial Year 2019: Nil

c. number of complaints pending as on end of the Financial Year 2019: Nil

e. Whistle Blower policy

The Vigil Mechanism as envisaged in the Companies Act, 2013 and the Rules prescribed thereunder and the Listing Regulations is implemented through the Whistle Blower Policy which also provides for adequate safeguards against victimisation of persons who use such mechanism and make provision for direct access to the Chairperson of the Audit Committee.

The Whistle Blower mechanism provides a secured framework through which Directors, Employees and their representative bodies and all stakeholders of the Company can voice their concerns about suspected unethical or improper practice or violation of Code of Conduct or complaints including but not limited to fraudulent accounting, auditing or disclosure practices of the Company. Through this mechanism all stakeholders of the Company can approach the Chief Ethics Officer of the Company or the Chairperson of the Audit Committee or utilize 'Ethical Channels' enabled for all group companies of CIE Automotive, S.A. to voice their concerns as mentioned above. The Whistle Blower Policy has been appropriately communicated within the Company and has also been hosted on the website of the Company.

No Personnel has been denied access to the Audit Committee. All Directors, Employees and their representative bodies and all stakeholders of the Company can make the Protected Disclosure to the Chairman of the Audit Committee.

The Chairperson of the Audit Committee can be reached by sending an email to chairpersonofauditcommittee@mahindracie.com or by sending a letter to the below address:

Chairperson of the Audit Committee

Mahindra CIE Automotive Limited

Mr. Dhananjay Mungale

1st Floor, Mahindra Towers,

Dr. G. M. Bhosale Marg,

Worli, Mumbai – 400018

The Whistle blower Policy was amended in line with the amendments brought in through SEBI (Prohibition of Insider Trading) (Amendments) Regulations, 2018, enabling employees to report insider trading violations as well as reporting of instances of leak of Unpublished Price Sensitive Information. The Whistle blower Policy of the Company is available on the website of the Company and can be accessed at the web link: http://www.mahindracie.com/investors/investor-relations/governance.html#whistle-blower.

f. Disclosure of Accounting Treatment in preparation of Financial Statements

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) and comply with the Accounting Standards specified under Section 133 of the Act.

The Company adopted Indian Accounting Standards (Ind AS) from 1st January, 2016. Accordingly, the financial statements have been prepared in accordance with Ind AS as per the Companies (Indian Accounting Standards) Rules, 2015 as amended and notified under Section 133 of the Act and other relevant provisions of the Act.

g. Code for Prevention of Insider-Trading practices

The Company has formulated and adopted the 'Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information' and 'Code of Conduct for Prevention of Insider Trading in Securities of Mahindra CIE Automotive Limited' ("MCIE Code of Conduct") for its designated employees, in compliance with Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (PIT Regulations). These Codes were also made effective from 15th May, 2015.

The Securities and Exchange Board of India (SEBI) on 31st December, 2018, notified amendments to the PIT Regulations which have come into force from 1st April, 2019. In accordance with the amendments to the PIT Regulations, the Board has amended the 'Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information' by incorporating 'policy for determination of Legitimate purpose' and has also amended the Company's Code of Conduct. These codes/policies were made effective from 1st April, 2019.

The MCIE Code of Conduct has been formulated to regulate, monitor and ensure reporting of trading by the Designated Persons and is designed to maintain the highest ethical standards of trading in Securities of the Company by such Designated Persons. The Code lays down Guidelines, which advise them on procedures to be followed and disclosures to be made, while dealing with shares of the Company and cautions them of the consequences of violations.

h. Policy for inquiry in case of leak of Unpublished Price Sensitive Information

Pursuant to the amendments made to the Regulations, the Company has formulated the 'Policy for inquiry in case of leak of Unpublished Price Sensitive Information'. The policy is formulated to maintain ethical standards in dealing with sensitive information of the Company by persons who have access to UPSI. The rationale of the policy is to strengthen the internal control systems to ensure that the UPSI is not communicated to any person except in accordance with the Insider Trading Regulations. The Policy also provides an investigation procedure in case of leak of UPSI. This policy was made effective from 1st April, 2019.

i. Details of non-compliance etc.

During the last three years there were no instances of non-compliance and no penalty or strictures were imposed on the Company by Stock Exchanges or SEBI or any other statutory authority, on any matter related to capital markets.

j. Compliance

i. Mandatory requirements

The Company is fully compliant with the applicable mandatory requirements of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, as were applicable during the year under review.

The Company has also complied with the requirements of Corporate Governance Report of Paras (2) to (10) mentioned in Part 'C' of Schedule V of the Listing Regulations and disclosed necessary information as specified in Regulation 17 to 27 and Regulation 46(2) (b) to (i) in the respective places in this Report.

ii. Adoption of non-mandatory requirements

Adoption of non-mandatory requirements of the Listing Regulations is being reviewed by the Board from time-to-time.

The Company has been a strong believer in good Corporate Governance and has been adopting the best practices that have evolved over the last two decades.

During the year under review, there is no audit qualification in your Company's standalone financial statements. Your Company continues to adopt best practices to ensure a regime of financial statements with unmodified audit opinion.

k. Ethics/Governance Policies

The Company adheres to ethical standards to ensure integrity, transparency, independence and accountability in dealing with all stakeholders. Therefore, the Company has adopted various codes and policies to carry out our duties in an ethical manner. Apart from the policies/codes specified in the report elsewhere the Company has also adopted following:

i) Familiarisation Program for Independent Directors

ii) Policy on appointment of Directors and senior management and succession planning for orderly succession to the board and the senior management

iii) Whistle Blower Policy (Vigil Mechanism)

iv) Policy for determining Material Subsidiaries

v) Policy on Materiality of Related Party Transactions and on Dealing with Related Party Transactions.

vi) Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information

vii) Archival policy

viii) Policy on criteria for determining materiality of events

ix) Corporate Social Responsibility Policy

The disclosure in respect of above is hosted on the website of the Company and can be accessed at: http://www.mahindracie.com/investors/investor-relations/governance.html

l. Shares held by the Non-Executive Directors

As on 31st December, 2019, Mr. Zhooben Bhiwandiwala held 21,500 equity shares of the Company. The Company has granted Employees Stock Options to its Directors details of which are disclosed in Table 10 of this Report. Apart from this, no other Non-Executive Director held any shares or convertible instruments of the Company as on 31st December, 2019.

m. Subsidiary Companies

Pursuant to the amendments in the Regulation 16(1)(c) of the Listing Regulations, the threshold for determining 'material subsidiary' of the Company has been reduced from 20% to 10% of the consolidated income or net worth of the Company and its subsidiaries. Consequently, the Board of Directors at its meeting held on 6th May, 2019 had amended the 'Policy for Determining Material Subsidiaries'. The updated policy is placed on the Company's website at http://www.mahindracie.com/investors/investor-relations/governance.html#policies-and-code-of-conduct

In accordance with the amended definition, Aurangabad Electricals Limited, Gesenkschmiede Schneider GmbH, Schonoeweiss& Co GmbH, UAB CIE Galfor SA and Bill Forge Private Limited were the material subsidiaries of the Company.

The Subsidiaries of the Company function independently, with an adequately empowered supervisory Board. However, for more effective governance, the Minutes of Board Meeting of Subsidiaries are placed before the Board of Directors of the Company at regular intervals.

During the year the Company has not disposed off shares in any of its Material Subsidiaries which would reduce its Shareholding (either on its own or together with other Subsidiaries) to less than 50% or ceased to exercise of control over any of its Subsidiary. However, Bill Forge Private Limited was merged with the Company pursuant to the Scheme of Arrangement duly approved by the National Company law Tribunal, Bengaluru Bench and Mumbai Bench. The Scheme of Arrangement came into effect on 15th November, 2019.

Further, Regulation 24(1) of the Listing Regulations stipulates that at least one Independent Director on the Board of Directors of the listed entity shall be a Director on the Board of Directors of an unlisted material subsidiary, whether incorporated in India or not. For the purpose of this provision, “material subsidiary” means a subsidiary, whose income or net worth exceeds twenty percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year. UAB CIE Galfor SA was the Material Subsidiary of the Company. The Company has appointed Mrs. Roxana Meda, the Independent Director of the Company, as Director of UAB CIE Galfor S.A.

All the provisions of Regulation 24 of the Listing Regulations with regard to Corporate Governance requirements for Subsidiary Companies have been complied with by the Company.

VII. MEANS OF COMMUNICATION

Your Company, from time to time and as may be required, communicates with its shareholders and investors through multiple channels of communications such as dissemination of information on the website of the Stock Exchanges, Press Releases, the Annual Reports and uploading relevant information on its website i.e., www.mahindracie.com.

The quarterly, half yearly and yearly results are published in the Business Standard and Daily Sakal which is a national and local daily respectively. These are not sent individually to the Shareholders.

The unaudited quarterly financial results are announced within forty five days of the close of each quarter, other than the last quarter. The audited annual financial results are announced within sixty days from the end of the Financial Year as required under the Listing Regulations. The aforesaid financial results are announced to the Stock Exchanges within the statutory time period from the conclusion of the Board Meeting(s) at which these are considered and approved.

Your Company discloses to the Stock Exchanges, all information required to be disclosed under Regulation 30 read with Part ‘A’ and Part ‘B’ of Schedule III of the Listing Regulations including material information having a bearing on the performance/ operations of the Company and other price sensitive information. All information is filed electronically on BSE’s online portal – BSE Corporate Compliance & Listing Centre (Listing Centre) and on NSE Electronic Application Processing System (NEAPS), the online portal of National Stock Exchange of India Limited.

Presentations are also made to international and national institutional investors and analysts. These presentations and other disclosures which are required to be disseminated under the Listing Regulations are submitted to stock exchanges besides being hosted on the Company’s website and as per the Archival Policy of the Company would be hosted on the website for a minimum period of five years from the date of respective disclosures.

Presentations made to institutional investors and analysts, if any, are submitted to stock exchanges besides being hosted on the website of the Company.

VIII. Management Discussion and Analysis

Management Discussion and Analysis forms part of the Directors Report and forms part of the Annual Report.

IX. Confirmation of compliance with Corporate Governance requirements

The Company is in compliance with Corporate Governance requirements specified in Regulation 17 to 27 and clauses (b) to (i) of sub-Regulation (2) of Regulation 46 of the Listing Regulations.

X. SHAREHOLDER INFORMATION

a) 21st Annual General Meeting

Date : 25th June, 2020

Time : 3:00 p.m.

Venue : The AGM shall be held through Video Conference (VC) / Other Audio Visual Means (OAVM) in compliance with General Circular No. 14/2020, 17/2020, 20/2020 issued by Ministry of Corporate Affairs (**MCA Circulars**) and other applicable provisions of the Companies Act, 2013 and circulars issued by the Securities and Exchange Board of India. (**SEBI**) **without the physical presence of the Members at a common venue**. The proceedings of the AGM shall be deemed to be conducted at the Registered Office of the Company which shall be the deemed Venue of the AGM.

b) Financial Year

The Financial Year of the Company has ended on 31st December, 2019 covering a period of twelve months starting from 1st January 2019 to 31st December, 2019.

For the Financial Year ending 31st December 2020, results will be tentatively announced by:

- First quarter: End of April, 2020
- Second Quarter and Half yearly: End of July, 2020
- Third quarter: End of October, 2020
- Fourth Quarter and Annual: End of February, 2021

c) Book Closure

The Transfer books of the Company will be closed from 19th June, 2020 to 25th June, 2020 inclusive of both days.

d) Dividend Payment

The Board of Directors of the Company has not recommended dividend for the Financial Year ended 31st December, 2019.

e) Listing of Ordinary (Equity) shares, Debentures on Stock Exchanges and Stock Code

At present, the equity shares of your Company are Listed on

1. Name of Stock Exchange: **BSE Limited (BSE)**
Address - Phiroze Jeejeebhoy Towers
Dalal Street, Kala Ghoda, Mumbai - 400001

2. Name of Stock Exchange: **National Stock Exchange of India Limited (NSE)**
Address - Exchange Plaza, Plot No. C/1, G Block
Bandra Kurla Complex, Bandra (East)
Mumbai - 400051

The Company has duly executed the Uniform Listing Agreement with the Stock Exchange(s) i.e. BSE & NSE as specified under Listing Regulations.

The requisite listing fees have been paid in full to BSE and NSE.

The securities of the Company have never been suspended from trading on any of the Stock Exchanges.

3. Corporate Identification Number:
L27100MH1999PLC121285

f) Registered Office Address:
Mahindra Towers, P. K. Kurne Chowk, Worli,
Mumbai - 400 018

g) Stock codes

Particulars	**Stock Code**
BSE Limited	532756
National Stock Exchange of India Limited	MAHINDCIE
Demat International Security Identification Number (ISIN) in NSDL & CDSL for equity shares	INE536H01010

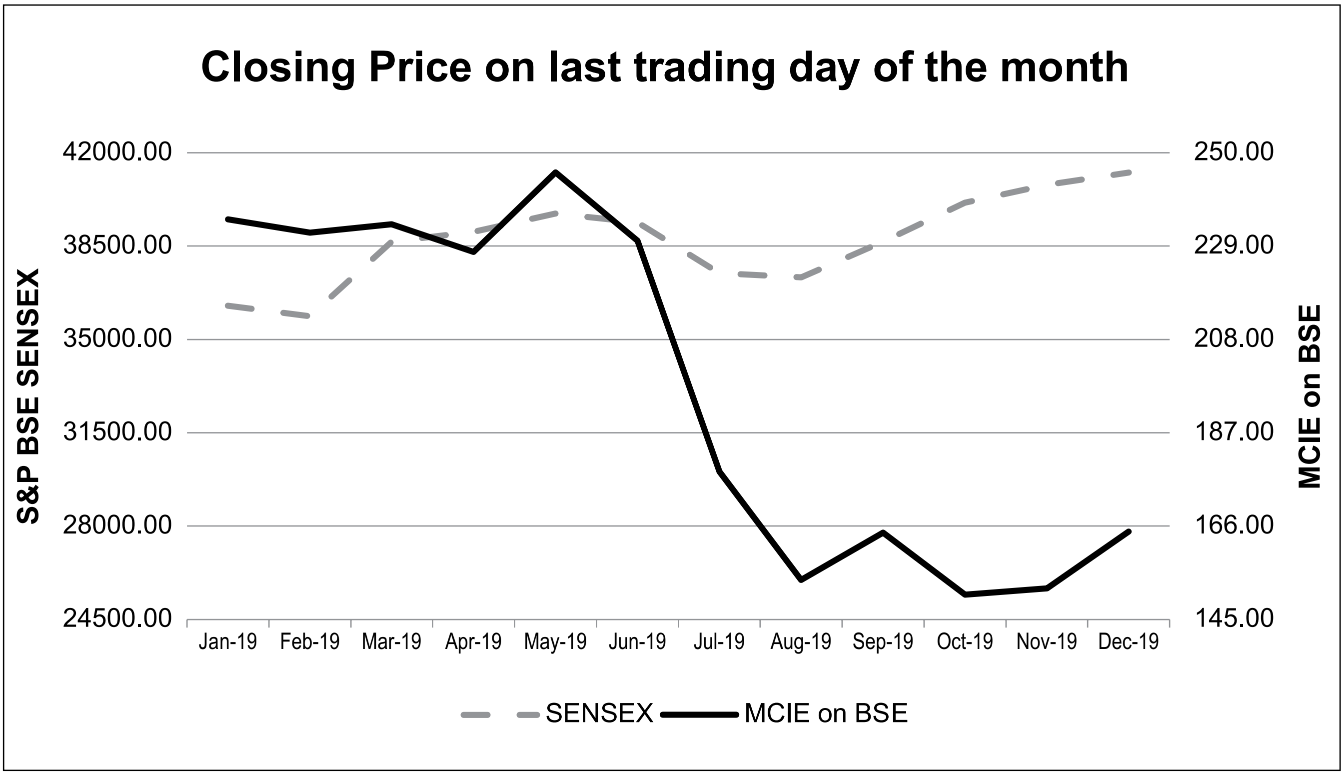
h) Stock Price Data

Table 12: High and low price of Company's shares for the period January 2019 – December, 2019 on BSE Limited and National Stock Exchange of India Limited

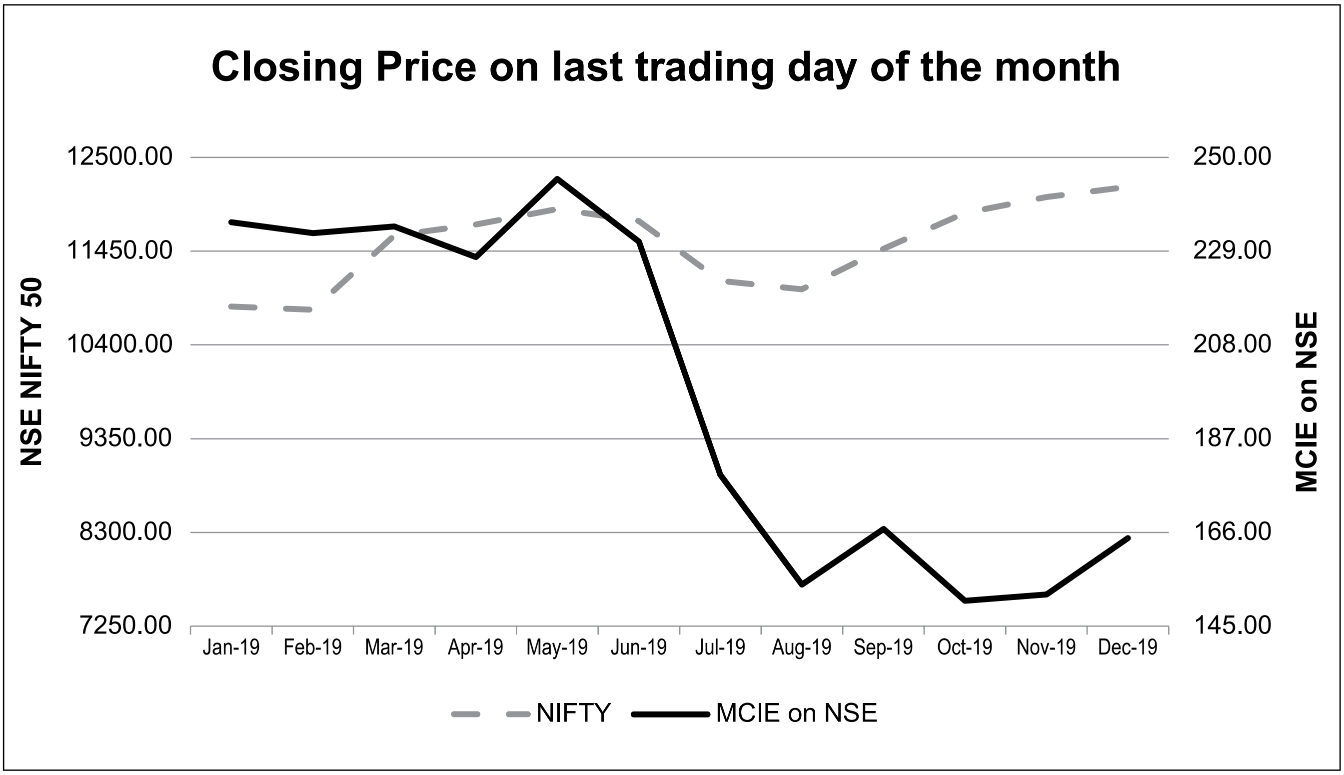
	BSE Limited (BSE)		**National Stock Exchange of India Limited (NSE)**	
	High (₹)	Low (₹)	High (₹)	Low (₹)
January, 2019	258.30	222.30	259.55	222.00
February, 2019	243.70	213.40	243.80	212.25
March, 2019	248.25	225.00	249.00	224.30
April, 2019	236.00	211.00	236.45	220.10
May, 2019	255.00	213.50	255.90	213.00
June, 2019	250.55	221.35	251.00	221.50
July, 2019	232.65	170.35	232.90	169.85
August, 2019	180.35	135.55	180.95	135.10
September, 2019	184.30	146.55	182.70	146.00
October, 2019	167.20	139.00	167.90	138.85
November, 2019	157.00	140.00	157.10	140.10
December, 2019	179.10	142.00	179.50	142.25

i) **STOCK PERFORMANCE**

The performance of the Company's share price relative to the BSE SENSEX is given in the chart below as per closing price on the last trading day of the month:



The Performance of the Company's share price relative to the NSE NIFTY 50 is given in the chart below as per closing price on the last trading day of the month:



j) Registrar and Transfer Agents:

KFin Technologies Private Limited*

Unit: Mahindra CIE Automotive Limited
"Selenium" Tower B, Plot No. 31 & 32,
Financial District, Gachibowli,
Hyderabad - 500 032.
Tel. No. + 91 - 40 – 6716 2222
Fax No. + 91 – 40 - 2300 1153
E-mail: einward.ris@kfintech.com

* Name of Karvy Fintech Private Limited changed to KFin Technologies Private Limited w.e.f. 5th December, 2019

k) Share Transfer System

Trading in equity shares of the Company is permitted only in dematerialised form.

Shares sent for transfer in physical form are registered and returned within a period of fifteen days from the date of receipt of the documents, provided the documents are valid and complete in all respects. With a view to expediting the process of share transfers, the Chairman of the Stakeholders' Relationship Committee and the Company Secretary are severally authorised to approve of transfers of shares of not more than 5,000 equity shares per transfer provided that the transferor does not hold 1,00,000 equity shares in the share capital of your Company. The Stakeholders' Relationship Committee meets as and when required to consider the other transfer proposals, requests for duplicate share certificate and attend to Shareholder grievances. Moreover, the Committee can also approve the transfer of shares through circulation.

Securities and Exchange Board of India (SEBI) vide its notification dated 8th June, 2018 has notified Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Fourth Amendment) Regulations, 2018 (Listing Regulations) and SEBI (Registrars to an Issue and Share Transfer Agents) (Amendment) Regulations 2018 (RTA Regulations) and amendment to Regulation 40 of the Listing Regulations and Clause 5(c) of Schedule III of the RTA Regulations. These amendments have mandated that the transfer of securities would be carried out only in dematerialized form.

According, attention of all the shareholders holding shares in physical form is brought to the following:

- Request for effecting transfer of securities shall not be processed by the Company or KFin Technologies Private Limited (KFin), Registrar and Share Transfer Agents (RTA) of the Company, unless the securities are held in dematerialized form with effect from 1st April, 2019.
- This restriction shall not be applicable to the request received for transmission or transposition of shares held in physical mode

l) Distribution of Shareholding

Table 13: Distribution of Shareholding as on 31st December, 2019

Number of shares held	Number of Shareholders	% of Shareholders	Total shares	% of share holding
1 to 5000	61287	98.44	15286720	4.03
5001 to 10000	483	0.78	3467163	0.91
10001 to 20000	238	0.38	3325807	0.88
20001 to 30000	82	0.13	2060131	0.54
30001 to 40000	33	0.05	1127425	0.30
40001 to 50000	24	0.04	1061449	0.28
50001 to 100000	40	0.06	2840003	0.75
100001 & above	71	0.11	349841984	92.30
Total	**62258**	**100.00**	**379010682**	**100.00**

m) Shareholding pattern as on 31st December, 2019 is as below:

Category of Shareholders	Number of equity shares held	Percentage (%)
Promoter & Promoter group	256,538,944	67.69
Mutual Fund/UTI	24,726,883	6.52
Financial Institutions/Banks	120,764	0.03
Foreign Institutional Investors / Foreign Portfolio Investors	53,210,892	14.04
Bodies Corporate	260,3612	0.69
Resident individuals	40,124,885	1.59
NRIs	1,317,823	0.35
Clearing Members	201,329	0.05
Trusts	20,296	0.01
Foreign National	117,308	0.03
Alternate Investment Funds	27,596	0.01
NBFC Registered with RBI	350	0
Total	**379,010,682**	**100.00**

n) Dematerialisation of shares

As on 31st December, 2019, 99.51% of the paid up Equity Capital was held in dematerialised form with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Trading in the equity shares of the Company is permitted only in dematerialised form. Non-Promoters' holding as on 31st December, 2019 is around 32.31%.

o) Credit Rating

ICRA Limited ("ICRA") re-affirmed the ratings assigned to the Company's commercial paper programme in April and September 2019 as [ICRA] A1+. Instruments with this rating are considered to have very strong degree of safety regarding timely payment of financial obligations, such instruments carry lowest credit risk.

ICRA again re-affirmed the rating for the Commercial Paper programme in January, 2020.

ICRA also assigned and re-affirmed rating for new and existing credit facility of the Company in January, 2020. Long term rating [ICRA] assigned / re-affirmed was AA- (pronounced as ICRA double A minus) and Short term rating was [ICRA] A1+ (pronounced as ICRA A one plus) in January, 2020. The outlook on the long-term rating is 'stable'.

p. Outstanding GDRs / ADRs / Warrants or any Convertible Instruments on Conversion date and which has likely impact on equity.

The Company has no outstanding GDR / ADR / Warrants or any Convertible Instruments.

q. Commodity price risk or Foreign exchange risk and hedging activities

i. Risk management policy of the listed entity with respect to commodities including through hedging

The Company is a net forex earner and cover is taken based on budgeted rates and management judgement. The Company does not have any significant exposure to commodity price risk.

ii. Exposure of the Company to commodity and commodity risks faced by the entity throughout the year:

a. Total exposure of the listed entity to commodities in INR: Nil.

b. Exposure of the listed entity to various commodities:

Commodity Name	Exposure in INR towards the particular commodity	Exposure in Quantity terms towards the particular commodity	% of such exposure hedged through commodity derivatives				Total
			Domestic market		International market		
			OTC	Exchange	OTC	Exchange	
NA	NA	NA	NA	NA	NA	NA	NA

r) Plant Locations

A) Stamping Division:

1. Kanhe I - Plot 371, Takwe Road, At & Post Kanhe, Taluka- Maval, Dist- Pune- 412 106.
2. Kanhe II - Plot 445, 446, Takwe Road, At & Post Kanhe, Taluka- Maval, Dist- Pune- 412 106
3. D-2 MIDC, Ambad, Nashik- 422 010.
4. Maharajpur Road, Village Lalpur, Tehsil- Kichha, Rudrapur, Dist- Udham Singh Nagar- 263 148.
5. Plot No-2, Sector -11, TATA Vendor Park, liE SIDCUL, Pantnagar, Dist. Udham Singh Nagar, - 263153.
6. 351A, Village Buchinelly, Mahindra Vendor Park, APIIC Industrial Area, Mandai, Zaheerabad, Dist- Medak (Telengana) - 502 228.
7. Plot No. L4, MIDC, Hingna Road, Nagpur - 440016

B) Composites Division:

1. 178/B, Mumbai-Goa Highway NH17, Village Sale, Taluka Mangaon, Dist- Raigad- 402 112.
2. Gat. 467 & 470, Takwe Road, Kanhe, Tal. Maval, Dist. Pune - 412 106

C) Foundry Division:

Gat No. 318, Gaon Urse, Tal. Maval, Pune- 410506.

D) Magnetic Products Division:

'G' Block, Bhosari Industrial Estate, Bhosari, Pune – 411026

E) Forgings Division:

Gat No. 856 to 860, Chakan Ambethan Road, Tal. Khed, Dist Pune- 410501

F) Bill Forge Division

1. 9C, Bommasandra Industrial Area, Jigani Link Road, Opposite RNS Motors, Bangalore - 560099.
2. 98 L & M, Phase – II, KIADB Industrial Area, Jigani, Bangalore – 562106.
3. 7C, K.I.A.D.B, Attibele Industrial Area, Attibele, Hosur Road, Anekla Taluk, Bangalore - 562107.
4. 1/178-Ganesh Nagar, Pollachi Main Road, Malumachampatti, Coimbatore – 641050.
5. Plot No-29, IP-04, Village-Begaumpur, Post-Bahadrabad, Haridwar, Uttrakhand-249402.
6. Plot No. 86 (M&N)/4, Phase 1, KIABD Industrial Area, Jigani, Anekal Taluk, Bangalore - 562106.
7. O (Part), Phase – II, KIADB Industrial Area, Jigani, Bangalore – 562106.
8. 98-O & P(Part), Phase – II, KIADB Industrial Area, Jigani, Bangalore – 562106.
9. 261, Khanswari No 597, Bommasandra Village, Bangalore – 560099.
10. Plot No. 86 (G&H) Khatha No. 585/490/39/34. Sy No. 126, Jigani, Anekal, Bangalore – 562106.

G) Gears Division:

1. Plot No. C-23/2, Phase -II, Chakan Industrial Area, Village- Varale, Tal. Khed, Dist- Pune- 410501.
2. Survey No. 278/P, Shapar Village Road, Village: Shapar, Taluka: Kotda - Sangani, Dist. Rajkot - 360024
3. Survey No-298/P, Village: Shapar, Taluka: Kotda - Sangani, Dist. Rajkot- 360024

s) Address for correspondence:

Shareholders may correspond with the Registrar and Transfer Agents at:

KFin Technologies Private Limited
Unit: Mahindra CIE Automotive Limited
"Selenium" Tower B, Plot No. 31 & 32,
Financial District, Gachibowli,
Hyderabad - 500 032.
Tel. No. + 91 - 40 – 6716 2222
Fax No. + 91 – 40 - 2300 1153
E-mail: einward.ris@kfintech.com

On all matters relating to transfer/dematerialisation of shares and any other query relating to shares of the Company.

The Company has also designated mcie.investors@mahindracie.com as an exclusive email ID for Shareholders for the purpose of registering complaints and the same has been hosted on the Company's website. The Company is registered in SEBI Complaints Redressal System

(SCORES). The investors can send their complaints through SCORES also. For this the investors has to visit https://www.scores.gov.in.

Security holders would have to correspond with the respective Depository Participants for shares held in demateralised form for transfer/transmission of shares, change of Address, change in Bank details, etc.

For all investor related matters, Mr. Pankaj Goyal, Company Secretary and Compliance Officer can be contacted at: Office No. 602 & 603, Amar Business Park, Opp. Sadanand Resort, Above "Westside" showroom Baner Road, Pune 411045. Tel No. +91 – 020 – 29804620. E-mail: goyal.pankaj@mahindracie.com.

You may visit the Company's website at: http://www.mahindracie.com for more information about the Company.

t) Disclosures with respect to Demat Suspense Account/ Unclaimed Suspense Account:

The Company had, from time to time, issued and allotted equity shares of the Company pursuant to following Scheme of Arrangements:

1. On 22nd May, 2006 the Company allotted shares pursuant to Scheme of arrangement under Sections 391 and 394 of the Companies Act, 1956 between the Company and Amforge Industries Limited and their respective shareholders and creditors. The Appointed Date of the Scheme was 1stApril, 2005 and the Scheme became effective from March 28, 2006 (Scheme of Demerger).

2. On 2nd January, 2015 the Company issued and allotted shares pursuant to:

    a. Scheme of amalgamation under Sections 391 to 394 of the Companies Act, 1956 between Mahindra Hinoday Industries Limited, Mahindra Ugine Steel Company Limited, Mahindra Gears International Limited, Mahindra Investments (India) Private Limited, Participaciones Internacionales Autometal TRES, S.L. and the Company. (Integrated Scheme).

    b. Scheme of amalgamation under Sections 391 to 394 of the Companies Act, 1956 between Mahindra Composites Limited and our Company. Appointed date of the Integrated and Composites Scheme was 1st October, 2013 and both Schemes were effective from 10th December, 2014.

The share certificates in respect of aforesaid issue and allotment of shares were dispatched to eligible shareholders at the addresses registered with the respective Transferor Companies. While most of the shareholders received the share certificates, a few of the share certificates were returned to the Company as "returned undelivered" and are lying with the Registrar and Share Transfer Agent (RTA) of the Company. These share certificates were 'undelivered' due to various reasons including 'incomplete address', 'persons left the address' etc. and postal authorities returned these to the RTA.

Further, pursuant to Regulation 39(4) read with Schedule VI of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has send three letters to shareholders for claiming their unclaimed shares on 3rd May, 2017, 15th July, 2017 and 2nd May, 2018.

Pursuant to SEBI circular SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated 20th April, 2018 the Company has sent three letters to such members on 30th May, 2018, 2nd July, 2018 and 10th September, 2018 where folios do not have or have incomplete details of PAN and/or Bank Account to compulsorily furnish these details to the Registrar and Share Transfer Agent (RTA) / the Company for updating the details in the folio. These cases also included shares which were unclaimed.

Further, pursuant to Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Fourth Amendment) Regulations, 2018 and SEBI (Registrars to an Issue and Share Transfer Agents) (Amendment) Regulations 2018 (RTA Regulations) which amended Regulation 40 of the Listing Regulations and Clause 5(c) of Schedule III of the RTA Regulations, respectively which mandated that the transfer of securities would be carried out in dematerialized form only, effective from 5th December, 2018 (the date was subsequently extended till 31st March, 2019). The Company in this regard has sent three letters for such cases on 31st August, 2018, 1st October, 2018 and 1st November, 2018 whose requisite details were not updated and these also included cases of unclaimed shares.

The Company and the RTA of the Company were in continuous receipt of responses from shareholders against the letters being sent to them, which also included the cases where shares were unclaimed.

Hence the Company, in the AGM notice for the 20th Annual General Meeting of the Company had also appealed the shareholder to claim the share certificates so returned undelivered to the Company.

The Company had received responses for claiming the returned undelivered share certificates and accordingly had released the share certificates to the rightful claimants.

As at 1st January, 2019, share certificates in respect of 4,392 shareholders who were holding 530,696 shares were lying with the RTA as returned underlived. During 2019, 56 shareholders submitted application for claiming share certificates containing 15,500 shares and were issued such share certificates.

As at 31st December, 2019, share certificates in respect of 4,336 shareholders who were holding 515,196 shares were lying with the RTA as returned undelivered.

The Company is in process of transferring all these returned undelivered share certificates into a separate folio

'Mahindra CIE Automotive Limited – Unclaimed Suspense Account' and is in process of opening a special demat account for dematerialing the same.

Certificate from Company Secretary in Practice regarding Non-Debarment and Non-Disqualification of Directors

A certificate from Company Secretary in Practice certifying that none of the Directors on the Board of the Company as on 31st December, 2019 have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Board/ Ministry of Corporate Affairs or any such Statutory Authority, is annexed at the end of this Report.

Total fees for all services paid to the Statutory Auditors by the Company and its Subsidiaries

Total fees paid by the Company and its Subsidiaries on a consolidated basis, to the Statutory Auditor viz. Price Waterhouse Chartered Accountants LLP, Chartered Accountants, Firm Registration No. 012754N/N500016 and all entities in the network firm/network entity of which the Statutory Auditors is a part for financial year ended 31st December, 2019 was as following:

(₹ in Million)

Sr. No.	Particulars	By the Company to the Auditors	By the subsidiaries to the network firm/ network entity of which the statutory auditor is a part
1.	Fees paid for the Statutory Audit	10	8
2.	Fees paid for other services allowed under the Law	4	2
3.	Total fees paid during CY2019	14	10

Mumbai, 26th February, 2020

DISCLOSURE REGARDING CORPORATE GOVERNANCE

DECLARATION BY THE EXECUTIVE DIRECTOR UNDER REGULATION 34 (3) READ WITH PARA (D) OF SCHEDULE V OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

To,

The Members of Mahindra CIE Automotive Limited

I, Ander Arenaza Alvarez, Executive Director of Mahindra CIE Automotive Limited declare that, all the Members of the Board of Directors and Senior Management Personnel have affirmed compliance with the Codes of Conduct for the period from 1st January, 2019 to 31st December, 2019.

Ander Arenaza Alvarez
Executive Director
(DIN: 07591785)

Mumbai, 26th February, 2020

CERTIFICATE

To

The Members of Mahindra CIE Automotive Limited

I have examined the compliance of conditions of corporate governance by Mahindra CIE Automotive Limited ("the Company") for the year ended on 31st December 2019 as stipulated in Regulations 17 to 27, clauses (b) to (i) of Regulation 46(2) and paragraphs C and D of schedule V of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. ("Listing Regulations")

The compliance of the conditions of Corporate Governance is the responsibility of the management. My responsibility was limited to examining the procedure and implementation thereof, adopted by the Company for ensuring compliance with the conditions of Corporate Governance.

Based on my examination of the relevant records and according to the information and explanations provided to me, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in Regulations 17 to 27, clauses (b) to (i) of Regulation 46(2) and para C and D of schedule V of the Listing Regulations, during the year ended on 31st December 2019.

I state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Sachin Bhagwat
ACS: 10189
CP: 6029
UDIN: A010189A000563711

Place: Pune
Date: 20.02.2020

BUSINESS RESPONSIBILITY REPORT

BUSINESS RESPONSIBILITY REPORT – FY 2019

Pursuant to Regulation 34(2)(f) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1.	**Corporate Identity Number (CIN) of the Company**	:	L27100MH1999PLC121285
2.	**Name of the Company**	:	Mahindra CIE Automotive Limited
3.	**Registered address**	:	Mahindra Towers, P.K. Kurne Chowk, Worli, Mumbai – 400018
4.	**Website**	:	www.mahindracie.com
5.	**E-mail id**	:	mcie.investors@mahindracie.com
6.	**Financial Year reported**	:	1st January, 2019 to 31st December, 2019

7. Sector(s) that the Company is engaged in (industrial activity code-wise)

The Company is an auto components supplier with presence in many technologies viz. forgings, castings, stampings, magnetic products and composites. The NIC code in respect of each of these is as follows:

Sr. No.	Activity	NIC Code
1	Forgings	25910, 25920, 29301 & 30913
2	Casting/Foundry	24319
3	Stampings	25910
4	Magnetic	2393 & 23939
5	Composites	22207

8. List three key products/services that the Company manufactures/provides (as in balance sheet)

a) Forgings

b) Castings

c) Stampings

9. Total number of locations where business activity is undertaken by the Company -

(a)	Number of International Locations (Provide details of major 5)	:	Nil However, subsidiaries of the Company have overseas manufacturing facilities in Germany, Spain, Lithuania, Italy, Mexico and the United Kingdom
(b)	Number of National Locations	:	24 (Twenty Four) The Company has its registered office located at Mumbai and factories located at Pune, Mangaon, Nashik, Rudrapur, Pantnagar, Nagpur, Zaheerabad, Bangalore, Coimbatore & Haridwar .

10. Markets served by the Company - Local/State/National/International : All

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1.	Paid up Capital (INR)	:	₹ 3,790.10 Million
2.	Total Turnover (INR)	:	₹ 29,271 Million
3.	Total profit after taxes (INR)	:	₹ 2,636 Million
4.	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	:	₹ 17.35 Million 0.66%
5.	List of activities in which expenditure in 4 above has been incurred:-	:	a) Education and Skill Development b) Promotion of Health Care and sanitation c) Rural Development Projects d) Environment

SECTION C: OTHER DETAILS

1. **Does the Company have any Subsidiary Company/ Companies?**

   Yes, the Company has 2 subsidiaries in India and 13 direct and indirect overseas subsidiaries as on 31st December, 2019.

2. **Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)**

   Bill Forge Private Limited (Bill Forge) was one of the subsidiary of the Company which was merged with the Company pursuant to Scheme of Arrangement which became effective on 15th November, 2019. In this report we are presenting combined performance of Bill Forge and the Company in various BR initiatives of the Company.

   Further, in October 2015 the ultimate holding company of the Company i.e. CIE Automotive S.A. joined the United Nations Global Compact to develop, implement and so disseminate policies and practices of business sustainability. The United Nations Global Compact is an international initiative promoting implementation of 10 universally accepted principles to encourage business social responsibility in the areas of human rights, labour regulations, the environment and the struggle against corruption in companies' negotiations and business strategy. Subsidiaries of CIE, which include Mahindra CIE Automotive Limited and its subsidiaries, participate in the sustainability initiatives undertaken by CIE.

3. **Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]**

   The Company's respective purchasing and sustainability teams conducts sustainability awareness programs for its suppliers. Key suppliers shortlisted on the basis of turnover and the criticality of processes in respect of EHS issues are audited on various aspects of sustainability.

   The Supplier code of conduct (Suppliers Corporate Social Responsibility Commitment) has been communicated to all the suppliers requesting them to further cascade the communication to their suppliers. During the audit they are made aware about the Suppliers Corporate Social Responsibility Commitment.

   Green supply chain management (GSCM) policy of the Company has also been communicated to the suppliers. The suppliers have participated in company's GSCM initiative through training, site audits and as on date of this report about 40% of the direct material suppliers have participated in the BR initiatives at different levels.

   The Company is implementing GSCM processes across all its locations in a phased manner and is making continuous progress in this area. The major suppliers have been trained on the GSCM practices this includes sharing of case studies on resource productivity etc. At some locations Suppliers are involved for tree plantation under CSR Program. We have also supported the suppliers for obtaining the QEHS management systems certifications.

SECTION D: BR INFORMATION

1. **Details of Director/Directors responsible for BR**

   a) **Details of the Director/Director responsible for implementation of the BR policy/policies**

DIN Number	07642469
Name	Mr. Manoj Mullassery Menon
Designation	Executive Director and CEO of Foundry, MPD, Gears, Stamping and Composites Divisions

   b) **Details of the BR head**

DIN Number (if applicable)	07642469
Name	Mr. Manoj Mullassery Menon
Designation	Executive Director and CEO of Foundry, MPD, Gears, Stamping and Composites Divisions
Telephone number	020-29804619
e-mail id	menon.manoj@mahindracie.com

2. Principle-wise (as per NVGs) BR Policy/policies

a) Details of compliance (Reply in Y/N)

		P1	P2	P3	P4	P5	P6	P7	P8	P9
Sr. No	**Questions**	**Ethics and Transparency**	**Product Responsibility**	**Well being of employees**	**Responsiveness To Stakeholders**	**Respect Human Rights**	**Environmental Responsibility**	**Public Policy Advocacy**	**Support inclusive growth**	**Engagement With Customers**
1	Do you have a policy/ policies for....	Y	Y	Y	Y	Y	Y	N Note 1	Y	Y
2	Has the policy been formulated in consultation with the relevant stakeholders?	Y Note 2	Y Note 2	Y Note 2	Y Note 2	Y Note 2	Y Note 2	NA	Y Note 2	Y Note 2
3	Does the policy conform to any national / international standards? If yes, specify? (50 words)	Y Note 3	Y Note 3	Y Note 3	Y Note 3	Y Note 3	Y Note 3	NA!	Y Note 3	Y Note 3
4	Has the policy been approved by the Board? Is yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?	Y Note 4	N Note 4	Y Note 4	Y Note 4	Y Note 4	N Note 4	NA	N Note 4	Y Note 4
5	@ Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	NA	Y	Y
6	Indicate the link for the policy to be viewed online?	Y	N Note 5	Y	Y	Y	N Note 5	NA	N Note 5	N Note 5
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	NA	Y	Y
8	Does the company have in-house structure to implement the policy/ policies?	Y	Y	Y	Y	Y	Y	NA	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Y	Y	Y	Y	Y	Y	NA	Y	Y
10	# Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	Y	Y	NA	Y	Y

! *This question is not applicable for influencing public and regulatory policy.*

@ *The Company has the established internal governance structure to ensure implementation of various policies. The Company reviews the implementation of polices through our internal audit, risk management process, in-line with established Policies.*

The Quality, Safety and Health and Environmental Policies are subject to internal and external audits as part of certification process and ongoing periodic assessments. Other policies are periodically evaluated for their efficacy through Internal Audit mechanism.

Note 1 –The Company is member of trade and industry chambers like The Automotive Component Manufacturers Association of India (ACMA), The Confederation of Indian Industry (CII), Mahratta Chamber of Commerce and Industries (MCCI), Association of Indian Forging Industry (AIFI) and Indian Machine Tool Manufacturers' Association (IMTMA). The Company is process of reviewing the need and formulation of policy on principle 7.

Note 2- While there is no formal consultation with all stakeholders, the relevant policies have evolved over a period of time by taking inputs from the concerned internal stakeholders.

Note 3- The policies are in line with international standards and practices such as ISO 9001, IATF Guidelines, ISO 14001, ISO 27001, OHSAS 18000/ISO45001 and meet National regulatory requirements such as the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Note 4- The Board of directors of the Company have approved the policies required to be framed under Companies Act, 2013 and SEBI Regulations including Code of conduct for Directors, Code of conduct for Senior Management, Whistle Blower Policy, CSR Policy, Code for fair disclosures, Policy on Related Party Transactions and Business Responsibility Policy and these policies are signed by respective officers authorized by the Board for its implementation. Other operational internal policies are approved by management and signed by the respective business head. Further, the Company has also adopted a few global policies framed by CIE Automotive S.A. the ultimate holding company.

Note 5 – It has been Company's practice to upload all policies on internal server or display at prominent places in respective locations or shared with relevant stakeholders for the information and implementation by the internal stakeholders.The Code of Conduct for Directors, the Code of Conduct for Senior Management and Employees, Business Responsibility Policy and CSR Policy are available on the website http://www.mahindracie.com/investors/investor-relations/governance.html

b) If answer to the question at serial number 1 against any principle, is 'No', please explain why: (Tick up to 2 options)

Sr. No	Questions	P1	P2	P3	P4	P5	P5	P6	P7	P8	P9
1	The company has not understood the Principles	----	----	----	----	----	----	----	----	----	----
2	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles	----	----	----	----	----	----	----	----	----	----
3	The company does not have financial or manpower resources available for the task	----	----	----	----	----	----	----	----	----	----
4	It is planned to be done within next 6 months	----	----	----	----	----	----	----	----	----	----
5	It is planned to be done within the next 1 year @	----	----	----	----	----	----	----	√	----	----
6	Any other reason (please specify)	----	----	----	----	----	----	----	----	----	----

@ The company is continuously reviewing its policies to align with the BR principles in full spirit. The assessment for adoption/ implementation of specific policies is under process which will be continued in next financial year.

3. Governance related to BR

a. Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year:

The CSR committee of the Board meets regularly & reviews the progress of corporate social responsibility projects. The Board CSR committee has empowered a internal CSR co-ordination committee which comprises of senior officers of the Company to review the progress on the CSR projects approved and carrying internal review on the CSR proposals to be placed before Board CSR committee, after carrying all assessments. The CSR co-ordination committee meets once in every three months. Every plant has a working committee which ensures the implementation of CSR activities & projects.

The Company has also formulated ESG (Environmental, Social and Governance) Council comprising of senior officers of the Company which reviews the BR performance (Sustainability, Safety, CSR & Business Performance) once in every 6 months & further directions are set for continual improvement.

For safety performance review each plant has a statutory safety committee led by Factory Manager which meets quarterly. Safety performance is also reviewed in depth during the ESG council meetings. The Risk Committee of the Company also reviewed the safety performance and progress on incident prevention processes periodically.

The Integrated performance on Safety, Sustainability & CSR is collected every month & is reviewed by Corporate Safety, Sustainability & CSR Department of the Company. The team also facilitates in relevant projects & does capacity building through various training sessions, onsite audits and reviews. The Company has invested in developing an integrated data management software for real time data collection and use for various parameters under GRI, ESG, safety, etc.

b. Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

The Company published its BR report for the first time for the financial year ended on 31st December, 2017 and every year thereafter which is part of the Annual Report of the Company.

The copy of the Annual Reports is available at the website of the Company at http://www.mahindracie.com/investors/investor-relations/annual-report.html#annual-reports

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 1 - Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

1. Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. Does it extend to the Group/Joint Ventures/ Suppliers/ Contractors/NGOs /Others?

The Company has a Code of Conduct for Directors as well as for Senior Management personnel. It also has the Mahindra CIE Internal Code of Professional Conduct for its employees. It includes issues among others related to ethics and bribery. It covers all dealings with suppliers, customers and other stakeholders, partners including Joint Ventures and other stakeholders.

Suppliers Corporate Social Responsibility Commitment document has been communicated to all its suppliers through respective CEO's & an undertaking has been obtained.

2. **How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.**

During the year, the Company had received three complaints through Whistle Blower Channel and all the three complaints were investigated and closed. No material issues were identified in the investigation report.

Principle 2 – Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

1. **List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.**

The Company is an auto component supplier to OEMs and tier I supplier. Most of its products are manufactured as per the customer's design. The business development & new product development teams closely interact with the customers & fulfill PPAP (Production part approval process) requirements. The Company continuously strives to minimize waste in materials & processing requirements by initiatives such as Reduction in flash thickness of Components in Composite division.

2. **For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product(optional):**

a) **Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?**

The Company continuously monitors and tracks the use of its natural resources during the production with specific focus on Energy Consumption and Water Consumption.

While the Energy & water conservation efforts were made consistently across the divisions, the overall down turn in Indian automobile sector made achievement of per unit product consumption was an uphill task. However, some of our divisions did achieve significant reduction per unit consumption of energy.

b) **Reduction during usage by consumers (energy, water) has been achieved since the previous year?**

Our products are used by OEMs and tier I supplier. Hence specific details about energy conservation achieved by end customers due to our products cannot be computed.

3. **Does the Company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.**

Apart from the extensive Sustainable/ GSCM drive across all divisions, our plants have adopted the milk run system for sourcing materials and have also implemented the same for downward supply chain with the customers. The Company is also working on sourcing maximum from local and nearby suppliers so that our engagement is more effective and scope 3 emissions are reduced to a maximum extent. The Restricted and hazardous substances (RoHS) testing is done from accredited laboratories and reports are shared with the customers on demand. The company continued to work on reducing packaging waste like card boards, wood, etc. through use of steel and returnable plastic packaging, increasing size of containers, etc.

Overall sustainable sourcing initiatives will be implemented across MCIE Divisions in next two to three years in a phased manner.

The plants have a network of small & medium enterprises around its locations. The quality of our end products depends on the inputs received from the vendors. Hence, due care is taken for selection of local vendors including initial supplier survey and periodic audits. Direct material suppliers like steel suppliers are subject to physical audits on an annual basis and also as and when need arises. Vendors are however subject to periodic assessments.

4. **Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?**

a) **If yes, what steps have been taken to improve their capacity and capability of local and small vendors?**

Yes, the Company has a continued focus on buying from local suppliers, geographically nearest to the Company's manufacturing facility and do take steps in improving their capacity and capability as per the business requirement.

5. **Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.**

Yes, the company has been giving attention to a systematic process of sustainable development in line with GRI guidelines since year 2008. Few examples of waste recycling and re-use are as follows:

The scrap from stamping division is used as a part of raw material in Foundry Division. In Foundry process 4088 tons of metal slag is recovered from the waste slag and re-used . In Magnetic product division grinding swarf & Sintered scrap is reused in production process.

In overall raw material, we are using 39% recycled material (internal & external). Major use of recycled material is in Magnetic Product Division & Foundry Division.

At stampings division, we are utilizing the steel off cut for C class child part purchase (<5%) through vendor development department.

At Bill Forge division, raw material waste generated from part-forming division is reused as a raw material for forging process in other plants. Further, all effluent waste water is treated 100% in-house and reused for garden and cooling tower make up. Further, rejected water from this process is treated again and used in manufacturing process as DM water.

The Company uses treated waste water from STP for gardening.

Principle 3 -Businesses should promote the wellbeing of all employees

1.	Please indicate the Total number of employees:	:	9869
2.	Please indicate the Total number of employees hired on temporary/contractual/casual basis	:	5564
3.	Please indicate the Number of permanent women temporary/contractual/casual basis:	:	66
4.	Please indicate the Number of permanent employees with disabilities:	:	17
5.	Do you have an employee association that is recognized by management:	:	Yes
6.	What percentage of your permanent employees is members of this recognized employee association?	:	57.07

7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

Category	No. of complaints pending at the beginning of thefinancial year	No. of complaints filed during the financial year	No. of complaints resolved duringthe financial year	No. of complaints pending as on end of the financial year
Child labor/forced labor/involuntary labor	Nil	Nil	Nil	Nil
Sexual harassment	Nil	Nil	Nil	Nil
Discriminatory employment	Nil	Nil	Nil	Nil

8. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?

a) Permanent Employees: 97%

b) Permanent Women Employees: 56%

c) Casual/Temporary/Contractual Employees: 70%

d) Employees with Disabilities: 76%

Principle 4 -Businesses should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.

1. Has the company mapped its internal and external stakeholders?

Yes

2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders.

Yes

3. Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.

Yes, as a part of the CSR activities, the Company is engaged in diverse CSR activities to create a positive social impact by helping the disadvantaged, vulnerable and marginalized stakeholders. The activities are primarily focused on education, health, community development & environment. Few initiatives taken up by the company under its CSR wing includes donation of sweaters to needy school children, scholarships to meritorious students of village school from economically weaker section of society, donating School Uniforms and other necessary items to students of Orphanage, skill development of adolescent girl children, Bill Forge Computer Learning & Resource Centre, health camps for schools and communities, grant in aids to destitute & oldage homes, providing mid day meals through Akshayapatra Foundation etc. The Company is also organizing Health check-up camps for Women and Children in remote areas where regular Health services are not available. Villagers are also educated about importance of cleanliness for Self and their surrounding areas.

The Company encourages its employees to participate in various social activities under Employees Social Option Plan. Many of its employees have voluntarily contributed for Swachh Bharat Abhiyan and Tree plantation activities for increasing the green cover in the villages around the factory locations.

Principle 5 - Businesses should respect and promote human rights

1. Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?

The Business Responsibility Policy covers the aspects on Human Rights for the Company. Human Rights issues are a part of the supplier selection process and are also included in the contracts drawn up with them.

Suppliers Corporate Social Responsibility Commitment document has been communicated to all the suppliers through respective CEO’s & an undertaking has been obtained.

Under GSCM initiative at suppliers & contractors training & interaction sessions Human Rights related topic is covered thoroughly.

2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

The Company has not received any complaint involving issues related to Principle-5

Principle 6 - Business should respect, protect and make efforts to restore the environment

1. **Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/ Suppliers/Contractors/NGOs/others.**

   The Company has formulated various policies related to environmental protection like Environment, Safety, Energy & GSCM Policies. The GSCM Policy includes environment protection and covers suppliers. The subsidiaries have their own policies which are in sync with the Company's environmental policies.

2. **Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.**

   Targets taken in Sustainability Roadmap relate to energy conservation, GHG reduction and water conservation. These strategies and initiatives are also aligned to the National Action Plan on Climate Change. The strategies and new initiatives continue year on year. In the current reporting year, various initiatives on energy saving, water saving, waste reduction etc. were implemented.

   Due to various energy saving initiatives undertaken during the year, the Company could achieve aggregate saving of approximately 1839 MWh in the electricity consumption.

   Bill Forge Division of the Company uses significant portion of Renewable Energy there by contributing to positive impact on climate change. Further, the Company has initiated installation of Solar Roof top in other business divisions having total solar Capacity of 5 MWp. The expected solar energy generation will be about 7.5 million KWh every year from CY2020.

3. **Does the company identify and assess potential environmental risks? Y/N**

   Yes, the Company has a mechanism to identify and assess potential environmental risks across all locations. All the Plants of Forgings, Foundry, Magnetics Products, Gears and Stampings Division (except for Nagpur Plant and Kanhe-II Plant) and Bill Forge Divisions's Plants located at Jigani, Bommasandra & Attibele has ISO 14001-2015 EMS Certification.

4. **Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?**

   The Company has not done any significant work so far in CDM/ Carbon credit related areas. However, we are increasing our efforts in sourcing energy from renewable sources like Wind & Solar. At the Bill Forge Division 85% of the energy consumed is sourced through renewable sources and 6.4 % of total energy consumed is from renewable sources in other business divisions of the Company. Under Environment Protection Act &Rules Form-V (Environmental statement) is submitted to SPCB by respective plants.

   Installation of Solar Roof top in process across MCIE nine plants having solar Capacity 5 MWp.

5. **Has the Company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.**

   Yes. Same as stated under point 2 above.

6. **Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?**

   Yes

7. **Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.**

   Nil

Principle 7 - Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

1. **Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:**

   Yes, The Company is member of trade and industry chambers like The Automotive Component Manufacturers Association of India (ACMA), The Confederation of Indian Industry (CII), Mahratta Chamber of Commerce and Industries (MCCI), The Institute of Indian Foundry men CEO forum, Association of Indian Forging Industry (AIFI) & Indian Machine Tool Manufacturers' Association (IMTMA), etc.

2. **Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)**

   No significant contribution.

Principle 8 - Businesses should support inclusive growth and equitable development

1. **Does the company have specified programmes/ initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.**

   Yes. The Company and its applicable Indian subsidiaries have been a socially responsible corporate, making investments in the community which go beyond any mandatory legal & statutory requirements. The CSR vision of the Company is to focus efforts in Education & Skill Development, Health and Sanitation, water & livelihood by promoting self help groups and Community Development by innovatively supporting them through programs designed in respective areas while harnessing the power of technology. By investing our CSR efforts in these identified social issues we contribute positively for upliftment of needy people.

In accordance with the Companies Act, 2013, the Company is committed to spend 2% towards CSR initiatives. Your Company encourages its employees to participate in the Employee Social Options Program (ESOPs), to drive positive change in society, through Health checkup camps, tree plantation, vocational guidance to school children in the nearby schools, providing education and sports aids etc. During the year under review, the employees of your Company participated in various education, health and environment related programs in local communities.

During the year under review, the Company strengthened its partnership with Naandi Foundation and other Implementing Partners & continued to implement following CSR projects in the area of Education Skill Development and Community Health:

a) Pathway to Excellence – BM Pawar High School & Junior College, Birdawadi, Chakan

b) Enhancing Employability Quotient (EmQ) of Babasaheb Ambedkar Technological University (BATU) students in Mangaon.

c) Project Vidya, To improve employability and skill development at ITI Gondal & Mahila ITI Rajkot

During the year, the Company has undertaken following new projects:

a) Gram Samrudhhi Abhiyan

Gram Samrudhhi Abhiyan is long term project implemented in Groups Gram Panchayat Manjrewadi, Taluka Khed, Pune with the help pf Jeevanvidya Foundation, a Mumbai based NGO. The objective of this CSR Project is Integrated development of village across multiple areas such as education, health, woman empowerment, respecting environment and progress of rural and farmer community.

b) Project Dhai Akshar

Project Dhai Akshar is started to support deprived Children in Slums of Coastal areas in Mumbai through Academic and skill development support. This project is implemented through Dhai Akshar Educational Trust. We are providing Class room & workshop support, Resource Room, a learning space to facilitate self-initiated and self-directed learning in the age-group of 9 – 12 years of age.

c) Project Mamta

Project Mamta is to take care of HIV +ve affected Children and women by giving them Medical, Nutritional and academic support. Mamta Foundation, Pune is supporting to implement this Project. This project Project Mamta is for the welfare of HIV +ve children and women by rehabilitate HIV infected children & women in the society and enable HIV+ve infected children & women to live with respect & dignity

d) The Company has sponsored for mid-day meals in 10 schools adopted by Bill Forge in a way to commit that no child is hungry.

e) Construction of Bill Forge Computer Learning & Resource Centre - training housewives and students from nearby schools & villages.

f) Providing libraries in two Bill Forge adopted schools as a step towards quality education.

g) Support to two girls from the backward Indlawadi Panchayat to represent the State in the National Level Shotput and providing them with adequate training to represent at International forums.

2. Are the programmes / projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization?

CSR initiatives are implemented either directly by the Company through its ESOPs structure where its employees directly participate and implement the CSR programmes or through implementing partners which include NGOs having an established track record of at least 3 years in carrying on the specific activity.

3. Have you done any impact assessment of your initiative?

Company had conducted Social Impact Evaluation for selected three Projects which have completed minimum two years of implementation. The evaluation was conducted by outside professional agency. The projects covered under Impact Evaluation were : Pathway to Excellence at Pune, Toilet Block Project at Village Urse, Pune and Enhancing Employability Quotient - Skill Development Program Mangaon-Lonere. The reports received post evaluation have helped us to understand the outcome of deliverable and bridge the gaps to increase the effectiveness of such Projects.

4. What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken.

The Company's contribution to community development projects amounts to ₹ 32.15 Million during the Calendar Year 2019. Details of some of the major initiatives the Company has invested in the financial year (CY19) are given in Point 1 above.

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.

The Company ensures that the CSR initiatives are successfully adopted by the community. The projects are implemented through renowned NGOs and they are responsible to conduct periodic assessment of the projects to ensure that targeted deliverables are achieved with maximum benefits to the community.

The Company has signed bi-partite agreement with the reputed NGOs with proven track record in program implementation. The initial agreement and MoUs, stakeholder's engagement during all phases of project management ensure that projects are owned and self managed after handing over.

Principle 9 - Businesses should engage with and provide value to their customers and consumers in a responsible manner.

1. **What percentage of customer complaints/consumer cases are pending as on the end of financial year.**

Pending Customer complaints of your plant CY19					
Receiving Period	Total Complaints Registered in this period	Open	Close	Open %	Close %
CY-19	1106	23	1083	2.08%	97.92

2. **Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. /Remarks(additional information)**

   Given the nature of business it is done only as per the Customer Specified Standards of packaging and part labeling.

3. **Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.**

   Nil

4. **Did your company carry out any consumer survey/ consumer satisfaction trends?**

   Customer satisfaction surveys are conducted by all Divisions for their key customers.

Date: 26th February, 2020

STANDALONE FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

Opinion

1. We have audited the accompanying standalone Ind AS financial statements of **Mahindra CIE Automotive Limited** ("the Company"), which comprise the balance sheet as at December 31, 2019, the statement of Profit and Loss (including Other Comprehensive Income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Companies Act, 2013 ("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 December 31, 2019, and total comprehensive income (comprising of profit and other comprehensive income), changes in equity and its cash flows for the year then ended.

Basis for opinion

3. 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 standalone Ind AS 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 standalone 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.

Emphasis of matter

4. We draw your attention to Note 39 to the standalone Ind AS financial statements in respect of Scheme of Amalgamation (the "scheme") between the Company and Bill Forge Private Limited, its wholly owned subsidiary, as approved by National Company Law Tribunal vide its order dated November 15, 2019. The scheme has been given effect to in the standalone Ind AS financial statements from the appointed date of April 1, 2018 as per the scheme, which is different from the date required under Ind AS 103 - Business Combinations, which is the beginning of the preceding period, namely January 1, 2018. Our opinion is not modified in respect of this matter.

Key audit matters

5. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the standalone Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Assessment of Carrying Value of Equity Investments in Subsidiaries **[Refer note 4(d) and 8 of the standalone financial statements for the related disclosures]** The Company has equity investments in subsidiaries aggregating to INR 15,800 million as at December 31, 2019, which are carried at cost (subject to impairment assessment). On an annual basis, the Management evaluates the existence of impairment indicators, such as accumulated losses, to the carrying values of equity investment in its subsidiaries. The processes and methodologies for assessing and determining the recoverable amount of equity investments, involve estimates, assumptions and significant management judgement, in particular with reference to forecasts of future cash flows relating to the period covered by the Company's strategic business plan, the terminal value, as well as the long-term growth rates and discount rates applied to such forecasted cash flows. The testing for impairment in these investments has been identified as a key audit matter in view of the significance of the amounts involved and as the determination of recoverable value for impairment assessment involves significant management judgement.	Our audit procedures for assessment of impairment of investments included the following: • Obtained an understanding from the management, assessed and tested the design and operating effectiveness of the Company's controls over impairment assessment of its investments in subsidiaries. • Together with the auditors' experts: - a) Evaluated the Company's process regarding impairment assessment in assessing the appropriateness of the impairment model including an independent assessment of the underlying assumptions relating to discount rate, terminal value etc. b) Assessed the carrying value of the investments in subsidiaries, to determine whether the valuations performed by the Company were within an acceptable range and reasonable. • Evaluated the cash flow forecasts (with underlying economic growth rate) by comparing them to the approved budgets and our understanding of the industry's internal and external factors. • Checked the mathematical accuracy of the computations and agreed relevant data back to the latest budgets, actual past results and other supporting documents. • Assessed the Company's sensitivity analysis and evaluated whether any reasonably foreseeable change in assumptions could lead to impairment.

Key audit matter	How our audit addressed the key audit matter
	• Discussed with the component auditors to develop an understanding of the operating performance and outlook used in their own valuation model and to assess consistency with the assumptions used in the model. • Evaluated the adequacy of the disclosures made in the standalone financial statements. Based on the above procedures performed, we did not identify any exceptions in the management's assessment in relation to the carrying value of investments in subsidiaries.
Assessment of contingencies and provision for taxes and other litigations and claims **(Refer note 18 and 30 of the standalone financial statements for the related disclosures)** The Company has various legal and tax related claims, in respect of which the Company has recognised a provision of INR 507 million and disclosed contingent liabilities of INR 1,137 million in the standalone financial statements. In respect of the matters relating to contingent liabilities, the Company has filed appeals against the above orders with the appropriate authorities. The assessment of the likely outcome of these matters and the related outflow of resources is an area of significant Management judgement. Management involves legal experts in specific matters where considered necessary. This has been considered a key audit matter in view of the uncertain outcome of the litigations and involvement of significant management judgement in assessing the probability of outflow of economic resources.	Our audit procedures included the following: • Understood and evaluated the design and tested the operating effectiveness of controls in respect of assessment of contingencies and provision for taxes and other litigations and claims; • Obtained the summary of all legal and tax cases and independently assessed the decisions and rationale for provisions recognised and contingent liabilities disclosed. • Assessed external legal opinions obtained by the management on specific matters and held discussions with management's expert to corroborate their assessment and engaged our tax experts to examine the tax positions. • Assessed the adequacy of disclosures in the standalone financial statements. On the basis of the above procedures performed, we considered the management's assessment in respect of contingencies and provision for taxes and other litigations and claims to be reasonable and disclosures to be appropriate.
Assessment of Impairment of Goodwill **[Refer note 4(a) and 6 of the standalone financial statements for the related disclosures]** The aggregate carrying value of the goodwill amounts to INR 10,167 million as at December 31, 2019, arising due to business combinations. The management tests the carrying value of goodwill annually for impairment. The Company performed an impairment assessment over the Goodwill by calculating the recoverable value of the Cash Generating Unit (CGU) to which the Goodwill belongs using a discounted cash flow model and comparing the same with the carrying value. The processes and methodologies for assessing and determining the recoverable amount of Goodwill are based on complex assumptions, that by their nature imply the use of the management's judgement, in particular with reference to identification of CGUs, forecast of future cash flows relating to the period covered by the Company's strategic business plan, terminal value, as well as the long-term growth rates and discount rates applied to such forecasted cash flows. The matter has been identified as a key audit matter in view of the significant amounts involved and also considering the judgement required for estimating the cash flows and the complexity of the assumptions used.	Our audit procedures and assessment of impairment of Goodwill included the following: • Obtained an understanding from the management, assessed and tested the design and operating effectiveness of the Company's controls over impairment assessment of Goodwill, determination of Cash Generating Units (CGUs) and other assumptions used by the management. • Evaluated whether assessment of CGUs was consistent with our knowledge of the Company's operations. • Together with the auditors' valuation experts, we evaluated the Company's processes regarding impairment assessment: a) Assessed the appropriateness of the impairment model used by the management to estimate the recoverable value of Goodwill. b) Assessed the cash flow forecasts (with underlying economic growth rate) by comparing them to the budgets provided by the management and our understanding of the industry's factors. c) Assessed the underlying assumptions relating to discount rate, earnings growth rate and terminal value etc. d) Assessed the Company's sensitivity analysis and evaluated whether any reasonably foreseeable change in the underlying assumptions could lead to impairment. e) Checked the mathematical accuracy of the impairment model and agreed relevant data back to the latest budgets, actual past results achieved by each CGU with the respective year's budgets and other supporting documents. • Assessed the adequacy of disclosures in the standalone financial statements. Based on the above procedures performed, the management's assessment of impairment of goodwill was considered to be reasonable.

Other Information

6. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the financial statements and our auditor's report thereon.

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

   In connection with our audit of the standalone 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 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 Standalone Ind AS financial statements

7. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone 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 Indian 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

8. In preparing the standalone 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 Standalone Ind AS financial statements

9. Our objectives are to obtain reasonable assurance about whether the standalone 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 SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone Ind AS financial statements.

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

- Identify and assess the risks of material misstatement of the standalone 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 Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to Ind AS financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by 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 Standalone 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 standalone Ind AS financial statements, including the disclosures, and whether the standalone Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

11. 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.

12. 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.

13. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 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

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

15. 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 of account.

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

    (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.

    (e) On the basis of the written representations received from the directors as on December 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on December 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.

    (f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure 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 has disclosed the impact of pending litigations as at December 31, 2019 on its financial position in its standalone Ind AS financial statements – Refer Note 30 to the financial statements;

        ii. The Company has long term contracts as at December 31, 2019 for which there were no material foreseeable losses. The Company did not have any derivative contracts as at December 31, 2019.

        iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended December 31, 2019.

        iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended December 31, 2019.

16. 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.

For **Price Waterhouse Chartered Accountants LLP**

Firm Registration Number: 012754N/N500016

Jeetendra Mirchandani

Partner

Place : Mumbai

Membership Number 48125

Date : February 26, 2020

UDIN: 20048125AAAADR1227

ANNEXURE A TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 15(f) of the Independent Auditors' Report of even date to the members of Mahindra CIE Automotive Limited on the standalone Ind AS financial statements as of and for the year ended December 31, 2019

Report on the Internal Financial Controls with reference to Ind AS financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act

1. We have audited the internal financial controls with reference to Ind AS financial statements of Mahindra CIE Automotive Limited ("the Company") as of December 31, 2019 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

2. 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 (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

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

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

5. 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 with reference to financial statements.

Meaning of Internal Financial Controls with reference to financial statements

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

Inherent Limitations of Internal Financial Controls with reference to financial statements

7. Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are

subject to the risk that the internal financial control controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at December 31, 2019, 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 **Price Waterhouse Chartered Accountants LLP**

Firm Registration Number: 012754N/N500016

Jeetendra Mirchandani

Partner

Place : Mumbai
Membership Number 48125

Date : February 26, 2020
UDIN: 20048125AAAADR1227

ANNEXURE B TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 14 of the Independent Auditors' Report of even date to the members of Mahindra CIE Automotive Limited on the standalone financial statements as of and for the year ended December 31, 2019

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

(b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of 3 years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.

(c) The title deeds of immovable properties, as disclosed in Note 5 and Note 10 to the financial statements, are held in the name of the Company, except for:-

₹ in Million

Nature of the Property	Total Number of cases	Gross Block as at December 31, 2019	Net Block as at December 31, 2019
Freehold Land	6	743	743
Leasehold Land	2	128	118
Building	8	1,187	939

These properties are in the name of Bill Forge Private Limited, Mahindra Gears and Transmissions Private Limited and Mahindra Ugine Steel Company Limited. These properties have vested into the Company pursuant to amalgamations of these entities with the Company. The company is in the process of getting these properties transferred in its name.

ii. The physical verification of inventory excluding stocks with third parties have been conducted at reasonable intervals by the Management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. The discrepancies noticed on physical verification of inventory as compared to book records were not material.

iii. The Company has granted unsecured loans, to 2 companies covered in the register maintained under Section 189 of the Act. There are no firms /LLPs/other parties covered in the register maintained under Section 189 of the Act.

(a) In respect of the aforesaid loans, the terms and conditions under which such loans were granted are not prejudicial to the Company's interest.

(b) In respect of the aforesaid loans, no schedule for repayment of principal and payment of interest has been stipulated by the Company. Therefore, in absence of stipulation of repayment terms we do not make any comment on the regularity of repayment of principal and payment of interest.

(c) In respect of the aforesaid loans, there is no amount which is overdue for more than ninety days.

iv. In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Companies Act, 2013 in respect of the loans and investments made, and guarantees and security provided by it.

v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.

vi. Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148(1) of the Act in respect of its products. We have broadly reviewed the same, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues, including provident fund, employees' state insurance, income tax, duty of customs, cess, goods and services tax and other material statutory dues, as applicable, with the appropriate authorities.

(b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of income tax, sales tax, service tax, duty of customs and excise duty, as at December 31, 2019 which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount (₹) in Million	Amount paid under protest	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Income Tax	192*	54	2004-05 to 2017-18	CIT (Appeals) to ITAT

Name of the statute	Nature of dues	Amount (₹) in Million	Amount paid under protest	Period to which the amount relates	Forum where the dispute is pending
Central Excise Act, 1944	Excise Duty	109	3	1999-00 to June' 17	Commissioner of Central Excise (Appeals) to Customs, Excise and Service Tax Appellate Tribunal
Finance Act, 1994	Service Tax	66	1	2005-06 to November'15	Commissioner of Central Excise to Customs, Excise and Service Tax Appellate Tribunal
Sales Tax Laws	Sales Tax	41	2	1995-96 to 2014-15	Commissioner of VAT (Appeals) to Central Appellate Tribunal.
Customs Act, 1962	Custom Duty	2	-	2013-14	Commissioner of Customs

*Amount is net of refund adjusted for AY 2008-09 to AY 2013-14 amounting to INR 135 million.

viii. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of loans or borrowings to any financial institution or bank or Government or dues to debenture holders as at the balance sheet date.

ix. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.

x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.

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. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it; the provisions of Clause 3(xii) of the Order are not applicable to the Company.

xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under, Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified under Section 133 of the Act.

xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.

xv. The Company has not entered into any non cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.

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

For **Price Waterhouse Chartered Accountants LLP**

Firm Registration Number: 012754N/N500016

Jeetendra Mirchandani

Partner

Membership Number 48125

UDIN: 20048125AAAADR1227

Place : Mumbai

Date : February 26, 2020

Balance Sheet as at 31st December, 2019

(₹ in Million)

		Note No.	As at 31st December, 2019	As at 31st December, 2018
I	**ASSETS**			
1	**NON-CURRENT ASSETS**			
	(a) Property, Plant and Equipment	5	**9,953**	8,820
	(b) Capital Work-in-Progress	5	**385**	717
	(c) Goodwill	6	**10,167**	10,167
	(d) Other Intangible Assets	7	**60**	77
	(e) Financial Assets			
	i) Investments	8	**15,875**	7,045
	ii) Other Financial Assets	8A	**167**	166
	(f) Income Tax Assets (Net)		**183**	301
	(g) Other Non-Current Assets	10	**955**	1,067
	TOTAL NON-CURRENT ASSETS		**37,745**	28,360
2	**CURRENT ASSETS**			
	(a) Inventories	11	**2,808**	3,836
	(b) Financial Assets			
	(i) Investments	8	**847**	6,788
	(ii) Other Financial Assets	8A	**-**	23
	(iii) Trade Receivables	9	**5,214**	5,423
	(iv) Cash and Cash Equivalents	12	**239**	329
	(v) Other Bank Balances	12	**127**	43
	(c) Income Tax Assets (Net)		**87**	-
	(d) Other Current Assets	10	**409**	592
	TOTAL CURRENT ASSETS		**9,731**	17,034
	TOTAL ASSETS		**47,476**	45,394
II	**EQUITY AND LIABILITIES**			
1	**EQUITY**			
	(a) Equity Share Capital	13	**3,790**	3,788
	(b) Other Equity	14	**34,925**	33,181
			38,715	36,969
	LIABILITIES			
2	**NON-CURRENT LIABILITIES**			
	(a) Provisions	18	**868**	1,372
	(b) Deferred Tax Liabilities (Net)	19	**1,320**	343
	(c) Other Non-Current Liabilities	22	**2**	18
			2,190	1,733
3	**CURRENT LIABILITIES**			
	(a) Financial Liabilities			
	(i) Borrowings	15	**971**	864
	(ii) Trade Payables	16		
	Total outstanding dues of Micro enterprises and Small enterprises; and		**172**	138
	Total outstanding dues of creditors other than micro enterprises and small enterprises		**3,705**	3,983
	(iii) Other Financial Liabilities	17	**87**	152
	(b) Provisions	18	**219**	155
	(c) Current Tax Liabilities		**-**	526
	(d) Other Current Liabilities	22	**1,417**	874
			6,571	6,692
	TOTAL EQUITY AND LIABILITIES		**47,476**	45,394

The accompanying notes 1 to 40 are an integral part of these financial statements.

This is the Balance Sheet referred to in our report of even date.

For **Price Waterhouse Chartered Accountants LLP**
Firm Registration No. 012754N/N500016

Jeetendra Mirchandani
Partner
Membership No. 48125

Mumbai, 26th February, 2020

For and on behalf of the Board of Directors of **Mahindra CIE Automotive Limited**

Ander Arenaza Alvarez
Executive Director

Dhananjay Mungale
Director

Manoj Menon
Executive Director &
CEO-Business Division

Hari Krishnan
CEO- Business Division

K. Jayaprakash
Chief Financial Officer

Pankaj Goyal
Company Secretary & Compliance officer

Mumbai, 26th February, 2020

Statement of Profit and Loss for the year ended 31st December, 2019

(₹ in Million)

			Note No.	Year Ended 31st December, 2019	Year Ended 31st December, 2018
I	**Revenue from operations**		23	**28,945**	31,462
II	**Other Income**		24	**326**	262
III	**Total Revenue (I+II)**			**29,271**	31,724
IV	**Expenses**				
	(a)	Cost of materials consumed	25	**14,247**	17,178
	(b)	Changes in inventories of finished goods and work-in-progress	25	**314**	(1,090)
	(c)	Employee benefit expense	26	**3,834**	3,628
	(d)	Finance costs	27	**136**	66
	(e)	Depreciation and amortisation expense	5,7	**1,127**	1,020
	(f)	Other expenses	28	**7,096**	7,519
	Total Expenses (IV)			**26,754**	28,321
V	**Profit before exceptional items and tax (III-IV)**			**2,517**	3,403
VI	**Exceptional Items**		33	**(119)**	1,286
VII	**Profit before tax (V-VI)**			**2,636**	2,117
VIII	**Income Tax Expense**				
	(1)	Current tax (Including merger impact)	20	**(72)**	1,152
	(2)	Deferred tax	20	**985**	26
	Total tax expense			**913**	1,178
IX	**Profit for the year (VII-VIII)**			**1,723**	939
X	**Other comprehensive income**				
	(i)	Items that will not be reclassified to profit or loss			
		Remeasurement of post–employment benefit obligation	29	**(31)**	(25)
	(ii)	Income tax relating to items that will not be reclassified to profit or loss	20	**8**	9
	Other comprehensive Income/(loss) for the year, net of tax			**(23)**	(16)
XI	**Total comprehensive income for the year (IX+X)**			**1,700**	923
XII	**Earnings per equity share of face value of ₹10 each :**				
	Basic		32	**4.55**	2.48
	Diluted		32	**4.55**	2.48

The accompanying notes 1 to 40 are an integral part of these financial statements.

This is the Statement of Profit and Loss account referred to in our report of even date.

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Mumbai, 26th February, 2020

Statement of changes in equity for the year ended 31st December, 2019

(₹ in Million)

A. Equity Share Capital

	Number of Shares	Equity share capital
Balance as at January 1, 2018	378,367,242	3,784
Changes in equity share capital during the year		
Issue of equity shares pursuant to exercise of employee share options	413,690	4
Balance as at December 31, 2018	**378,780,932**	**3,788**
Changes in equity share capital during the year		
Issue of equity shares pursuant to exercise of employee share options	229,750	2
Balance as at December 31, 2019	**379,010,682**	**3,790**

B. Other Equity

	Reserves and surplus							
	Capital Reserve	Securities Premium Reserve	Equity-settled employee benefits reserve	General Reserve	Capital Redemption Reserve	Retained Earnings	Other Comprehensive Income	Total
As at 1st January, 2018	6,502	15,142	106	6,536	165	2,791	(30)	31,212
Profit for the year	-	-	-	-	-	939	-	939
Remeasurements of post-employment benefit obligation	-	-	-	-	-	-	(16)	(16)
Total Comprehensive Income for the year	-	-	-	-	-	**939**	**(16)**	**923**
Exercise of employee stock options	-	92	(43)	-	-	-	-	49
Pursuant to amalgamation of BFPL with the company (Refer Note 39)	-	-	-	-	-	981	-	981
Any other changes	-	-	-	-	-	16	-	16
As at 31st December, 2018	**6,502**	**15,234**	**63**	**6,536**	**165**	**4,727**	**(46)**	**33,181**
Profit for the year	-	-	-	-	-	1,723	-	1,723
Remeasurements of post-employment benefit obligation	-	-	-	-	-	-	(23)	(23)
Total Comprehensive Income for the year	-	-	-	-	-	**1,723**	**(23)**	**1,700**
Exercise of employee stock options	-	51	(24)	-	-	-	-	27
Any other changes	-	-	-	-	-	17	-	17
As at 31st December, 2019	**6,502**	**15,285**	**39**	**6,536**	**165**	**6,467**	**(69)**	**34,925**

The accompanying notes 1 to 40 are an integral part of these financial statements.

This is the Statement of Changes in Equity referred to in our report of even date.

For **Price Waterhouse Chartered Accountants LLP**
Firm Registration No. 012754N/N500016

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Mumbai, 26th February, 2020

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Mumbai, 26th February, 2020

Statement of Cash Flows for the year ended 31st December, 2019

(₹ in Million)

	Particulars	Year ended 31st December, 2019	Year ended 31st December, 2018
I	**Cash flows from operating activities**		
	Profit before tax for the year	**2,636**	2,117
	Adjustments for:		
	Finance costs recognised in profit or loss	**136**	66
	Interest income recognised in profit or loss	**(119)**	(122)
	Net Gain on sale of investment and change in fair value of investments held at FVTPL	**(16)**	(47)
	Allowances for trade receivables	**(30)**	4
	Net Gain on disposal of Property, Plant and Equipment	**(3)**	(8)
	Depreciation and amortisation of non-current assets	**1,127**	1,020
	Provision for slow moving	**8**	(8)
	Loss on sale of subsidiary (Refer Note 33)	**-**	125
	Impairment of non-current assets (Refer Note 33)	**49**	1,161
	Net Foreign exchange (gain)/loss	**(30)**	6
	Employee Share based payment expenses	**2**	14
		3,760	4,328
	Change in operating assets and liabilities:		
	(Increase)/decrease in trade and other receivables	**268**	(584)
	(Increase)/decrease in inventories	**1,020**	(882)
	(Increase)/decrease in other assets	**119**	55
	Increase/(decrease) trade and other payables	**(244)**	(334)
	Increase/(decrease) in provisions	**(440)**	231
	Increase/(decrease) in other liabilities	**(94)**	31
		629	(1,483)
	Income taxes paid	**(420)**	(696)
	Net cash inflow from operating activities	**3,969**	2,149
II	**Cash flows from investing activities**		
	Purchase of Property, Plant and Equipment	**(1,871)**	(1,667)
	(Purchase)/Sale of current investments	**5,957**	(6,233)
	Proceeds from sale of Property, Plant and Equipment	**27**	25
	Proceeds from Sale of subsidiary	**-**	6,849
	Investment in Subsidiary Companies	**(8,137)**	(1,161)
	Investment in Associate Companies	**(69)**	-*
	Payment for purchase of investments	**(2)**	-
	Interest received	**119**	122
	Net cash outflow from investing activities	**(3,976)**	(2,065)
III	**Cash flows from financing activities**		
	Proceeds from issue of equity instruments of the Company	**30**	57
	Net Proceeds/(Repayment) of borrowings	**107**	55
	Interest paid	**(136)**	(66)
	Net cash inflow/ (outflow) from financing activities	**1**	46
IV	Net increase/(decrease) in cash and cash equivalents	**(6)**	130
	Cash and cash equivalents at the beginning of the year	**372**	234
	Effects of exchange rate changes on cash and cash equivalents	**-***	-*
	Pursuant to amalgamation of BFPL (Refer Note 39)	**-**	8
V	Cash and cash equivalents at the end of the year	**366**	372

* Amount is below the rounding off norm adopted by the Company.

This is the Cash Flow statement referred to in our report of even date

For **Price Waterhouse Chartered Accountants LLP**
Firm Registration No. 012754N/N500016

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Partner
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Mumbai, 26th February, 2020

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Chief Financial Officer

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Company Secretary & Compliance officer

Mumbai, 26th February, 2020

1. **General information**

Mahindra CIE Automotive Limited and activities

Mahindra CIE Automotive Limited (MCIE) is a Company incorporated in India having its registered office in Mumbai. MCIE is engaged in the business of production and sale of automotive components to original equipment manufacturers and other customers (including leading suppliers of components) in India and overseas.

The Company has manufacturing facilities in various locations across the country in India. MCIE has an established presence in each of these locations and supplies automotive components to its customers based there and exports products to customers based in other countries as well.

MCIE is a subsidiary of CIE Automotive S.A. based in Spain. Mahindra Vehicle Manufacturing Ltd. (MVML), a Company based in India is a significant shareholder in MCIE. Pursuant to a global alliance between the two companies Mahindra's automotive components businesses across various products in India and Europe were brought together.

Pursuant to the acquisition agreement dated 12th September 2016, the Company had acquired business of Bill Forge Private Limited ("BFPL") through acquisition of all of the share capital from the third parties Sellers for a total purchase consideration of ₹ 13,028 million which was discharged in the form of cash and through the issue of shares.

Subsequent to the acquisition, BFPL is amalgamated with the Company with an appointed date of April 1, 2018 under a Scheme of Amalgamation approved by Hon'ble NCLT Mumbai vide order dated November 4, 2019 and effective date November 15, 2019 (being the date of filing of the Order with Registrar of Companies)(Refer note 39)

On April 9, 2019 (the "Acquisition date"), the company has acquired 100% equity of Aurangabad Electricals Limited (AEL) for a purchase consideration of INR 8,759 million. AEL is in the business of manufacturing of automobile and brake system components which includes aluminium die casting components.

These standalone financial statements for the year ended December 31, 2019 were approved for issue by the Board of Directors in accordance with their resolution dated February 26, 2020.

2. **Summary of significant accounting policies**

2.1 Basis of presentation

The standalone financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Act. The financial statements have been prepared on a historical cost basis, except for share based payments, non-current assets and disposal group classified as held for sale, derivative financial instruments and certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments).

The financial statements are presented in Million INR except earnings per share data and unless stated otherwise. All values are rounded to the nearest Million except when otherwise indicated.

2.2 Segment information

Operating segments (Note 34) are reported consistently with the internal reporting provided to the Board of Directors. The Board of Directors is responsible for allocating resources to and assessing the performance of the operating segments.

2.3 Current and non-current classification

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

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

All other assets are classified as non-current.

A liability is current when:

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

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets or liabilities.

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

2.4 Foreign currencies

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction. Realised gains and losses and also exchange differences arising on translation at year end exchange rates of monetary assets and monetary liabilities outstanding at the end of the year are recognized in the statement of Profit and Loss.

2.5 Revenue recognition

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has concluded that it is principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer. The policy of recognising the revenue is determined by the five-stage model proposed by Ind AS 115 "Revenue from contract with customers''.

Sale of goods

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer generally on date of bill of lading for export sales and generally on delivery for domestic sales. The normal credit term is 30 to 90 days upon delivery. The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of goods, the Company considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer, if any.

2.6 Other Revenue

Export incentives

Revenue from export incentives are accounted for on export of goods if the entitlements can be estimated with reasonable assurance and condition precedent to claim are fulfilled.

Interest income

For all debt instruments measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in other income in the statement of profit and loss.

Dividends

Revenue is recognised when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

2.7 Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognized as income in equal amounts over the expected useful life of the related asset.

When the Company receives grants of non-monetary assets, the asset and the grant are recorded at fair value amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset i.e. by equal annual instalments. When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant. The loan or assistance is initially recognized and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received.

2.8 Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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

Deferred tax relating to items recognized outside profit or loss is recognized either in other comprehensive income or in equity. Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Goods and Services taxes paid on acquisition of assets or on incurring expenses

Expenses and assets are recognized net of the amount of Goods and Services taxes paid, except:

- When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of tax included

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

2.9 Leases

As a lessee

Leases of property, plant and equipment where the company, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of liability for each period.

Leases in which a significant portion of the risk and reward of ownership are not transferred to the company as lessee are classified as operating leases. Payments made under operating leases (Net of any incentives received from the lessor) are charged to the profit or loss on a straight line basis over the period of the lease unless the payments are structured to increase inline with expected general inflation to compensate to lessor's expected inflationary cost increases.

As a Lessor

Lease income from operating leases where the company is a lessor is recognised in income on straight line basis over the lease term unless the receipts are structured to increase inline with expected general inflation to compensate for the expected inflationary cost increases. The respective leased assets are included in the balance sheet based on their nature.

2.10 Property, plant and equipment

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of items.

Subsequent costs are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit and loss during the reporting period in which they are incurred.

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

- Building 30/60 years
- Plant and equipment 5 to 25 years
- Furniture and fixtures 5 to 10 years
- Office equipments 5 to 10 years
- Vehicles 3 to 8 years
- Computers 3 to 6 years

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

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

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

2.11 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

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

Amortisation is calculated on a straight-line basis over the estimated useful lives of 3 to 5 years.

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

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

2.12 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

2.13 Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition is accounted for as follows:

- Raw materials: Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.
- Finished goods and work in progress: Cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs. Cost is determined on weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2.14 Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash flows from other assets or groups of assets (cash-generating units). When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down 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.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five year. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Company extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries for the market in which the asset is used.

Impairment losses of continuing operations, including impairment on inventories, are recognized in the statement of profit and loss, except for properties previously revalued with the revaluation surplus taken to OCI. For such properties, the impairment is recognized in OCI up to the amount of any previous revaluation surplus.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior year. Such reversal is recognized in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually as at 31st December.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU to which the goodwill relates. In assessing the recoverable amount of the CGU, 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. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful lives are tested for impairment annually as at 31st December at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

2.15 Provisions

General

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

2.16 Retirement and other employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

The Company operates a defined benefit gratuity plan in India, which requires contributions to be made to a separately administered fund.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit liability), and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognized in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Company recognizes related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the consolidated statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

2.17 Share based payments

Share based compensation benefits are provided to employees via the Employee Stock Options Scheme.

The fair value of options granted under the above scheme is recognised as employee benefit expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

- Including any market performance conditions;
- Excluding the impact of any service vesting conditions.

Non-market performance and service conditions are included in the assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period during which all the specified vesting conditions are to be satisfied.

At the end of each reporting period, the Company revises the estimates of the number of options that are expected. It recognises the impact of the revision of original estimates, if any, in the income statement, with corresponding adjustment to equity.

The total cost of the services rendered by the beneficiaries is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied (continued service at the Company).

2.18 Earnings Per Share

(i) Basic Earnings per share

Basic earnings per share is calculated by dividing

- the profit attributable to owners of the Company
- by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year and excluding treasury shares, if any.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of the additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

2.19 Financial Assets and Financial liabilities

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

Subsequent measurement

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

2.20 Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

2.21 Cash dividend

The Company recognizes a liability to make cash or non-cash distributions to equity holders of the parent when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders.

2.22 Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If the receivable is expected to be collected within a period of 12 months or less from the reporting date, they are classified as current assets otherwise as non-current assets.

(₹ in Million)

Trade receivables are measured at their transaction price unless it contains a significant financing component or pricing adjustments embedded in the contract.

Loss allowance for expected life time credit loss is recognised on initial recognition of the trade receivables.

2.23 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from supplier. Account payable is classified as current liabilities if payment is due within one year or less. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.24 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest rate method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer their settlement for at least 12 months after the end of the reporting period.

Fees paid on for availing the loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facilities will be drawn down. In this case, the fees are deferred until the draw- down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

2.25 Business Combination

Business Combinations in the nature of common control transactions are accounted for using pooling of interest method as follows:

i) The assets and liabilities of the combining entities are reflected at their carrying amounts.

ii) The financial information in the financial statements in respect of prior periods is restated as if the business combination had occurred from the beginning of the preceding period in the financial statements, irrespective of the actual date of the combination. However, where the business combination had occurred after that date, the prior period information is restated only from that date.

iii) The balance of the retained earnings appearing in the financial statements of the transferor is aggregated with the corresponding balance appearing in the financial statements of the transferee or is adjusted against general reserve.

iv) The identity of the reserves are preserved and the reserves of the transferor becomes the reserves of the transferee.

2.26 Non-current assets held for sale

Non-current assets (or disposal group) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable.

Non-current assets and disposal group classified as held for sale are measured at lower of their carrying amount and fair value less costs to sell.

2.27 The list of standards issued but not yet effective:

a) Ind AS 116 - Leases

The Ministry of Corporate Affairs (MCA) notified the Companies (Indian Accounting Standards) Amendment Rules, 2019 on March 30, 2019. The Rules shall be effective from reporting period beginning on or after April 1, 2019 and cannot be early adopted. The new standard on leases sets out the principles for the recognition, measurement, presentation and disclosure of leases. The core objective of the standard is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information is likely to provide a basis to users of financial statements to assess the effect that leases will have on the financial position, financial performance and cash flows of the company. The new standard increases the focus on which party controls the use of an identified asset. Under Ind AS 17, an arrangement may be a lease when the customer obtains substantially all of the output or other utility of the asset even if the customer does not control the use of the asset. Under the new standard, a lease can exist if, and only if, the customer has the right to both control the use of an identified asset and obtain substantially all of the economic benefits from the use of that asset. This is in contrast to a further aspect of Ind AS 17 under which an arrangement is a lease when the customer has the right to control the use of an identified asset and obtains more than an insignificant amount of the output or other utility of the asset.

(₹ in Million)

The new standard provides two approaches to transition. They are as follows:

i) Full retrospective approach: Under this approach, the lessee applies the new standard retrospectively in accordance with Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors. For this purpose, the lessee:

- Applies the new standard to all leases in which it is a lessee
- Applies the standard retrospectively to each period presented
- Recognizes an adjustment in equity at the beginning of the earliest period presented and
- Makes the disclosures required by Ind AS 8 on a change in accounting policy

ii) Modified retrospective approach: Under this approach, a lessee applies the new standard from the beginning of the current period. For this purpose, the lessee:

- Calculates leased assets and lease liabilities as at the beginning of the current period
- Does not restate its prior period financial information
- Recognizes an adjustment in equity at the beginning of the current period and- Makes additional disclosures specified in the standard.

The Company is in the process of evaluating the impact on the financial statements under the new standard. The Company will adopt the standard on January 1, 2020.

b) Ind AS 12 Income taxes- Appendix C, Uncertainty over Income Tax Treatments

On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases ,unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12 According to the appendix companies need to determine the probability of the relevant tax authority accepting each tax treatment, or company of tax treatments, that companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses unused tax credits and tax rates. The standard permits two possible methods of transition-

i) Full retrospective approach- Under this approach, Appendix C will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8- Accounting Policies, Changes in Accounting Estimates and Errors and

ii) Retrospectively with cumulative effect of initially applying Appendix C recognized by adjusting equity on initial application, without adjusting comparatives. The effective date for adoption of Ind AS 12 Appendix C is annual periods beginning on or after April 1, 2019. The Company will adopt the standard on January 1, 2020.

3. Financial risk management

3.1 Financial risk factors

The Company's activities expose it to a variety of financial risks viz. market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

a. Market risk

(i) Foreign Currency Risk:-

The Company operates internationally, and the business is transacted in several currencies. Consequently, the Company is exposed to foreign exchange risk through its sale and purchase of goods and services in mainly USD, EURO and GBP.

The exposure on the rest of the assets denominated in other foreign currencies in respect of operations is not material.

(₹ in Million)

The Company's exposure to foreign currency risk at the year end expressed in INR million is as follows:

	31st December, 2019				31st December, 2018		
	USD	EUR	GBP	Other Currencies	USD	EUR	GBP
Financial Assets							
Trade Receivables	517	128	53	-	457	157	3
Cash and Cash equivalents	22	5	-	-	22	5	-
Net exposure to foreign currency risk (assets)	**539**	**133**	**53**	**-**	**479**	**162**	**3**
Financial Liabilities							
Trade Payables	66	11	4	-*	204	24	-*
Net exposure to foreign currency risk (liabilities)	**66**	**11**	**4**	**-***	**204**	**24**	**-***

* Amount is below the rounding off norm adopted by the Company.

For the year ended 31st December, 2019 and 31st December, 2018, every ten percentage appreciation/depreciation in the exchange rate between the Indian rupee and U.S. Dollar, would have affected the Company's incremental operating margins by approximately ₹ 47 Million and ₹27 Million, respectively. Further every ten percentage appreciation/depreciation in the exchange rate between the Indian rupee and Euro, would have affected the Company's incremental operating margins by approximately ₹ 12 Million and ₹ 14 Million, respectively. Further every ten percentage appreciation/depreciation in the exchange rate between the Indian rupee and GBP, would have affected the Company's incremental operating margins by approximately ₹ 5 Million in current year.

The sensitivity for net exposure of other currencies does not have material impact to the Statement of Profit and Loss.

Sensitivity analysis is computed based on the changes in the receivables and payables in foreign currency upon conversion into functional currency, due to exchange rate fluctuations in the previous reporting period and the current reporting period.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in market interest rates. The Company's exposure to the risk of changes in market interest rates relates to the Company's debt obligations with floating interest rates.

Interest rate sensitivity

There are no long term borrowings as at the year end.

b. Liquidity risk

(i) The prudent management of liquidity risk entails maintaining enough cash and available financing through sufficient credit facilities. In this respect MCIE strategy, articulated by its Treasury Department, is to maintain the necessary financing flexibility through the availability of committed credit lines. Additionally, and on the basis of its liquidity needs, the Company uses liquidity facilities (non-recourse factoring and the sale of financial assets representing receivable debts, transferring the related risks and rewards). Management monitors the Company's forecast liquidity requirements together with the trend in net debt.

The calculation of liquidity and net debt at 31st December, 2019 and 31st December, 2018 is calculated as follows:

	31st December, 2019	31st December, 2018
Cash and bank balances (Note 12)	**366**	372
Other current financial assets – Investments (Note 8)	**847**	6,788
Undrawn credit facilities and loans	**4,150**	4,644
Liquidity buffer	**5,363**	11,804
Borrowings (Note 15)	**971**	864
Other Financial Liabilities (Note 17)	**87**	152
Cash and bank balance (Note 12)	**(366)**	(372)
Other current financial assets – Investments (Note 8)	**(847)**	(6,788)
Net financial debt	**(155)**	(6,144)

(₹ in Million)

(ii) Maturities of financial liabilities

The table below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Contractual maturities of financial liabilities	31st December, 2019		31st December, 2018	
	Less than 1 year	More than 1 year	Less than 1 year	More than 1 year
Borrowings (Note 15)	**971**	**-**	864	-
Trade payables (Note 16)	**3,877**	**-**	4,121	-
Other financial liabilities (Note 17)	**87**	**-**	152	-
Total liabilities	**4,935**	**-**	5,137	-

The Company believes that the on-going initiatives will prevent liquidity shortfalls. In this respect, management expects that the cash generated will be sufficient to service payment obligations for the year without problem.

The Company monitors the Company's forecast liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining enough headroom on its undrawn committed borrowing facilities at all times so that the Company does not breach borrowing limits or covenants on any of its borrowing facilities.

Noteworthy is the existence at 31st December, 2019 of ₹ 4,150 million in unused loans and credit lines (31st December, 2018: ₹ 4,644 million)

One of the Company's strategies is to ensure the optimisation and maximum saturation of the resources assigned to the business. The Company therefore pays special attention to the net operating working capital invested in the business. In this regard, as in previous years, considerable work has been performed to control and reduce collection periods for trade and other receivables, as well as to optimise accounts payable with the support of banking arrangements to mobilise funds and minimise inventories through logistic and industrial management, allowing JIT (just in time) supplies to our customers.

c. Credit Risk

Credit risk from cash and cash equivalents, derivative financial instruments and bank deposits is considered immaterial in view of the creditworthiness of the banks the Company works with. If management detects liquidity risk in respect of its banks under certain specific circumstances, it recognises impairment provisions as warranted.

In addition, company has specific policies for managing customer credit risk; these policies factor in the customers' financial position, past experience and other customer specific factors.

With respect to customer credit limits, it should be noted that the Company policy is to spread its volumes across customers or manufacturing platforms.

One of the customer group exceeds 10% of the Company's turnover for the years 2019 and 2018. Sales to this customer in 2019 are ₹ 13,671 million (2018: ₹ 15,347 million)

i. Trade receivables

Credit risk arises from the possibility that customer will not be able to settle their obligations as and when agreed. To manage this, the Company periodically assesses the financial reliability of customers, taking into account the financial condition, current economic trends, analysis of historical bad debts, ageing of accounts receivable and forward looking information. Individual credit limits are set accordingly.

The company uses Expected Credit Loss (ECL) model to assess the impairment gain or loss. As per ECL simplified approach, the Company uses a provision matrix to compute the expected credit loss allowance for trade receivables. The provision matrix takes into account a continuing credit evaluation of Company's customers financial condition; aging of trade accounts receivable; the value and adequacy of collateral received from the customers in certain circumstances (if any); the Company's historical loss experience; and adjustment based on forward looking information. The Company defines default as an event when there is no reasonable expectation of recovery.

Movement of Loss allowance:

Particular	Amount in INR million
Loss allowance as on December 31, 2018	82
Reversal during the year (net)	(30)
Loss allowance as on December 31, 2019	52

(₹ in Million)

3.2 Fair Value estimation

Fair value measurement

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period (Refer Note 21).

3.3 Capital risk management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for the other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company can adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry the Company monitors capital on the basis of the leverage ratio, this ratio is calculated as net debt divided by total capital employed. Net debt is calculated as total borrowings plus current financial liabilities less cash, cash equivalents and current financial assets, all of which are shown in the annual accounts. Total capital employed is calculated as 'equity', as shown in the standalone annual accounts, plus net debt.

Calculation of Gearing ratio.

	31st December, 2019	31st December, 2018
Net Financial Debt (Refer Note 3.1.(b))	**(155)**	(6,144)
Equity	**38,715**	36,969
Less: Long term investment	**(15,875)**	(7,045)
Total Capital Employed	**22,685**	23,779
Gearing Ratio	**#**	#

Gearing ratio is not applicable since the Company has no Net Financial Debt.

(₹ in Million)

4. **Accounting estimates and judgements**

The preparation of financial statements requires management to make judgments, estimates and assumptions affecting the application of accounting policies and the amounts presented under assets and liabilities, income and expenses. Actual results may differ from these estimates.

a) **Estimated impairment loss on goodwill**

The Company tests annually whether goodwill has suffered any impairment. The recoverable amounts of cash-generating units basically which were determined on the basis of calculations of value in use did not give rise to impairment risks on the Company's goodwill at 31st December, 2019.

b) **Income tax**

Income tax expense for the period ended 31st December, 2019 has been estimated based on profit before taxes, as adjusted for any permanent and/or temporary differences envisaged in tax legislation governing the corporate income tax base calculation. The tax is recognized in the income statement, except insofar as it relates to items recognized directly in equity, in which case, it is also recognized in equity.

Tax credits and deductions and the tax effect of applying tax-loss carry forwards that have not been capitalised are treated as a reduction in the corporate income tax expense for the year in which they are applied or offset.

The calculation of income tax expense did not require the use of significant estimates except in tax credits recognized in the year and claim of goodwill, which was at all times consistent with the annual financial statements.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the annual accounts. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred taxes on temporary differences are recognized when arising on investments in subsidiaries, associates and joint ventures, except in those cases where the Company can control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets deriving from the carry forward of unused tax credits and unused tax losses are recognised to the extent that it is probable that future taxable profit will be available against which the tax assets can be utilised. In the case of investment tax credits the counterpart of the amounts recognized is the deferred income account. The tax credit is accrued as a decrease in expense over the period during which the items of property, plant and equipment that generated the tax credit are depreciated, recognizing the right with a credit to deferred income.

c) **Pension benefits**

The present value of the Company's pension obligations depends on a series of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

The Company determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Company considers the interest rates of Government bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension obligation. Other key assumptions for employee benefits are based in part on current market conditions.

d) **Assessment of carrying value of Equity Investments in Subsidiaries**

On an annual basis, the Company evaluates the existence of impairment indicators such as accumulated losses, to the carrying value of Equity investment in its subsidiaries. The recoverable amounts of cash-generating units basically which were determined on the basis of calculations of value in use did not give rise to impairment risks on the carrying value of Company's Equity investments at 31st December, 2019.

(₹ in Million)

5. Property, plant and equipment

The details and movements in property, plant and equipment are as follows:

2019:

	Description of Assets	Land	Building	Plant and Equipment	Furniture and Fixtures, tools and furnishings	Office Equipment	Vehicles	Computer / EDP Equipment	Total	Capital Work-in-Progress
I.	**Gross Carrying Amount**									
	Balance as at 1st Jan 2019	**1,026**	**2,332**	**10,804**	**75**	**47**	**79**	**94**	**14,457**	**717**
	Additions	125	591	1,481	14	16	12	21	2,260	1,928
	Disposals/ Capitalisation	-	(3)	(223)	(2)	(9)	(20)	(16)	(273)	(2,260)
	Balance as at 31st December, 2019	**1,151**	**2,920**	**12,062**	**87**	**54**	**71**	**99**	**16,444**	**385**
II.	**Accumulated depreciation and impairment**									
	Balance as at 1st Jan 2019	**-**	**(449)**	**(5,022)**	**(47)**	**(27)**	**(29)**	**(63)**	**(5,637)**	**-**
	Depreciation expense for the year	-	(106)	(955)	(7)	(8)	(13)	(16)	(1,105)	-
	Disposals	-	2	215	1	2	15	16	251	-
	Balance as at 31st December, 2019	**-**	**(553)**	**(5,762)**	**(53)**	**(33)**	**(27)**	**(63)**	**(6,491)**	**-**
III.	**Net carrying amount**	**1,151**	**2,367**	**6,300**	**34**	**21**	**44**	**36**	**9,953**	**385**

2018:

	Description of Assets	Land	Building	Plant and Equipment	Furniture and Fixtures, tools and furnishings	Office Equipment	Vehicles	Computer / EDP Equipment	Total	Capital work in Progress
I.	**Gross Carrying Amount**									
	Balance as at 1st Jan 2018	**430**	**1,673**	**5,902**	**51**	**32**	**65**	**53**	**8,206**	**253**
	Additions	2	114	939	8	10	12	14	1,099	1,481
	Pursuant to amalgamation of BFPL with the company (Refer Note 39)	594	561	4,093	19	8	25	32	5,332	82
	Disposals / Capitalisation	-	(16)	(130)	(3)	(3)	(23)	(5)	(180)	(1,099)
	Balance as at 31st December, 2018	**1,026**	**2,332**	**10,804**	**75**	**47**	**79**	**94**	**14,457**	**717**
II.	**Accumulated depreciation and impairment**									
	Balance as at 1st Jan 2018	**-**	**(251)**	**(2,214)**	**(31)**	**(17)**	**(15)**	**(30)**	**(2,558)**	**-**
	Pursuant to amalgamation of BFPL with the company (Refer Note 39)	-	(114)	(2,080)	(12)	(6)	(15)	(27)	(2,254)	-
	Depreciation expense for the year	-	(92)	(858)	(6)	(6)	(15)	(11)	(988)	-
	Disposals	-	8	130	2	2	16	5	163	-
	Balance as at 31st December, 2018	**-**	**(449)**	**(5,022)**	**(47)**	**(27)**	**(29)**	**(63)**	**(5,637)**	**717**
III.	**Net carrying amount**	**1,026**	**1,883**	**5,782**	**28**	**20**	**50**	**31**	**8,820**	**717**

i) Contractual obligation

Refer note 30 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

ii) Capital Work-in-Progress

Capital Work-in-Progress mainly comprises of capital expenditure incurred pertaining to plant and equipment not yet capitalised.

(₹ in Million)

6. Goodwill

Goodwill is tested for impairment on an annual basis. Goodwill is monitored by management at the level of cash generating units, which is India in this case. For the current and previous financial year, the recoverable amount of Cash Generating Unit (CGU) was determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by management covering a five year period.

Key assumptions used in the calculation of value in use:

The following table sets out the key assumptions for the CGU:

Particulars	31st December, 2019	31st December, 2018
Discount rate	**11.89%**	12.86%
EBIDTA Margins (range)	**13% to 18%**	15% to 23%
Annual sales growth rate	**(2%) to 11%**	(16%) to 19%
Terminal sales growth rate	**7%**	6%

Management has determined the values assigned to each of the above key assumptions as follows:

Assumptions	Approach used to determine values
Discount rate	Discount rate represents the current market assessment of the risks specific to the CGU, taking into consideration the time value of money and individual risks of the underlying assets that have been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the CGU and is derived from the CGU's weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the investors. The cost of debt is based on the interest-bearing borrowings the Company is obliged to service. CGU specific risk is incorporated by applying individual beta factor. The beta factor is evaluated annually based on publicly available market data.
EBITDA Margins	EBITDA margins are based on the actual EBITDA of respective CGU based on the past trend and future expectations.
Annual sales growth rate	Annual growth rate over the five-year forecast period; based on past performance, current industry trends including long-term inflation forecast and management's expectation of market development.
Terminal sales growth rate	The Company has considered growth rate to extrapolate cash flows beyond the forecast period, consistent with the industry forecasts, based on GDP growth estimates and the inflation rate in each market, and evaluating the level of investment required to achieve such growth.

Sensitivity to changes in assumptions of CGU

The management believes that no reasonably possible change (say 10%) in any of the key assumptions used in the value in use calculation would cause the carrying value of the CGU to materially exceed its value in use.

Results of the analysis

Based on the above assessment, the Company concluded that in both current year as well as previous year, goodwill has not suffered any impairment. Further, the result of using before-tax cash flows and discount rates does not differ significantly from the outcome of using after-tax cash flows and discount rates.

Movement of Goodwill

Particulars	Dec, 2019	Dec, 2018
Opening Goodwill as at 1st January	**10,167**	391
Add: Pursuant to amalgamation of BFPL with company (Refer Note 39)	**-**	9,776
Closing Goodwill as at 31st December	**10,167**	10,167

(₹ in Million)

7. Other Intangible assets

The details and movements of the main classes of intangible assets are shown below:

2019:

	Description of Assets	Technical Knowhow	Computer Software	Development Cost	Total
I.	**Gross Carrying Amount**				
	Balance as at 1st January 2019	**25**	**134**	**55**	**214**
	Additions	-	7	-	7
	Disposals	-	(4)	-	(4)
	Balance as at 31st December, 2019	**25**	**137**	**55**	**217**
II.	**Accumulated depreciation and impairment**				
	Balance as at 1st January 2019	**(23)**	**(100)**	**(14)**	**(137)**
	Amortization expense for the year	(2)	(9)	(11)	(22)
	Disposals	-	2	-	2
	Balance as at 31st December, 2019	**(25)**	**(107)**	**(25)**	**(157)**
III.	**Net carrying amount**	**-**	**30**	**30**	**60**

2018:

	Description of Assets	Technical Knowhow	Computer Software	Development Cost	Total
I.	**Gross Carrying Amount**				
	Balance as at 1st January 2018	**22**	**55**	**55**	**132**
	Pursuant to amalgamation of BFPL with the company (Refer Note 39)	2	54	-	56
	Additions	1	25	-	26
	Disposals	-	-	-	-
	Balance as at 31st December, 2018	**25**	**134**	**55**	**214**
II.	**Accumulated depreciation and impairment**				
	Balance as at 1st January 2018	**(15)**	**(42)**	**(2)**	**(59)**
	Pursuant to amalgamation of BFPL with the company (Refer Note 39)	(2)	(44)	-	(46)
	Amortisation expense for the year	(6)	(14)	(12)	(32)
	Disposal	-	-	-	-
	Balance as at 31st December, 2018	**(23)**	**(100)**	**(14)**	**(137)**
III.	**Net carrying amount**	**2**	**34**	**41**	**77**

(₹ in Million)

8. Investments

	Particulars	As at 31st December, 2019			As at 31st December, 2018		
		No of Shares/Units	Amounts Current	Amounts Non Current	No of Shares/ Units	Amounts Current	Amounts Non Current
A	**Investment in equity instruments (unquoted-fully paid up)**						
	Subsidiary Companies						
	UAB CIE Galfor SA	**5,500**	**-**	**7,034**	5,500	-	7,034
	Bill Forge Private Limited (Refer note 39)	**-**	**-**	**-**	-	-	-
	BF Precision Private Limited	**9,999**	**-**	**-***	9,999	-	-*
	Bill Forge de Mexico SA de CV						
	(2970 share of Pesos 1 each)	**2,970**	**-**	**-***	2,970	-	-*
	2,033,710 shares of Class II Series B of Pesos 1 each	**2,033,710**		**7**	2,033,710		7
	Aurangabad Electricals Limited (Refer note 'a')	**2,940,000**	**-**	**8,759**		-	-
	Total investment in Subsidiaries(i)		**-**	**15,800**	-	-	7,041
	Associate Companies						
	Gescrap India Private Limited	**3,720,000**	**-**	**37**	30,000	-	-*
	Clean Max Deneb Power LLP (26% Share)	**-**	**-**	**32**	-	-	-
	Others						
	Clean Wind Power (Manvi) Private Limited	**420,000**		**4**	420,000		4
	Clean Wind Power (Pratapgarh) Private Limited	**27,600**		**2**	18,000		-*
	The Saraswat Cooperative Bank Limited	**2,550**	**-**	**-***	2,550	-	-*
	Total Investment in Associate Companies & Others (ii)		**-**	**75**		-	4
	Subtotal (A=i+ii)		**-**	**15,875**		-	7,045
B	**Investments in Mutual Funds (unquoted)**						
	Axis Liquid Fund - Direct Growth	**214,231**	**422**	**-**	320,977	653	
	ICICI Prudential Liquid Plan - Direct Growth	**1,695,570**	**422**	**-**	3,513,982	953	
	DSP Liquid Fund - Direct Growth	**-**	**-**	**-**	96,317	253	-
	Axis Ultra Short Term Fund - Direct Growth	**-**	**-**	**-**	49,242,616	506	-
	Aditya Birla Sunlife Liquid Fund – Direct Growth	**9,605**	**3**	**-**	27,379	8	-
C	**Investment in Commercial Papers & Bonds (unquoted)**						
	7.16% HDB Finance	**-**	**-**	**-**	250	266	-
	7.55% HDFC Limited	**-**	**-**	**-**	50	532	-
	7.63% MM Finance Limited	**-**	**-**	**-**	500	537	-
	7.76% MM Finance Limited	**-**	**-**	**-**	1,000	1,057	-
	8.03% Kotak Mahindra Premier Limited	**-**	**-**	**-**	500	535	-
	Axis Finance Limited	**-**	**-**	**-**	1,000	497	-
	Tata Motors Finance Limited	**-**	**-**	**-**	1,000	495	-
	ICICI Securities Limited	**-**	**-**	**-**	1,000	496	-
	Subtotal (B + C)		**847**	**-**		6,788	-
D	**Investment in Subsidiary (Held for sale)**						
	Stokes Group Limited	**138,329,310**	**2,063**	**-**	138,329,310	2,063	-
	Subtotal (D)		**2,063**	**-**		2063	-
	Total (A+B+C+D)		**2,910**	**15,875**		8,851	7,045
	Less: Provision for impairment		**(2,063)**	**-**		(2,063)	-
	Total investments		**847**	**15,875**		6,788	7,045

* Amount is below the rounding off norm adopted by the Company.

On April 9, 2019, acquisition of 100% share capital of Aurangabad Electricals Limited (AEL) was completed by the Company for a purchase consideration of INR 8,759 million (inclusive of consideration payable amounting to INR 622 million). AEL is in the business of manufacturing of automobile and brake system components which includes aluminium die casting components.

(₹ in Million)

8A. Other Financial Assets

	As at 31 Dec 2019		As at 31 Dec 2018	
	Current	**Non-Current**	Current	Non-Current
Loan to Subsidiary (Refer Note 31)	**-**	**-**	23	-
Security Deposits	**-**	**167**	-	166
Total	**-**	**167**	23	166

9. Trade Receivables

		31st December, 2019	31st December, 2018
(a)	Unsecured, considered good	**5,214**	5,423
(b)	Doubtful	**52**	82
Less: Allowance for doubtful debt		**(52)**	(82)
		5,214	5,423
Current portion		**5,214**	5,423
Non-Current portion		**-**	-
Of the above, trade receivables from:			
- Related Parties (Note 31)		**2,557**	2,239
- Others		**2,657**	3,184
		5,214	5,423

Transferred Receivables

The carrying amount of the trade receivable includes receivables which are subject to factoring arrangement. Under this arrangement, the Company has transferred the relevant receivables to the factor in exchange for Cash and is prevented from selling or pledging the receivables. However, the Company has retained late payment and credit risk. The Company therefore continues to recognize the transferred assets in their entirety in its balance sheet. The amount repayable under the factoring agreement is presented as borrowing. The company considers the held to collect business model to remain appropriate for these receivables enhance continues measuring them at amortized cost.

The relevant carrying amounts are as follows:

	31st December, 2019	31st December, 2018
Transferred trade receivables	**22**	16
Associated short term borrowings (Note 15)	**22**	16

10. Other Assets

		31st December, 2019		31st December, 2018	
		Current	**Non- Current**	Current	Non- Current
(a)	Capital advances	**-**	**101**	-	230
(b)	Other Deposits	**-**	**325**	-	264
(c)	Balances with government authorities	**184**	**-**	307	14
(d)	Other advances	**225**	**529**	285	559
		409	**955**	592	1,067

(₹ in Million)

11. Inventories

		31st December, 2019	31st December, 2018
(a)	Raw materials	**506**	1,147
(b)	Work-in-progress	**1,110**	1,209
(c)	Finished and semi-finished goods	**640**	855
(d)	Stores and spares	**251**	323
(e)	Loose Tools	**301**	302
		2,808	3,836
	Included above, goods-in-transit:		
(i)	Raw materials	**6**	2
(ii)	Finished and semi-finished goods	**225**	308
		231	310

Amounts recognised in the Statement of Profit and Loss:

Write-downs in inventories of finished goods, work-in-progress & raw materials amounted to ₹ 306 million (31st December 2018: ₹ 206 million) as at the period end. Accordingly, an amount of ₹ 100 million was recognised as an expense during the year.

12. Cash and Cash Equivalents

	31st December, 2019	31st December, 2018
Cash and cash equivalents		
(a) Balances with banks		
i) Current Accounts	**122**	274
ii) EEFC Accounts	**27**	27
(b) Cheques, drafts on hand	**90**	27
(c) Cash in hand	**-**	1
Total Cash and cash equivalents	**239**	329
Other Bank Balances		
(a) Earmarked balances with banks	**1**	1
(b) Balances with Banks:		
(i) On margin accounts	**30**	42
(ii) Fixed Deposits with maturity greater than 3 months but less than 12 months	**96**	-
Total Other Bank balances	**127**	43
Total cash, cash equivalents and other bank balances	**366**	372

13. Equity Share capital

	31st December, 2019		31st December, 2018	
	No. of shares	**Amount**	No. of shares	Amount
Authorised:				
Equity shares of ₹10/- each with voting rights	**516,592,621****	**5,165**	513,192,621	5,132
4% non-cumulative redeemable preference shares of ₹ 31/- each	**5**	**-***	5	-*
Compulsory convertible Preference share of ₹10/- each	**2,50,000****	**2.5**	-	-
Issued:				
Equity shares of ₹10/- each with voting rights	**379,011,627**	**3,790**	378,781,877	3,788
Subscribed and Paid Up:				
Equity shares of ₹10/- each with voting rights	**379,010,682^**	**3,790**	378,780,932^	3,788

(₹ in Million)

Terms and rights attached to Equity Shares

Equity shares have a par value of ₹ 10/-. They entitle the holder to participate in dividends, and to share in the proceeds of winding up the company in proportion to the number of and amounts paid on the shares held.

Every holder of equity shares present at a meeting in person or by proxy is entitled to one vote, and upon a poll each share is entitled to one vote.

Reconciliation of the number of shares outstanding at the beginning and at the end of the year.

Particulars		**Opening Balance**	**Issue of Equity Shares on account of Employee Stock Option Scheme**	**Closing Balance**
Equity Shares with voting rights				
Year Ended 31st December, 2019	**No. of Shares**	**378,780,932**	**229,750**	**379,010,682**
	Amount	**3,788**	**2**	**3,790**
Year Ended 31st December, 2018	No. of Shares	378,367,242	413,690	378,780,932
	Amount	3,784	4	3,788

*Shareholders of the Company had approved reclassification of authorised preference share capital vide EGM held on 13th Oct 2016. Amount is below the rounding off norm adopted by the Company.

** Authorised share capital of the company has increased pursuant to the amalgamation scheme.

^Mahindra Composites Limited which was merged with the company in the year 2013 had issued 1,050 equity shares and not allotted the same to the shareholders. Based on the swap ratio the Company has issued 945 equity shares and not allotted the same and the same has been kept in abeyance.

Shares reserved for issue under options

Information relating to Mahindra CIE Automotive Limited Employee Option Plan, including details of options issued, exercised and lapsed during the financial year and options outstanding at the end of the reporting period, is set out in note 36.

Details of shares held by the holding Company, the ultimate holding Company, their subsidiaries and associates

	Equity Shares with Voting rights
As at 31st December, 2019	
Participaciones Internacionales Autometal, Dos S.L. (PIA2), the holding Company	213,194,432
As at 31st December, 2018	
Participaciones Internacionales Autometal, Dos S.L. (PIA2), the holding Company	213,194,432

Details of shares held by each shareholder holding more than 5% shares:

Class of shares / Name of shareholder	**31st December, 2019**		31st December, 2018	
	Number of shares held	**% holding in that class of shares**	Number of shares held	% holding in that class of shares
Equity shares with voting rights				
Participaciones Internacionales Autometal, Dos S.L. (PIA2)	**213,194,432**	**56.25%**	213,194,432	56.28%
Mahindra Vehicle Manufacturing Limited (MVML)	**43,344,512**	**11.44%**	43,344,512	11.44%

14. Other Equity

(i) Securities premium reserve

	31st December, 2019	31st December, 2018
Opening balance	**15,234**	15,142
Addition on Exercise of options - Proceeds Received	**51**	92
Closing balance	**15,285**	15,234

(₹ in Million)

(ii) Equity settled employees' benefits reserve

	31st December, 2019	31st December, 2018
Opening balance	**63**	106
Employee stock option expenses	**2**	14
Less: -		
Transfer to retained earnings on cancellation/lapse	**(2)**	(20)
Options exercised during the year	**(24)**	(37)
Closing Balance	**39**	63

(iii) Retained earnings

	31st December, 2019	31st December, 2018
Opening Balance	**4,681**	2,761
Add: -		
Profit for the year	**1,723**	939
Pursuant to amalgamation of BFPL with the company (Refer Note 39)	**-**	981
Any other changes	**17**	16
Items of Other Comprehensive income recognized directly in retained earnings		
Actuarial Gain/ (Loss), net of tax	**(23)**	(16)
Closing balance	**6,398**	4,681

(iv) Capital reserves

	31st December, 2019	31st December, 2018
Opening Balance	**6,502**	6,502
Balance as at beginning and end of the year	**6,502**	6,502

(v) Capital Redemption reserve

	31st December, 2019	31st December, 2018
Balance as at beginning and end of year	**165**	165

(vi) General Reserve

	31st December, 2019	31st December, 2018
Balance as at beginning and end of year	**6,536**	6,536
Grand Total	**34,925**	33,181

Nature and purpose of Reserves

Securities premium reserve

Securities premium reserve is used to record the premium on issue of shares. The reserve is utilized in accordance with the provisions of the law.

Equities settled employees' benefits reserve

The Equities settled employees benefits reserve is used to recognize the grant date fair value of options issued to employees under the MCIE Stock Options Scheme.

(₹ in Million)

Capital reserve

Capital reserve is reserves generated on account of:

1. Merger under the Integrated Scheme of Amalgamation and the Composite Scheme of Amalgamation (Sections 391-395 of the Companies Act, 1956) for the merger of Mahindra Ugine Steel Company Limited (MUSCO), Mahindra Hinoday Industries Limited (MHIL), Mahindra Gears International Limited (MGIL), Mahindra Investment India Private Limited (MIIPL), Participaciones Internacionales Autometal Tres S.L. (PIA3) and Mahindra Composites Limited (MCL). The merger was approved by the Honorable High Court of Judicature at Bombay on Oct 31, 2014. The Schemes came into effect on December, 10, 2014, the day on which the order was delivered to the Registrar of Companies. The reserve is capital in nature and is not available for distribution as dividend.
2. Merger under the Scheme of Amalgamation (Sections 230-234 and other applicable provisions of the Companies Act, 2013) of Mahindra Gears and Transmission Pvt Ltd, Mahindra Forging Global Limited, Mahindra Forging International Limited and Crest Geartech Private Ltd. The merger was approved by the Honorable National Company Law Tribunal (NCLT) at Mumbai on December 13, 2017. The reserve is capital in nature and is not available for distribution as dividend

General reserve

General reserve created by virtue of merger of Mahindra Stokes Holding Company Limited, Mahindra Forgings Overseas Limited and Mahindra Forgings Mauritius Limited into the Company vide High Court Order dated 27th December, 2007, is reserve available for distribution as dividend.

Capital redemption reserve

Capital redemption reserve is transferred by virtue of the merger referred to above, which was in the books of MUSCO and was created to redeem preference shares issued by MUSCO before merger. These shares have since been redeemed and this reserve is available for use as per the relevant provisions of Companies Act, 2013.

Retained Earnings

Merger under The Scheme of Amalgamation (Sections 230-234 and other applicable provisions of the Companies Act, 2013) of Bill Forge Private Limited with the Company was approved by the Honorable National Company Law Tribunal (NCLT) at Mumbai on November 4, 2019 and filled with Ministry of Corporate Affairs on November 15, 2019 with an appointed date of April 1, 2018. The reserves are transferred by virtue of such Scheme of Amalgamation.

15. Borrowings

	31st December, 2019	31st December, 2018
Unsecured Borrowings		
(a) Loans from related parties	**27**	-
(b) Loans repayable on demand		
From Banks	**944**	864
Total Current Borrowings	**971**	864

Movement of Borrowings

	Current borrowings
Balance as on 31st December, 2018 (including accrued interest)	(864)
Cash flows	(107)
Interest expense	(136)
Interest paid	136
Balance as on 31st December, 2019	**(971)**

Interest rate ranges from 4.00% to 7.14% p.a.

The loan from related party is an unsecured short-term loan repayable on demand.

Loan from banks is unsecured and is repayable on demand.

(₹ in Million)

16. Trade Payables

	31st December, 2019	31st December, 2018
Trade payable - Micro and small enterprises	**172**	138
Trade payable - Other than micro and small enterprises	**3,408**	3,928
Acceptances	**297**	55
	3,877	4,121
Of the above, trade payable from:		
- Related Parties (Note 31)	**367**	418
- Others	**3,510**	3,703

The identification of suppliers as micro and small enterprises covered under the "Micro Small and Medium Enterprises Development Act, 2006" was done on the basis of the information to the extent provided by the supplier to the company. Total outstanding dues to micro and small enterprises, are given below;

Particulars	**31st December, 2019**	31st December, 2018
Principal amount due at year end	**168**	129
Interest due and remaining unpaid	**4**	9
Principal amount paid beyond due date	**243**	345
Interest paid in terms of section 16 of the Act	**-***	-*
Amount of interest due and payable for period of delay in payment made beyond the appointed day	**2**	6
Amount of interest accrued and remaining unpaid for earlier year	**2**	3

*Amount is below rounding off norm adopted by the company

17. Other Financial Liabilities

	31st December, 2019	31st December, 2018
(a) Unclaimed Fractional coupon shares	**1**	1
(b) Creditors for capital supplies/services	**86**	151
	87	152

18. Provisions

	31st December, 2019		31st December, 2018	
	Current	**Non- Current**	Current	Non- Current
(a) Provision for Gratuity (Note 29)	**113**	**38**	99	50
(b) Provision for compensated absences	**30**	**196**	53	187
(c) Provision for voluntary retirement scheme (Refer Note 33 and 29)	**64**	**-**	3	-
(d) Provision for water charges	**-**	**262**	-	262
(e) Provision for Litigative matters (Refer Note 33)	**-**	**245**	-	699
(f) Others	**12**	**127**	-	174
Total Provisions	**219**	**868**	155	1,372

Provision for Water charges

Provision relates to an ongoing dispute with irrigation department in Stampings Division. For Details, Refer note 30.

(₹ in Million)

19. Deferred Taxes

2019	Opening Balance	Recognised in profit and Loss	Recognised in OCI	Other	Closing Balance
Tax effect of items constituting deferred tax liabilities					
Property, Plant and Equipment and Intangible assets	914	701	-	-	1,615
Subtotal (A)	914	701	-	-	1,615
Tax effect of items constituting deferred tax assets					
Expenses allowable on payment basis	88	9	-	-	97
Timing differences	483	(293)	8	-	198
Subtotal (B)	571	(284)	8	-	295
Net Tax Asset (Liabilities)[B-A]	(343)	(985)	8	-	(1,320)

2018	Opening Balance	Recognised in profit and Loss	Recognised in OCI	Pursuant to amalgamation of BFPL	Closing Balance
Tax effect of items constituting deferred tax liabilities					
Property, Plant and Equipment and Intangible assets	455	40	-	419	914
Subtotal (A)	455	40	-	419	914
Tax effect of items constituting deferred tax assets					
Expenses allowable on payment basis	43	-	-	45	88
Timing differences	196	14	9	264	483
Subtotal (B)	239	14	9	309	571
Net Tax Asset (Liabilities)[B-A]	(216)	(26)	9	(110)	(343)

20. Corporate income tax expense

(i) Income Tax recognised in Profit or loss

	31st December, 2019	31st December, 2018
Current Tax (with merger impact)	**(72)**	1152
Deferred Tax	**985**	26
Total income tax expense	**913**	1,178

(ii) Income tax recognised on Other comprehensive income

	31st December, 2019	31st December, 2018
Income taxes related to items that will not be reclassified to profit or loss	**8**	9
	8	9

(₹ in Million)

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

	31st December, 2019	31st December, 2018
Profit before tax	**2,636**	2,117
Income tax expenses calculated at 25.168% (Dec'18: 34.944%)	**663**	740
Incremental income tax expenses for the period Jan 2019 to March 2019 @ 9.776% (34.944%-25.168%) – Tax rate changed with effect from April 1, 2019	**99**	-
Reversal of excess DTA and DTL due to change in tax rate (34.944% to 25.168%)	**(279)**	-
Deferred Tax Assets not recognised as realisation is not probable (pertaining to Exceptional Items – refer note 33)	**-**	449
MAT Credit written off	**331**	-
(Excess)/Short provision for tax of earlier years	**-**	(35)
Other Items	**99**	24
	913	1,178

The Company elected to exercise the option under section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Company has re-measured it's opening Deferred Tax Liability as on April 1, 2019 and recognised Provision for Income Tax for the year ended December 31, 2019 at the revised 'effective' annual tax rate to it's pre-tax profits.

21. Fair Value Measurements

Financial instruments by category

	31st December, 2019			31st December, 2018		
	FVTPL	**FVOCI**	**Amortised Cost**	FVTPL	FVOCI	Amortised Cost
Financial assets						
1. Current Assets						
Investments	**847**	**-**	**-**	2,373	-	4,415
Trade Receivables	**-**	**-**	**5,214**	-	-	5,423
Other Financial Assets	**-**	**-**	**-**	-	-	23
Cash and Cash Equivalents	**-**	**-**	**239**	-	-	329
Other Bank balances	**-**	**-**	**127**	-	-	43
Total financial assets	**847**	**-**	**5,580**	2,373	-	10,233
Financial liabilities						
1. Current Liabilities						
Borrowings	**-**	**-**	**971**	-	-	864
Trade Payables	**-**	**-**	**3,877**	-	-	4,121
Other Financial Liabilities	**-**	**-**	**87**	-	-	152
Total financial liabilities	**-**	**-**	**4,935**	-	-	5,137

Financial instrument carried at amortized cost

Fair value of current financial assets and current financial liabilities carried at amortized cost is not materially different from carrying amount.

Fair Value Hierarchy

Particulars	**31st December, 2019**			31st December, 2018		
	Level 1	**Level 2**	**Level 3**	Level 1	Level 2	Level 3
Financial assets						
Short term investments in Mutual Funds	**847**	**-**	**-**	2,373	-	-
Total	**847**	**-**	**-**	2,373	-	-

(₹ in Million)

22. Other Liabilities

		31st December, 2019		31st December, 2018	
		Current	**Non- Current**	Current	Non- Current
(a)	Government grant	**3**	**2**	18	12
(b)	Taxes payable (other than income taxes)	**201**	**-**	330	-
(c)	Employee Related	**450**	**-**	348	-
(d)	Consideration payable for acquisition of subsidiary *	**622**	**-**	-	-
(e)	Others	**141**	**-**	178	6
		1,417	**2**	874	18

* Amount mainly comprises of consideration payable for acquisition of Aurangabad Electricals Limited towards incentive receivable under Package Scheme of Incentive (PSI scheme).

23. Revenue from Operations

		31st December, 2019	31st December, 2018
Revenue from contracts with customers			
(a)	Sale of Products	**26,942**	28,910
(b)	Sale of Services	**37**	48
Other Operating Revenue (Including Scrap Sales, Export incentives)		**1,966**	2,504
		28,945	31,462

	31st December, 2019	31st December, 2018
Reconciliation of revenue with contract price :-		
Revenue as per Statement of Profit and loss	**28,945**	31,462
Add: Incentive/rebates/discounts etc.	**-**	-
Contract Price -	**28,945**	31,462

Refer Note 38 for impact of Ind AS 115

24. Other Income

		31st December, 2019	31st December, 2018
(a)	Interest Income on financial assets measured at amortised cost	**119**	122
(b)	Net Gain on Investment held at FVTPL	**16**	47
(c)	Government Grants	**8**	11
(d)	Miscellaneous income	**183**	82
		326	262

25. Cost of materials consumed:

	31st December, 2019	31st December, 2018
Opening stock	**1,147**	365
Add: Purchases	**13,606**	17,960
	14,753	18,325
Less: Closing stock	**506**	1,147
Cost of materials consumed	**14,247**	17,178

(₹ in Million)

Changes in inventories of finished goods and work in progress:

	31st December, 2019	31st December, 2018
Inventories at the end of the year		
Finished goods	**640**	855
Work in progress	**1,110**	1,209
	1,750	2,064
Inventories at the beginning of the year		
Finished goods	**855**	361
Work in progress	**1,209**	613
	2,064	974
Net (Increase)/Decrease [Excluding the merger impact]	**314**	(1,090)

26. Employee benefit expenses

	31st December, 2019	31st December, 2018
(a) Salaries and wages, including bonus	**3,323**	3,142
(b) Contribution to provident and other funds (Note 29)	**256**	230
(c) Staff welfare expenses	**255**	256
	3,834	3,628

27. Finance costs

	31st December, 2019	31st December, 2018
(a) Interest expense	**132**	61
(b) Finance Charges	**4**	5
	136	66

28. Other expenses

	31st December, 2019	31st December, 2018
(a) Tools & Stores consumed	**1,438**	1,613
(b) Power & Fuel	**1,867**	1,852
(c) Repairs and maintenance	**673**	666
(d) Freight outward	**564**	607
(e) Subcontracting, Hire and Service Charges	**967**	1,332
(f) Expenditure on corporate social responsibility (CSR) under section 135 of the Companies Act, 2013. (Note 35)	**17**	31
(g) Auditors remuneration and out-of-pocket expenses		
(i) Audit fee	**9**	7
(ii) Tax audit fee	**2**	2
(iii) Other services	**1**	1
(iv) For reimbursement of expenses	**1**	1
(h) Other Expenses	**1,557**	1,407
	7,096	7,519

(₹ in Million)

29. Defined benefits and contribution

(a) Defined Contribution plan

The Company's contribution to Provident Fund and other funds aggregating ₹ 256 Million (₹ 230 Million) has been recognised in the statement of Profit or Loss under the head Employee Benefit expenses.

(b) Defined benefit plans

(i) Gratuity

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

(ii) Voluntary Retirement Scheme

Onetime expenses incurred towards voluntary retirement scheme are charged off in the statement of Profit and loss.

(iii) Compensated absences

Company's liability towards leave encashment are determined using the projected Unit Credit method which considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. Past service costs are recognised on straight line basis over the statement of Profit or loss as income or expense. Obligation is measured at the present value of estimated future cash flow using a discount rate that is determined by reference to market yields at the Balance Sheet date on government bonds where the currency and terms of the government bonds are consistent with the currency and estimated terms of the defined benefit obligation.

(c) Risks

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

(i) Asset Volatility

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

(ii) Changes in Bond Yields

A decrease in government bond yields will increase plan liabilities, although this is expected to be partially offset by an increase in the value of the plans' bond holdings.

(₹ in Million)

1. **Provisions for Gratuity, Voluntary Retirement Scheme (VRS): -**

	Funded Plan-Gratuity		Unfunded Plans-VRS	
	2019	2018	**2019**	2018
Amounts recognised in comprehensive income in respect of these defined benefit plans are as follows:				
Service Cost				
Current Service Cost	**47**	51	**64**	-
- Past service cost and (gains)/losses from settlements	**-**	9	**-**	-
Net interest expense	**9**	8	**-**	-
Components of defined benefit costs recognised in profit or loss	**56**	68	**64**	-
Re-measurement on the net defined benefit liability				
Actuarial gains and loss arising from changes in financial assumptions	**-**	1	**-**	-
Actuarial gains and loss arising from experience adjustments	**31**	23	**-**	-
Actuarial gains and loss arising from Demographic assumptions	**-**	1	**-**	-
Components of defined benefit costs recognised in other comprehensive income	**31**	25	**-**	-
Total	**87**	93	**-**	-
I. Net Asset/(Liability) recognised in the Balance Sheet as at 31st December				
1. Present value of defined benefit obligation as at 31st December	**(651)**	(569)	**(64)**	(3)
2. Fair value of plan assets as at 31st December	**500**	420	**-**	-
3. Surplus/(Deficit)	**(151)**	(149)	**(64)**	(3)
4. Current portion of the above	**(113)**	(99)	**(64)**	(3)
5. Non-current portion of the above	**(38)**	(50)	**-**	-
*Amount is below rounding off norm adopted by the company				
II. Change in the obligation during the year ended 31st December				
1. Present value of defined benefit obligation at the beginning of the year	**569**	350	**3**	7
Add : Pursuant to amalgamation of BFPL with the company (Refer Note 39)	**-**	139	**-**	-
2. Expenses Recognised in Profit and Loss Account				
- Current Service Cost	**47**	51	**64**	-
- Past Service Cost	**-**	9	**-**	-
- Interest Expense (Income)	**42**	32	**-**	-
3. Recognised in Other Comprehensive Income				
Re-measurement gains / (losses)				

(₹ in Million)

		Funded Plan-Gratuity		Unfunded Plans-VRS	
		2019	2018	**2019**	2018
	- Actuarial Gain (Loss) arising from:				
	i. Demographic Assumptions	**-**	1		
	ii. Financial Assumptions	**-**	1	**-**	-
	iii. Experience Adjustments	**30**	20	**-**	-
4.	Benefit payments	**(37)**	(34)	**(3)**	(4)
5.	Present value of defined benefit obligation at the end of the year	**651**	569	**64**	3
III.	**Change in fair value of assets during the year ended 31st December**				
1.	Fair value of plan assets at the beginning of the year	**423**	253	**-**	-
	Pursuant to amalgamation of BFPL with the company (Refer Note 39)	**-**	132	**-**	-
2.	Expenses Recognised in Profit and Loss Account				
	- Expected return on plan assets	**33**	24	**-**	-
3.	Recognised in Other Comprehensive Income				
	Re-measurement gains / (losses)	**-**	-	**-**	-
	- Actual Return on plan assets in excess of the expected return				
	i. Demographic Assumptions	**-**	-	**-**	-
	ii. Financial Assumptions	**-**	1	**-**	-
	iii. Experience Adjustments	**(1)**	(3)	**-**	-
4.	Contributions by employer (including benefit payments recoverable)	**79**	45	**-**	-
5.	Benefit payments	**(34)**	(32)	**-**	-
6.	Fair value of plan assets at the end of the year	**500**	420	**-**	-
IV.	**The Major categories of plan assets**				
	- List the plan assets by category here				
	Funds managed by Insurer	**500**	420	**-**	-
	% to total assets	**100%**	100%	**-**	-
V.	**Actuarial assumptions**				
1.	Discount rate	**6.8% to 7.2%**	7.4% to 7.9%	**6.9%**	7.9%
2.	Expected rate of return on plan assets	**7.4% to 7.9%**	7.4% to 7.7%	**-**	-
3.	Attrition rate	**2.0% to 9.0%**	2.0% to 17%	**-**	-
4.	Salary Escalation	**5.0% to 9.0%**	7.0% to 10%	**-**	-
5.	Mortality	**Indian Assured Lives Mortality (2012-14) Ultimate**			
6.	Life expectancy of person retiring at year end	**9 to 17 years**			

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

	Change	**31st December, 2019**	31st December, 2018
Decrease in Discount rate	1%	**8%**	10%
Increase in Discount rate	1%	**8%**	8%
Decrease in Salary increment	1%	**7%**	8%
Increase in Salary increment	1%	**7%**	9%

*Amount is below rounding off norm adopted by the company

(₹ in Million)

30. Contingent Liabilities and Commitments

Contingent liabilities (to the extent not provided for)	**31st December, 2019**	31st December, 2018
(a) Claims against the Company not acknowledged as debt		
1. Income tax claims against which the Company has preferred an appeal	**404**	449
2. Excise cases against the Company	**104**	160
3. Service Tax	**66**	61
4. Sales Tax and VAT	**39**	382
5. Stamp Duty, Government Cess and others	**199**	214
6. Water Charges	**325**	325
7. The Company had imported capital goods under the Export Promotion Capital Goods (EPCG), of the Government of India, at concessional rate of duty on an understanding to fulfill quantified exports against future obligation.	**5**	5
(b) Claim not acknowledge as debt –	**639**	151
Outstanding letter of credit issued by bank		
(c) Commitment		
Capital expenditure contracted for at the end of the reporting period but not recognized as liabilities.	**436**	578

Water Charges:

The Company has an ongoing dispute pertaining to the Stamping Division of the Company [formerly known as Mahindra Ugine Steel Company Limited (MUSCO)] with the Irrigation Department (Water Resource Department) in respect of levy of charge for use of water from Patalganga River, for the period from July 1991 to May 2012 for an aggregate amount of ₹ 587 Million including penal charge of ₹ 102 Million and late fee charge of ₹ 223 Million. Presently the matter is pending before the Hon'ble High Court of Bombay ("the Court") where the Company had filed a writ and the Court, vide Order dated 2nd July, 2012, has admitted the writ petition of the Company. In compliance with the Order admitting the Company's petition, the Company has deposited an amount of ₹ 233 Million with the Irrigation Department, being the arrears of water charges for the period from July 1991 to May 2012 and has also given a bank guarantee towards penal rate charges of ₹ 102 Million claimed by the Irrigation Department. The High Court has also allowed the Irrigation Department to withdraw the amount of arrears of ₹ 29 Million deposited earlier by the Company with it in respect of disputed water charge claim for the period from July 1991 to March 2001. As per the Order, the Company is entitled to pursue the proceedings filed by it before the Honorable Bombay High Court and that the State of Maharashtra (Irrigation Department) shall not adopt any coercive steps for recovery of the aforesaid penal rate charges of ₹ 102 Million and the late fee of ₹ 223 Million.

(d) Non-cancellable operating leases

The company leases various factory premises and offices under non-cancellable operating leases expiring within 1 to 5 years. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

Operating leases are payable as follows:

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows	**31st December, 2019**	31st December, 2018
Within one year	**28**	28
Later than one year but not later than five years	**69**	85
Later than five years	**3**	16

Rental expense relating to operating leases

	31st December, 2019	31st December, 2018
Minimum lease payments	**123**	97
Total rent expense relating to operating leases	**123**	97

(₹ in Million)

31. Related Party Transactions

Names of Related Parties

(a) Ultimate Holding Company – CIE Automotive S.A.

Principal Shareholder of the Holding Company – CIE Berriz, S.L

Holding Company – Participaciones Internacionales Autometal, DOS S.L

(b) Names of Subsidiary Companies

No.	Name of the Company
1	Stokes Group Limited
2	Stokes Forgings Limited
3	Stokes Forgings Dudley Ltd.
4	Mahindra Forgings Europe AG
5	Jeco Jellinghaus GmbH
6	Gesenkschmiede Schneider GmbH
7	Falkenroth Umformtechnik GmbH
8	Schoneweiss & Co. GmbH
9	CIE Galfor S. A.U
10	CIE Legazpi S.A.,
11	UAB CIE LT Forge
12	Metalcastello S.p.A .
13	Bill Forge Private Limited (Amalgamated w.e.f. April 1, 2018)
14	BF Precision Private Limited
15	Bill Forge de Mexico S.A de C.V.
16	Aurangabad Electricals Limited (w.e.f. April 9, 2019)
17	Aurangabad Deutschland GmbH (w.e.f. April 9, 2019)

(c) Name of the Associate Company where transactions have taken place during the period

No.	Name of the Company
1	Gescrap India Private Limited (w.e.f 27th March, 2018)
2	Clean max Deneb Power LLP (w.e.f. 21st March 2019)
3	Galfor Eolica S.L.

(d) Names of the Companies exercising significant influence over the Company where transactions have taken place during the period

A) Mahindra Vehicle Manufacturers Limited (MVML) (investing company in respect of which the Company is an Associate)

B) Mahindra & Mahindra Limited (M&M) (Holding Company of the investing company in respect of which the Company is an Associate.)

(₹ in Million)

(e) Names of other related parties where transactions have taken place during the period

Fellow Subsidiaries

1 Gameko FabricaciÓn de Components, S.A.

Subsidiary Companies of the investing company (MVML) in respect of which the Company is an Associate

1 Mahindra Intertrade Limited

2 Mahindra Steel Service Centre Limited

3 Mahindra Auto Steel Private Limited

4 Mahindra Electric Mobility Limited

5 Mahindra Heavy Engines Limited

6 Mahindra MiddleEast Electrical Steel Service Centre

7 Mahindra Two Wheelers Limited

8 Mahindra MSTC Recycling Private Limited

Fellow Subsidiary Companies of the investing company (MVML)

1 Mahindra Trucks & Buses Private Limited.

2 Gromax Agri Equipments Limited

3 Mahindra Integrated Business Solutions Private Limited

4 NBS International Limited

5 Mahindra Sanyo Special Steels Private Limited

6 Mahindra Consulting Engineers Limited

7 Mahindra Defence Naval Systems Limited

8 Mahindra Logistics Limited

9 Bristlecone Limited

(f) Key Managerial Personnel (KMP)

No.	Name	Designation
1	Mr. Hemant Luthra	Non-Executive Director (Chairman) upto 23rd October, 2019
2	Mr. Shriprakash Shukla	Non-Executive Director (Chairman) w.e.f. 23rd October, 2019
3	Mr. Ander Arenaza Alvarez	Executive Director
4	Mr. Romesh Kaul	Executive Director upto 16th October, 2019
5	Mr. Manoj Mullassery Menon	Executive Director and Chief Executive Officer - Stampings, Composites, Foundry, Magnetics and Gears Divisions (w.e.f. 17th October,2019)
6	Mr. Anil Haridass	Executive Director w.e.f. 10th December, 2019
7	Mr. Jesus Maria Herrera Barandiaran	Non-Executive Director
8	Mr. Zhooben Dossabhoy Bhiwandiwala	Non-Executive Director
9	Mr. Daljit Mirchandani	Independent Director (upto 28th September, 2019)
10	Mr. Juan Maria Bilbao Ugarriza	Independent Director (upto 28th September, 2019)
11	Mrs. Neelam Deo	Independent Director (upto 28th September, 2019)
12	Mr. Manojkumar Maheshwari	Independent Director
13	Mr. Dhananjay Narendra Mungale	Independent Director
14	Mr. Kadambi Narahari	Independent Director (w.e.f. 29th September, 2019)
15	Mrs. Roxana Meda Inoriza	Independent Director (w.e.f. 29th September, 2019)
16	Mr. Alan Savio D'Silva Picardo	Independent Director (w.e.f. 29th September, 2019)

(₹ in Million)

No.	Name	Designation
17	Mr. Suhail Amin Nathani	Independent Director
18	Mr. Hari Krishnan	Chief Executive Officer - Forgings and Bill Forge Divisions (w.e.f. 17th October, 2019)
19	Mr. K. Jayaprakash	Chief Financial Officer
20	Mr. Krishnan Shankar	Company Secretary and Head - Legal (upto 31st March, 2019)
21	Mr. Pankaj Vijay Goyal	Company Secretary and Compliance Officer (w.e.f. 1st April, 2019)

(g) Transactions with Related parties during the period

	For the year ended	Entities having significant influence over Company (Refer Note 1)	Subsidiaries (Including Fellow subsidiaries)	Subsidiaries of Entities having significant influence over Company	Associate Companies
Nature of transactions with Related Parties					
Sale of goods	**31st December, 2019**	**13,671**	**449**	**330**	**648**
	31st December, 2018	15,347	480	342	66
Purchase of goods	**31st December, 2019**	**144**	**308**	**1,444**	**-**
	31st December, 2018	24	82	2,118	-
Purchase of property and other assets	**31st December, 2019**	**-**	**34**	**-**	**-**
	31st December, 2018	-	-	-	-
Receiving of services	**31st December, 2019**	**-**	**14**	**103**	**-**
	31st December, 2018	-	5	123	-
Rent received	**31st December, 2019**	**-**	**-**	**1**	**-**
	31st December, 2018	-	-	1	-
Rent paid	**31st December, 2019**	**36**	**-**	**-**	**-**
	31st December, 2018	42	-	-	-
Interest received	**31st December, 2019**	**-**	**1**	**-**	**-**
	31st December, 2018	-	3	-	-
Interest paid	**31st December, 2019**	**-**	**1**	**-**	**-**
	31st December, 2018	-	10	-	-
Reimbursements received	**31st December, 2019**	**-**	**4**	**-**	**-**
	31st December, 2018	-	22	-	-
Reimbursements paid	**31st December, 2019**	**10**	**57**	**-**	**-**
	31st December, 2018	14	49	-	-
Provision for Impairment of investment (Note 33)	**31st December, 2019**	**-**		**-**	**-**
	31st December, 2018	-	1,161	-	-
Investment in Subsidiary and Associate	**31st December, 2019**	**-**	**-**	**-**	**37**
	31st December, 2018	-	1,161	-	-*
Sale of Assets	**31st December, 2019**	**-**	**18**	**-**	**-**
	31st December, 2018	-	12	-	-
Loans Given	**31st December, 2019**	**-**	**385**	**-**	**-**
	31st December, 2018	-	466	-	-
Loans Taken/Repaid	**31st December, 2019**	**-**	**435**	**-**	**-**
	31st December, 2018	-	508	-	-
Sale of investment	**31st December, 2019**	**-**	**-**	**-**	**-**
	31st December, 2018	-	6,849	-	-

(₹ in Million)

(h) Balances with Related parties at the end of the period

	Balance as on	Entities having significant influence over Company	Subsidiaries (Including Fellow subsidiaries)	Subsidiaries of Entities having significant influence over Company	Associate Companies
Nature of Balances with Related Parties					
Trade payables	**31st December, 2019**	**28**	**-**	**339**	**-**
	31st December, 2018	3	-	415	-
Trade receivables	**31st December, 2019**	**2,454**	**32**	**71**	**-**
	31st December, 2018	2,116	44	79	-
Borrowings	**31st December, 2019**	**-**	**27**	**-**	**-**
	31st December, 2018	-	-	-	-
Loans Receivable	**31st December, 2019**	**-**	**-**	**-**	**-**
	31st December, 2018	-	23	-	-
Advances received	**31st December, 2019**	**40**	**-**	**-**	**4**
	31st December, 2018	43	-	-	-
Advances Given	**31st December, 2019**	**-**	**14**	**-**	**-**
	31st December, 2018	-	-	-	-
Other balances	**31st December, 2019**	**9**	**-**	**-**	**-**
	31st December, 2018	9	-	-	-

*Amount is below rounding off norm adopted by the Company.

Note 1

Sales to Mahindra Vehicle Manufacturers Limited (MVML) (Company holding more than 10% of Equity share capital) amounts to ₹ 1,528 Million and ₹ 1,672 Million and during period ended 31st December 2019 and 31st December 2018 respectively and balance outstanding as at year end amounts to ₹ 272 Million and ₹ 159 Million as at 31st December 2019 and 31st December 2018 respectively.

(i) Remuneration to Key Managerial Personnel

Details of Remuneration	**31st December, 2019**	31st December, 2018
Short term employment benefits	**44**	50
Share based payments	**13**	4
Professional fees paid	**23**	21
Director sitting fees & Commission	**14**	4
Total	**94**	79

As gratuity and compensated absences are computed for all the employees in aggregate, the amount relating to the key managerial personnel, cannot be individually identified.

(₹ in Million)

32. Earnings per share

a) Calculation of basic and diluted earnings per share

Basic earnings per share are calculated by dividing the profit attributable to the parent Company's shareholders by the weighted average number of ordinary shares in the year.

The diluted earnings per share has been computed by dividing the Net profit after tax available for Equity shareholders by the weighted average number of equity shares, after giving dilutive effect of the outstanding Stock options for the respective periods.

	31st December, 2019 ₹ Per Share	31st December, 2018 ₹ Per Share
Basic earnings per share	**4.55**	2.48
Diluted earnings per share	**4.55**	2.48

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

		31st December, 2019	31st December, 2018
a.	Profit for the year	**1,723**	939
b.	Weighted average number of equity shares	**378,744,708**	378,514,871
	Add: Effect of Stock options	**125,938**	298,547
c.	Weighted average number of equity shares used in the calculation of Diluted EPS	**378,870,646**	378,813,418
d.	Basic earnings per share (a/b)	**4.55**	2.48
e.	Diluted earnings per share (a/c)	**4.55**	2.48

33. Exceptional Items

S. No.	Particulars	Year Ended 31st December, 2019	Year Ended 31st December, 2018
a)	Bill Forge Private Limited (BFPL) entered into a settlement agreement dated August 21, 2019 with Donald J. Ulrich Associates, Inc. ("DJU") (a former Independent sales agent of BFPL) to pay USD 3 million in full settlement against the damages claimed of USD 10 million. Hence, excess provision amounting to USD 7 million was reversed during the year.	**(473)**	-
b)	Provision for impairment of one of Company's investment during the year. The Company did not anticipate any amount to be recovered from this investment. Hence, the Company had recognised full impairment loss on the said investment.	**49**	-
c)	Based on management assessment, provision has been recognised for Provident Fund liability basis Supreme Court judgement in 'Regional provident fund commissioner (II) West Bengal vs Vivekananda Vidyamandir and Others' in accordance with Ind AS-37.	**145**	-
d)	Provision against levy of cross subsidy charges and additional surcharge by Maharashtra State Electricity Distribution Company Limited during the year on account of power consumption from non-captive generating plant.	**100**	-
e)	Onetime payment made to employees opting for early retirement under the Voluntary Retirement Scheme declared in Oct 2019 in Bill Forge Division.	**60**	-
f)	Provision for impairment on additional investment in Stokes Group Limited, wholly owned subsidiary of Company to facilitate closure of business. Company does not anticipate any amount to be recovered from this investment. Hence, the Company has recognised full impairment loss on the said investment.	**-**	1,161
g)	Loss on sale of investment in Mahindra Forgings Europe AG (MFE), one of the wholly owned subsidiaries of the Company, to CIE Galfor S.A. (Galfor), another wholly owned subsidiary of the Company.	**-**	125
	Total	**(119)**	1,286

(₹ in Million)

34. Segment Information

In accordance with paragraph 4 of notified IND AS 108 "Operating Segments", the Company has disclosed segment information only in consolidated financial statements.

35. Corporate Social Responsibility (CSR)

The company is required to spend a sum ₹ 89 Million (Post merger of Bill forge (P) Ltd. (PY ₹ 50 Million) as part of CSR during the year. The details of actual expenses are as under:

	31st December, 2019	31st December, 2018
Construction of assets	**7**	14
On the purpose other than above	**10**	17
Total	**17**	31

36. The Company instituted the Employees Stock Options Scheme 2007 (ESOS 2007) plan for employees in pursuance of a special resolution passed by the shareholders approving the scheme on July 25, 2007, amended by special resolution dated July 29, 2008, August 02, 2011 and pursuant to the Integrated scheme of Amalgamation and Composite Scheme of Amalgamation in terms of High Court dated October 13, 2014. Further, the company instituted the Employees Stock Options Scheme 2015 (ESOS 2015) plan for employees in pursuance of a special resolution passed by the shareholders approving the scheme on September 15, 2015.

Pursuant to the schemes, the Company has granted options to eligible employees at various exercise prices per equity share of ₹10 each. Under the terms of scheme, the vesting period will be spread equally over 4 years (ESOS 2007) and 3 years (ESOS 2015). Options will vest at 25% (ESOS 2007) and 33% (ESOS 2015) from the grant date. When exercisable, each option is convertible into one equity share of the Company.

Movement of share options are as under:

	Opening Balance		**Forfeited during the year**	**Exercised during the year**	**Outstanding at the end of the year**	**Exercisable at the end of the year**
Date of the Tranche	**Number of Options**	**Weighted average exercise price**	**Number of Options**	**Number of Options**	**Number of Options**	**Number of Options**
On 1st April, 2011	95,502	57	19,597	27,888	48,017	48,017
On 20th January, 2012	878	44	121	409	348	348
On 22nd February, 2016	586,433	150	12,780	201,453	372,200	372,200
	682,813		**32,498**	**229,750**	**420,565**	**420,565**

Share options outstanding at the end of the year have the following expiry dates and exercise prices:

Grant Date	**Expiry Date**	**Exercise price**	**Number of Options- December 31, 2019**	**Number of Options- December 31, 2018**
1st April , 2011	1st April, 2020	57	**48,017**	95,502
20th January, 2012	20th January, 2021	44	**348**	878
22nd February, 2016	24th February, 2024	150	**372,200**	586,433
			420,565	682,813
Weighted average remaining contractual life of options outstanding at end of period (years)			**3.71**	4.60

Expense arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognized in profit and loss as part of employee benefit expense were as follows:

Particulars	**31-Dec-19**	31-Dec-18
Employee share-based payment expense	**2**	14
Total employee share-based payment expense	**2**	14

(₹ in Million)

37. Events occurring after the reporting period

There are no reportable events occurring after the reporting period.

38. Ind AS 115 was issued on 28 March 2018 and supersedes Ind AS 11-Construction Contracts and Ind AS 18-Revenue and it applies, with limited exceptions, to all revenue arising from contracts with its customers. Ind AS 115 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

Ind AS 115 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

The Company adopted Ind AS 115 using the modified retrospective method of adoption. There is no material impact of transition to IND AS 115 on retained earnings as at 1st January 2019.

39. Amalgamation of Bill Forge Private Limited with the company

Bill Forge Private Limited (BFPL), incorporated on 23rd December, 1982 was in the business of manufacturing of retainers, steering races, hubs, pinions, gear blanks, shaft for two and four wheeler vehicles. Pursuant to the acquisition agreement dated 12th September 2016, MCIE acquired business of BFPL through acquisition of it's entire share capital for a total purchase consideration of ₹13,028 million which was discharged in the form of cash and issue of shares.

During the year, BFPL is amalgamated with the Company with an appointed date of April 1, 2018 under a Scheme of Amalgamation approved by the Hon'ble NCLT Mumbai vide order dated November 4, 2019 and effective date November 15, 2019 (being the date of filing of the Order with Registrar of Companies). Hence, the impact of amalgamation in the financial statements has been taken from the appointed date as per the approved scheme of merger i.e. April 1, 2018.

As a result of the amalgamation, the financial statements of the Company for the year ended December 31, 2018 includes the amount of BFPL with effect from the appointed date i.e. April 1, 2018. Hence, figures for the current year ended December 31, 2019 is not comparable with figures for the previous year ended December 31, 2018.

Further, as per the requirements under the Scheme of Amalgamation, the Company has accounted for the amalgamation as per the principles laid down by Appendix C of Ind AS 103, i.e. business combination of entities under common control read with the clarification issued by Ind AS Transition Facilitation Group' ("ITFG") issued by Institute of Chartered Accountants of India ('ICAI'). Consequently, the Company has recognized the assets and liabilities of BFPL at their carrying values appearing in consolidated financial statements of the Company immediately before the amalgamation. Such carrying values of assets and liabilities were based on the purchase price allocation undertaken by the Company for the assets and liabilities as on the date of acquisition of BFPL by the Company, adjusted for all movements up to 1 April 2018 (Appointed date as approved by the scheme of Amalgamation).

The impact of the above on the financial statements would had been an increase in profit by ₹ 274 million for the year ended December 31, 2018 if prior period was restated in accordance with Appendix C to Ind AS 103-Business Combinations (i.e.from the beginning of the preceding period January 1, 2018).

This amalgamation results in increased operational efficiencies, bring economies of scale and results in synergetic integration of business carried out by MCIE and BFPL."

The position of assets and liabilities as at the appointed date (1 April 2018) is as follows:

Particulars	**Amount in ₹ Millions**
Non-current assets	
Property, plant and equipment	3,078
Capital work-in-progress	82
Intangible assets	10
Other non-current assets	343
Current Assets	3,680
Total Assets	**7,193**

(₹ in Million)

Particulars	Amount in ₹ Millions
Non-current liabilities	
Provisions	685
Other non-current liabilities	336
Current liabilities	1,951
Liabilities	**2,972**
Net Assets as at 1 April 2018 (a)	4,221
Equity Share Capital (b)	12
Post acquisition reserve (September 12, 2016 to March 31, 2018) (c)	981
Investment in Bill Forge Private Limited (d)	13,028
Goodwill (d-a-b+c)	**9,776**

Profit and Loss break up for period April 1, 2018 to December 31, 2018 of BFPL is as follows:

Particulars	For the period April 1, 2018 to December 31, 2018
Total income	**6,256**
Total expenses	**5,355**
Profit before tax	901
Tax expenses	301
Profit after tax	600

Figures for the year ended December 31, 2018 of the Company has been restated to include the impact of above transactions relating to BFPL after eliminating transactions between the Company and BFPL.

40. Previous year figures have been regrouped and/or reclassified wherever found necessary in order to conform to this year's classification.

For **Price Waterhouse Chartered Accountants LLP**
Firm Registration No. 012754N/N500016

Jeetendra Mirchandani
Partner
Membership No. 48125

Mumbai, 26th February, 2020

For and on behalf of the Board of Directors of **Mahindra CIE Automotive Limited**

Ander Arenaza Alvarez
Executive Director

Dhananjay Mungale
Director

Manoj Menon
Executive Director &
CEO-Business Division

Hari Krishnan
CEO- Business Division

K. Jayaprakash
Chief Financial Officer

Pankaj Goyal
Company Secretary & Compliance officer

Mumbai, 26th February, 2020

CONSOLIDATED FINANCIAL STATEMENTS.

INDEPENDENT AUDITOR'S REPORT

To the Members of Mahindra CIE Automotive Limited

Report on the audit of the Consolidated Indian Accounting Standards (Ind AS) Financial Statements

Opinion

1. We have audited the accompanying consolidated financial statements of Mahindra CIE Automotive Limited (hereinafter referred to as the 'Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), and its associates; (refer Note 1 to the attached consolidated financial statements), which comprise the consolidated Balance Sheet as at December 31, 2019, the consolidated Statement of Profit and Loss (including Other Comprehensive Income), the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information prepared based on the relevant records (hereinafter referred to as "the consolidated financial statements").

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("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 consolidated state of affairs of the Group, and its associates as at December 31, 2019, of consolidated total comprehensive income (comprising of profit and other comprehensive income), consolidated changes in equity and its consolidated cash flows for the year then ended.

Basis for Opinion

3. 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 Consolidated Financial Statements section of our report. We are independent of the Group and its associates in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in India in terms of the Code of Ethics issued by ICAI and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph 16 and 17 of the Other Matters paragraph below, other than the unaudited financial information as certified by the management and referred to in sub-paragraph 18 of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Assessment of Purchase Price Allocation (PPA) in case of acquisition of Aurangabad Electricals Limited in accordance with Ind AS 103, Business Combinations **[Refer note 4(b) and 23 of the consolidated financial statements for the related disclosures]** On April 9, 2019, the Company has acquired 100% equity of Aurangabad Electricals Limited (AEL) for a purchase consideration of INR 8,759 million. The Company determined the acquisition to be business combination in accordance with Ind AS 103, which requires the identified assets and liabilities to be recognised at fair value at the date of acquisition with the excess of acquisition cost over identified fair value of recognised assets and liabilities as Goodwill. Management has appointed independent external valuers (management's expert) to perform valuation of identifiable assets and liabilities as a part of Purchase Price Allocation (PPA) and basis reports of the valuers, the Management determined that the fair value of the net identifiable assets acquired and liabilities assumed was INR 2,701 million including INR 202 million relating to intangible assets that arose from the business combination, resulting in Goodwill of INR 6,058 million. This has been considered a key audit matter in view of the amounts involved and significant assumptions and estimates used by the Management and the professional valuer in determining the fair values of the assets acquired and liabilities assumed in the transaction.	Our procedures included the following: • Understood from the management, assessed and tested the design and operating effectiveness of the Company's controls over the accounting of business combination. • Assessed the appropriateness and completeness of the assets acquired and the liabilities assumed at the acquisition date and assessed the completeness, accuracy and valuation of the Purchase Price Allocation (PPA) adjustments to understand the appropriateness of accounting for Business Combination as per IND AS 103. • Evaluated the competence, capabilities and objectivity of the management's expert, obtained an understanding of the work of the expert, and evaluated the appropriateness of the expert's work. • Traced the value of the consideration transferred with reference to the Share Purchase Agreement. • Involved auditor's valuation expert ("auditor's expert") to review the PPA reports including the work done by management experts to assess reasonableness of the underlying key assumptions used in determining the fair value of assets and liabilities as at the acquisition date. • Assessed the Company's determination of the fair value of the assets and liabilities, including those not recorded in it's recent audited financial statements having regard to the completeness of assets and liabilities identified and the reasonableness of any underlying assumptions in their respective valuations.

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
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Independently performed sensitivity analysis on the assumptions like growth rate, discount rate etc. to assess its reasonableness.
Assessed the appropriateness of the useful lives of the identified assets (tangible and intangible) and subject to depreciation/ amortisation as determined by the management.
Assessed and corroborated the adequacy and appropriateness of the disclosures made in the consolidated financial statements.
Verified the management’s computation of Goodwill.

Based o our procedures performed above, we noted that the management’s assessment of PPA in case of acquisition of AEL is in accordance with the Ind AS 103 Business Combination.
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Assessment of Impairment of Goodwill
[Refer note 4(a) and 7 of the consolidated financial statements for the related disclosures]
The aggregate carrying value of the Group’s goodwill amounts to INR 30,340 million (excluding INR 4,920 million towards Goodwill as reported by the component auditors of the Galfor Group) as at December 31, 2019, which comprises of INR 10,167 million towards goodwill arising out of business combinations and INR 20,173 million towards goodwill on consolidation. The management tests the carrying value of goodwill annually for impairment.
The Company has performed an impairment assessment over the Goodwill by calculating the recoverable value of the cash generating unit (CGU) to which the Goodwill belongs using a discounted cash flow model and comparing the same with the carrying value.
The processes and methodologies for assessing and determining the recoverable amount of Goodwill are based on complex assumptions, that by their nature imply the use of the management’s judgement, in particular with reference to identification of CGU, forecast of future cash flows relating to the period covered by the Company’s strategic business plan, terminal value, as well as the long-term growth rates and discount rates applied to such forecasted cash flows.
The matter has been identified as a key audit matter in view of the significant amounts involved and also considering the judgement required for estimating the cash flows and the complexity of the assumptions used.
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Our audit procedures and assessment of impairment of Goodwill included the following:

Obtained an understanding from the management, assessed and tested the design and operating effectiveness of the Company’s controls over impairment assessment of Goodwill, determination of Cash Generating Units (CGUs) and other assumptions used by the management.
Evaluated whether assessment of CGUs was consistent with our knowledge of the Group’s operations.
Together with the auditors’ valuation experts, we evaluated the Company’s processes regarding impairment assessment:
a) Assessed the appropriateness of the impairment model used by the management to estimate the recoverable value of Goodwill.
b) Assessed the cash flow forecasts (with underlying economic growth rate) by comparing them to the budgets provided by the management and our understanding of the industry’s factors.
c) Assessed the underlying assumptions relating to discount rate, earnings growth rate and terminal value etc.
d) Assessed the Company’s sensitivity analysis and evaluated whether any reasonably foreseeable change in the underlying assumptions could lead to impairment.
e) Checked the mathematical accuracy of the impairment model and agreed relevant data back to the latest budgets, actual past results achieved by each CGU with the respective year’s budgets and other supporting documents.
Assessed the adequacy of disclosures in the consolidated financial statements.

Based on the above procedures performed, the management’s assessment of impairment of goodwill was considered to be reasonable.
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<tr><td>
Assessment of contingencies and provision for taxes and other litigations and claims
(Refer note 21 and 34 of the consolidated financial statements for the related disclosures)
The Company has various legal and tax related claims, in respect of which the Company has recognised a provision of INR 507 million and disclosed contingent liabilities of INR 1,137 million in the consolidated financial statements. In respect of the matters relating to contingent liabilities, the Company has filed appeals against the above orders with the appropriate authorities.
The assessment of the likely outcome of these matters and the related outflow of resources is an area of significant Management judgement. Management involves legal experts in specific matters where considered necessary.
</td><td>
Our audit procedures included the following:

Understood and evaluated the design and tested the operating effectiveness of controls in respect of assessment of contingencies and provision for taxes and other litigations and claims;
Obtained the summary of all legal and tax cases and independently assessed the decisions and rationale for provisions recognised and contingent liabilities disclosed.
Assessed external legal opinions obtained by the management on specific matters and held discussions with management’s expert to corroborate their assessment and engaged our tax experts to examine the tax positions.

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Key audit matter	How our audit addressed the key audit matter
This has been considered a key audit matter in view of the uncertain outcome of the litigations and involvement of significant management judgement in assessing the probability of outflow of economic resources.	• Assessed the adequacy of disclosures in the consolidated financial statements. On the basis of the above procedures performed, we considered the management's assessment in respect of contingencies and provision for taxes and other litigations and claims to be reasonable and disclosures to be appropriate.
Recovery of goodwill, as reported by the component auditors of Galfor Group **[Refer note 4(a) and 7 of the consolidated financial statements for the related disclosures]** The Group's goodwill represents a substantial part of its assets, amounting to €61.5 million (INR 4,920 million) at year-end. The Group carries out tests on the recoverability of the amounts recorded under this balance sheet heading on an annual basis. Such impairment testing is based mainly on estimated cash flows of the cash generating units (value in use) to which the assets analysed relate and therefore require that Group Management makes judgements and significant estimates. These estimates include, among other things, expectations regarding sales and future margins, growth rate projections, estimates of discount rates in order to calculate the present value of cash flows (WACC - Weighted average cost of capital), etc. Deviations in these rates and estimates, trigger significant variations in the calculations performed and therefore in the analysis of the recoverability of goodwill.	The audit procedures applied by the Component auditors of Galfor Group included the following: • Component auditors gained an understanding of the internal process used by Group Management to test goodwill for impairment, verifying the calculation criteria applied for consistency and the methodology of value in use established in the applicable regulations. • For cash flows, component auditors checked not only the calculations made but also the projected annual cash flows, based on the plans and budgets approved by Group management, against those actually obtained in 2019, and also analysed the key assumptions used to determine the growth rates and forecast future margins, verifying them against available comparables (historical results and sector margins) and analysing, if appropriate, their reasonableness using available third-party contracts or agreements. The discount rates applied (WACC) were assessed with the collaboration of our firm's specialist team. • As a result of the analysis and tests performed, component auditors considers that Group Management's conclusion concerning the absence of impairment of goodwill; the estimates made are adequately supported and are consistent with the information currently available.
Recoverability of deferred tax assets, as reported by the component auditors of Galfor Group **[Refer note 25 of the consolidated financial statements for the related disclosures]** The Group recognises deferred tax assets amounting to €11.8 million (INR 944 million) as non-current assets at year-end, recovery of which depends on the generation of taxable income in future years. Recovery of these deferred tax assets is analysed annually by the Group by estimating the tax bases for the next years. The estimation of future tax bases is based on the business plans of the different Group companies and the planning possibilities permitted under applicable tax legislation, taking into account, in each case, the different consolidated tax groups in which the Group companies are taxed. Therefore, the conclusion concerning the recovery of the deferred tax assets recognised on the subconsolidated balance sheet is subject to judgments and significant estimates by Group Management with respect to both future tax results and applicable tax legislation in the different jurisdictions in which it operates.	The audit procedures applied by the Component auditors of Galfor Group included the following: • On the basis of the business plans, which are based on the plans and budgets approved by Group management, component auditors compared annual projected flows with real flows obtained in 2019 and analysed the key assumptions used to determine growth rates and forecast future margins, comparing them against available comparables (historical results and sector margins) and analysing if appropriate, their reasonableness using available third-party contracts or agreements. • Further, component auditors gained an understanding and assessed the criteria used by the Group's tax management to estimate the possibility of using and recovering deferred tax assets in subsequent years, in light of the business plans. • As part of these analysis, component auditors reviewed the tax adjustments taken into account to estimate taxable income, applicable tax legislation and the decisions concerning the possibilities of using applicable tax benefits with respect to the Group companies. • The analysis performed permitted component auditors to verify that the calculations and estimates made by the Group and the conclusions reached in relation to the recognition and recovery of deferred tax assets are consistent with the current situation, with expectations of the future results of the Group and its individual companies and with th e tax planning possibilities available under current legislation.

Other Information

5. The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the consolidated financial statements and our auditor's report thereon.

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

7. In connection with our audit of the consolidated financial statements, our responsibility is to read the other

information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed and the reports of the other auditors as furnished to us (Refer paragraphs 16 and 17 below), 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 Consolidated Financial Statements

8. The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows, and changes in equity of the Group including its associates in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group and of its associates are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group 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 the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

9. In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its associates are responsible for assessing the ability of the Group and of its associates 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 Group or to cease operations, or has no realistic alternative but to do so.

10. The respective Board of Directors of the companies included in the Group and of its associates are responsible for overseeing the financial reporting process of the Group and of its associates.

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by 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 ability of the Group and its associates 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 consolidated 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 Group and its associates to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associates to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities

included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

13. We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors 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.

14. 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.

15. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated 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.

Other Matters

16. The financial information of ten subsidiaries located outside India, included in the consolidated financial statements, which constitute total assets of INR 37,530 million and net assets of INR 7,653 million as at December 31, 2019, total revenue of INR 43,950 million, total comprehensive income (comprising of profit and other comprehensive income) of INR 1,463 million and net cash flows amounting to INR (159) million for the year then ended, have been prepared in accordance with accounting principles generally accepted in their respective countries and have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Company's management has converted the financial information of such subsidiaries located outside India from the accounting principles generally accepted in their respective countries to the accounting principles generally accepted in India. We have audited these conversion adjustments made by the Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiaries located outside India, including other information, is based on the report of other auditors and the conversion adjustments prepared by the management of the Company and audited by us.

17. We did not audit the financial statements of one subsidiary whose financial statements reflect total assets of INR 4,952 million and net assets of INR 1,893 million as at December 31, 2019, total revenue of INR 6,401 million, total comprehensive income (comprising of profit and other comprehensive income) of INR 468 million and net cash flows amounting to INR 99 million for the period April 1, 2019 to December 31, 2019, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us and our opinion on the consolidated financial statements insofar as it relates to the amounts and disclosures included in respect of this subsidiary and our report in terms of sub-section (3) of Section 143 of the Act including report on Other Information insofar as it relates to the aforesaid subsidiary, is based solely on the report of the other auditors.

18. We did not audit the financial information of four subsidiaries, whose financial information reflect total assets of INR 176 million and net assets of INR (8) million as at December 31, 2019, total revenue of INR 466 million, total comprehensive income (comprising of loss and other comprehensive income) of INR (1) million and net cash flows amounting to INR (38) million for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of total comprehensive income (comprising of loss and other comprehensive income) of INR (4) million for the year ended December 31, 2019, as considered in the consolidated financial statements, in respect of three associate companies whose financial information have not been audited by us. These financial information are unaudited and have been furnished to us by the Management, and our opinion on the consolidated financial statements insofar as it relates to the amounts and disclosures included in respect of these subsidiaries and associate companies and our report in terms of sub-section (3) of Section 143 of the Act including report on Other Information insofar as it relates to the aforesaid subsidiaries and associates, is based solely on such unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, these financial information are not material to the Group.

    Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

19. As required by Section 143(3) of the Act, we report, to the extent applicable, 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 of the aforesaid consolidated financial statements.

    (b) In our opinion, proper books of account as required by law, maintained by the Holding Company and its subsidiaries included in the Group incorporated in India including relevant records relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and records of the Holding Company, its subsidiary companies included in the Group incorporated in India and the reports of the other auditors.

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account and records maintained for the purpose of preparation of the consolidated financial statements.

(d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act.

(e) On the basis of the written representations received from the directors of the Holding Company as on December 31, 2019, taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies, incorporated in India, none of the directors of the Group companies, incorporated in India is disqualified as on December 31, 2019, from being appointed as a director in terms of Section 164(2) of the Act.

(f) With respect to the adequacy of internal financial controls with reference to financial statements of the Holding Company, its subsidiary companies and associate companies incorporated in India 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 Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The consolidated financial statements disclose the impact, if any, of pending litigations on the consolidated financial position of the Group and its associates – Refer Note 34 to the consolidated financial statements.

ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts. The Group did not have any derivative contracts as at December 31, 2019.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies and associate companies incorporated in India.

iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Group for the year ended December 31, 2019.

For **Price Waterhouse Chartered Accountants LLP**

Firm Registration Number: 012754N/N500016

Jeetendra Mirchandani

Partner

Membership Number 48125

UDIN: 20048125AAAADR1227

Place : Mumbai

Date : February 26, 2020

ANNEXURE A TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 19(f) of the Independent Auditors' Report of even date to the members of Mahindra CIE Automotive Limited on the consolidated financial statements for the year ended December 31, 2019

Report on the Internal Financial Controls with reference to consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act

1. In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended December 31, 2019, we have audited the internal financial controls with reference to financial statements of Mahindra CIE Automotive Limited (hereinafter referred to as "the Holding Company") and its subsidiary companies, which are companies incorporated in India, as of that date. Reporting under clause (i) of sub section 3 of Section 143 of the Act in respect of the adequacy of the internal financial controls with reference to financial statements is not applicable to one associate company incorporated in India namely Gescrap India Private Limited, pursuant to MCA notification GSR 583(E) dated 13 June 2017 and to Clean Max Deneb Power LLP as it is not a company under Companies Act, 2013.

Management's Responsibility for Internal Financial Controls

2. The respective Board of Directors of the Holding company and its subsidiary companies, to whom reporting under clause (i) of sub section 3 of Section 143 of the Act in respect of the adequacy of the internal financial controls with reference to financial statements, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on 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 (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

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

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

5. 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 with reference to financial statements.

Meaning of Internal Financial Controls with reference to financial statements

6. A company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to financial statements 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 financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely

detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to financial statements

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

Opinion

8. In our opinion, the Holding Company and its subsidiary companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at December 31, 2019, 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.

Other Matter

9. Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to financial statements insofar as it relates to one subsidiary company, which is a company incorporated in India, is based on the corresponding report of the auditor of such company incorporated in India. Our opinion is not qualified in respect of this matter.

For **Price Waterhouse Chartered Accountants LLP**
Firm Registration Number: 012754N/N500016

Jeetendra Mirchandani
Partner
Membership Number 48125
UDIN: 20048125AAAADR1227

Place : Mumbai
Date : February 26, 2020

Consolidated Balance Sheet as at 31st December, 2019

(₹ in Million)

	Note No.	**As at 31st December, 2019**	As at 31st December, 2018
ASSETS			
NON-CURRENT ASSETS			
Property, Plant and Equipment	6	**24,862**	19,840
Capital Work-in-Progress		**542**	960
Goodwill	7	**35,260**	29,111
Other Intangible Assets	8	**313**	101
Financial Assets			
Investments	9	**80**	15
Loans	12	**568**	1,387
Other Financial Assets	10	**788**	166
Deferred Tax Assets	25	**1,384**	2,553
Income tax Assets		**183**	327
Other Non-Current Assets	13	**1,299**	1,256
		65,279	55,716
CURRENT ASSETS			
Inventories	14	**10,566**	12,286
Financial Assets			
Investments	9	**875**	6,793
Trade Receivables	11	**7,368**	7,414
Loans	12	**10**	31
Cash and Cash Equivalents	15	**1,100**	1,084
Other Bank Balances	15	**399**	43
Other Financial Assets	10	**46**	-
Current Tax Assets		**371**	527
Other Current Assets	13	**856**	1,410
		21,591	29,588
Disposal group assets classified as held for sale	24	**141**	524
TOTAL ASSETS		**87,011**	85,828
EQUITY AND LIABILITIES			
EQUITY			
Equity Share Capital	16	**3,790**	3,788
Other Equity	17	**42,548**	39,103
		46,338	42,891
LIABILITIES			
NON-CURRENT LIABILITIES			
Financial Liabilities			
Borrowings	18	**8,256**	11,730
Provisions	21	**3,608**	3,490
Deferred Tax Liabilities	25	**2,296**	988
Other Non-Current Liabilities	22	**530**	656
		14,690	16,864
CURRENT LIABILITIES			
Financial Liabilities			
Borrowings	18	**6,435**	4,404
Trade Payables:	19		
Total outstanding dues of Micro and small enterprises and,		**261**	138
Total outstanding dues of creditors other than Micro and small enterprises		**14,510**	16,700
Other Financial Liabilities	20	**656**	459
Provisions	21	**562**	449
Current Tax Liabilities		**441**	1,206
Other Current Liabilities	22	**2,978**	2,195
		25,843	25,551
Disposal group liabilities classified as held for sale	24	**140**	522
TOTAL EQUITY AND LIABILITIES		**87,011**	85,828

The accompanying notes 1 to 44 are an integral part of these consolidated financial statements.

This is the Consolidated Balance Sheet referred to in our report of even date

For **Price Waterhouse Chartered Accountants LLP**
Firm Registration No. 012754N/N500016

Jeetendra Mirchandani
Partner
Membership No. 48125

Mumbai, 26th February, 2020

For and on behalf of the Board of Directors of **Mahindra CIE Automotive Limited**

Ander Arenaza Alvarez
Executive Director

Dhananjay Mungale
Director

Manoj Menon
Executive Director &
CEO-Business Divisions

Hari Krishnan
CEO- Business Divisions

K. Jayaprakash
Chief Financial Officer
Mumbai, 26th February, 2020

Pankaj Goyal
Company Secretary
and Compliance officer

Consolidated Statement of Profit and Loss for the year ended 31st December, 2019

(₹ in Million)

	Note No.	**Year Ended 31st December, 2019**	Year Ended 31st December, 2018
Continuing Operations			
Revenue from operations		**79,078**	80,315
Net Sales		**75,660**	76,485
Other operating revenues		**3,418**	3,830
Other Income	28	**331**	387
Total Revenue		**79,409**	80,702
Expenses			
Cost of materials consumed	29	**36,590**	37,737
Changes in stock of finished goods and work-in-progress		**896**	(1,421)
Employee benefit expense	30	**13,080**	13,297
Finance costs	31	**523**	502
Depreciation and amortisation expense	6,8	**3,161**	2,867
Other expenses	32	**18,834**	20,192
Total Expenses		**73,084**	73,174
Profit before exceptional items and tax		**6,325**	7,528
Exceptional Items	41	**(46)**	-
Profit before tax		**6,279**	7,528
Current tax	26	**710**	1,899
Deferred tax	25	**2,031**	144
Total tax expense		**2,741**	2,043
Profit for the year from continuing operations		**3,538**	5,485
Discontinued operations	24		
Loss for the year from discontinued operations		**-**	(504)
Profit for the year		**3,538**	4,981
Other comprehensive income for the year			
Items that will not be reclassified to profit or loss:			
Remeasurement of post-employment benefit obligation	33	**(221)**	(53)
Income tax relating to items that will not be reclassified to profit or loss	26	**12**	17
Items that may be reclassified to profit or loss:			
Exchange differences in translating the financial statements of foreign operations		**89**	737
Total Other comprehensive Income for the year, net of tax		**(120)**	701
Total comprehensive income for the year attributable to		**3,418**	5,682
Owners of the Group:			
From continuing operations		**3,418**	6,186
From discontinued operations		**-**	(504)
Earnings per share from continuing and discontinued operations of the owners of the Group (expressed in Rs. 10 per share)			
- Basic earnings per share	37	**9.34**	13.16
From continuing operations		**9.34**	14.49
From discontinued operations		**-**	(1.33)
- Diluted earnings per share	37	**9.33**	13.15
From continuing operations		**9.33**	14.48
From discontinued operations		**-**	(1.33)

The accompanying notes 1 to 44 are an integral part of these consolidated financial statements.

This is the Consolidated Statement of Profit and Loss referred to in our report of even date.

For **Price Waterhouse Chartered Accountants LLP**
Firm Registration No. 012754N/N500016

Jeetendra Mirchandani
Partner
Membership No. 48125

Mumbai, 26th February, 2020

For and on behalf of the Board of Directors of **Mahindra CIE Automotive Limited**

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Executive Director

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Hari Krishnan
CEO- Business Divisions

K. Jayaprakash
Chief Financial Officer
Mumbai, 26th February, 2020

Pankaj Goyal
Company Secretary
and Compliance officer

Consolidated Statement of changes in equity for the year ended 31st December, 2019

(₹ in Million)

a. Equity share capital

	Number of Shares	Equity share capital
Balance at January 1, 2018	378,367,242	3,784
Changes in equity share capital during the year		
Issue of equity shares pursuant to exercise of employee share options	413,690	4
Balance at December 31, 2018	**378,780,932**	**3,788**
Changes in equity share capital during the year		
Issue of equity shares pursuant to exercise of employee share options	229,750	2
Balance at December 31, 2019	**379,010,682**	**3,790**

b. Other Equity

	Reserves and surplus						Other Reserves		
	Capital Reserve	Securities Premium Reserve	Equity-settled employee benefits reserve	General Reserve	Capital redemption Reserve	Retained Earnings	Foreign Currency Translation Reserve	Actuarial Gain / (Loss)	Total
As at 1st January 2018	7,693	15,142	106	6,028	165	3,284	931	23	33,372
Profit for the year	-	-	-	-	-	4,981	-	-	4,981
Other Comprehensive Income	-	-	-	-	-	-	737	(36)	701
Total Comprehensive Income for the year	-	-	-	-	**-**	**4,981**	**737**	**(36)**	**5,682**
Exercise of employee stock options	-	92	(43)	-	-	-	-	-	49
On account of merger within the group	-	-	-	-	-	-	-	-	-
As at 31st December 2018	7,693	15,234	63	6,028	165	8,265	1,668	(13)	39,103
Profit for the year	-	-	-	-	-	3,538	-	(209)	3,329
Other Comprehensive Income	-	-	-	-	-	-	89		89
Total Comprehensive Income for the year	-	-	-	-	-	3,538	89	(209)	3,418
Exercise of employee stock options	-	51	(24)	-	**-**	**-**	**-**	**-**	**27**
On account of merger within the group	-	-	-	-	-	-	-	-	-
As at 31st December 2019	**7,693**	**15,285**	**39**	**6,028**	**165**	**11,803**	**1,757**	**(222)**	**42,548**

This is the consolidated statement of changes in equity referred to in our report of even date.

For **Price Waterhouse Chartered Accountants LLP**
Firm Registration No. 012754N/N500016

Jeetendra Mirchandani
Partner
Membership No. 48125

Mumbai, 26th February, 2020

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Chief Financial Officer
Mumbai, 26th February, 2020

Pankaj Goyal
Company Secretary
and Compliance officer

Consolidated Statement of Cash Flows for the year ended 31st December, 2019

(₹ in Million)

	Particulars	Note No.	**Year ended 31st December, 2019**	Year ended 31st December, 2018
I	**Cash flows from operating activities**			
	Profit before tax for the year		**6,279**	7,024
	Adjustments for:			
	Finance costs		**525**	525
	Net gain on investments held at FVTPL		**(183)**	(47)
	Other non-cash income		**(57)**	(55)
	Provision for doubtful debts		**(68)**	(13)
	Provision for obsolescence of inventory		**141**	(22)
	Loss/ (Gain) on disposal of property, plant and equipment		**22**	(32)
	Depreciation and amortisation		**3,168**	2,898
	Impairment of non-current assets	41	**49**	-
	Expenses recognized in respect of ESOP's		**2**	14
			9,878	10,292
	Change in Operating assets and liabilities:			
	(Increase)/decrease in trade and receivables		**3,398**	(1,616)
	(Increase)/decrease in inventories		**2,489**	(2,752)
	(Decrease)/increase in other assets and liabilities		**(4,331)**	2,600
			1,556	(1,768)
	Income taxes paid		**(1,161)**	(1,444)
	Net cash generated by operating activities		**10,273**	7,080
II	**Cash flows from investing activities**			
	Payment for acquisition of subsidiary (net of cash)		**(7,782)**	-
	(Purchase)/Sale of current investment		**5,911**	(6,201)
	Net gain on investments held at FVTPL		**183**	47
	Investment in Associate companies		**(71)**	-*
	Payments for property, plant and equipment	6,8	**(4,238)**	(4,101)
	Proceeds from disposal of property, plant and equipment		**96**	66
	Net cash (used in)/generated by investing activities		**(5,901)**	(10,189)
III	**Cash flows from financing activities**			
	Proceeds from issue of equity instruments of the Group		**30**	57
	Net proceeds/ (Repayment) of borrowings		**(3,545)**	4,089
	Interest paid		**(525)**	(525)
	Net cash used in financing activities		**(4,040)**	3,621
IV	**Net increase/ (decrease) in cash and cash equivalents**		**332**	512
	Cash and cash equivalents at the beginning of the year		**1,247**	719
	Effects of exchange rate changes (on cash held in foreign currencies)		**11**	16
V	Cash and cash equivalents at the end of the year		**1,590**	1,247

* Amount is below the rounding off norm adopted by the Company

	As at 31st Dec 2019	As at 31st Dec 2018
Reconciliation of Cash and Cash Equivalents		
Total Cash and Cash Equivalents as per Balance Sheet	**1,100**	1,084
Cash and cash equivalents in Discontinued operations	**91**	120
Bank balances	**399**	43
Total Cash and Cash Equivalents as per Statement of Cash Flow	**1,590**	1,247

Consolidated Statement of Cash Flows includes cash flows of Disposal Group. For details of cash flows of Disposal Group, refer note 24.

The accompanying notes 1 to 44 are an integral part of these consolidated financial statements.

This is the Consolidated Cash Flow statement referred to in our report of even date

For **Price Waterhouse Chartered Accountants LLP**
Firm Registration No. 012754N/N500016

Jeetendra Mirchandani
Partner
Membership No. 48125

Mumbai, 26th February, 2020

For and on behalf of the Board of Directors of **Mahindra CIE Automotive Limited**

Ander Arenaza Alvarez
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CEO- Business Divisions

K. Jayaprakash
Chief Financial Officer
Mumbai, 26th February, 2020

Pankaj Goyal
Company Secretary
and Compliance officer

1. General information

Mahindra CIE Automotive Group and Background

Mahindra CIE Automotive Limited (MCIE) is a company incorporated in India having its registered office in Mumbai. The company and its subsidiaries (collectively referred to as "the Group") are engaged in the business of production and sale of automotive components to original equipment manufacturers and other customers (including leading suppliers of components) in India and overseas.

The Group has manufacturing facilities in India, Germany, Spain, Lithuania, Italy, Mexico and the United Kingdom. The group has an established presence in each of these locations and supply automotive components to its customers based there and export products to customers based in other countries as well. The group's manufacturing locations are generally located close to major automotive manufacturing hubs in order to facilitate supplies to the customers

MCIE is a subsidiary of CIE Automotive S.A based in Spain. The Mahindra Group based in India is a significant shareholder in MCIE. Pursuant to a global alliance between the two companies Mahindra's automotive components businesses across various product segments in India and Europe were brought together with the forgings business of CIE in Spain.

During the year 2018, MCIE had transferred 100% shares held in Mahindra Forging Europe AG (MFE), one of the wholly owned subsidiary, to CIE Galfor S.A. (Galfor), another wholly owned subsidiary of the Company.

Pursuant to the acquisition agreement dated 12th September 2016, the Company had acquired business of Bill Forge Private Limited ("BFPL") through acquisition of all of the share capital from the third parties sellers for a total purchase consideration of Rs.13,028 million which was discharged in the form of cash and through the issue of shares.

Subsequent to the acquisition, BFPL is amalgamated with the Company with an appointed date of April 1, 2018 under a Scheme of Amalgamation approved by Hon'ble NCLT Mumbai vide order dated November 4, 2019 and effective date November 15, 2019 (being the date of filing of the Order with Registrar of Companies)

On April 9, 2019 (the "Acquisition date"), the company has acquired 100% equity of Aurangabad Electricals Limited for a purchase consideration of INR 8,759 million. (Refer note 23)

The subsidiaries included in these consolidated financial statements along with the proportion of ownership and beneficial interest of the Group in such subsidiaries is included in the Appendix attached hereto.

These consolidated financial statements for the year ended December 31, 2019 were approved for issue by the Board of Directors in accordance with their resolution dated February 26, 2020.

Interest in Other Entities

Sr. No.	Name of the entity	% of Holding		Country of Incorporation
		31st Dec 2019	31st Dec 2018	
1	Stokes Group Limited (SGL) (subsidiary of MCIE)	100%	100%	U.K
2	Stokes Forgings Dudley Limited (subsidiary of SGL)	100%	100%	U.K
3	Stokes Forgings Limited (subsidiary of SGL)	100%	100%	U.K
4	Mahindra Forgings Europe AG (subsidiary of Galfor)	100%	100%	Germany
5	Jeco Jellinghaus GmbH (subsidiary of MFE)	100%	100%	Germany
6	Gesenkschmiede Schneider GmbH (subsidiary of MFE)	100%	100%	Germany
7	Falkenroth Unformtechnik GmbH (subsidiary of MFE)	100%	100%	Germany
8	Schonoeweiss& Co GmbH (subsidiary of MFE)	100%	100%	Germany
9	Metalcastello S.p.A (MC) (subsidiary of Galfor)	99.96%	99.96%	Italy
10	CIE Galfor S.A.U. (Galfor) (subsidiary of MCIE)	100%	100%	Spain
11	CIE Legazpi SA (subsidiary of Galfor)	100%	100%	Spain
12	UAB CIE LT Forge (subsidiary of Galfor)	100%	100%	Lithuania
13	Galfor Eólica, S.L (Associate of Galfor) *	25%	25%	Spain
14	Aurangabad Electricals Limited (AEL) (w. e. f. April 9, 2019)	100%	-	India
15	BF Precision Private Limited (subsidiary of MCIE)	100%	100%	India
16	Bill Forge Mexico S. A. de.C V (subsidiary of MCIE)	100%	100%	Mexico

Sr. No.	Name of the entity	% of Holding		Country of Incorporation
		31st Dec 2019	31st Dec 2018	
17	AE Deutschland GmbH (Subsidiary of AEL) (w. e. f. April 9, 2019)	100%	-	Germany
18	Gescrap India Private Limited *(w.e.f. March 27, 2018)(Associate of MCIE)	30%	30%	India
19	Clean Max Deneb Power LLP*(w.e.f. March 21, 2019) (Associate of MCIE)	26%	-	India

*As per schedule III, share of net profit/ (Loss) of associate company has to be disclosed on the face of statement of profit and loss. However, as the share of net loss of associates is not material, hence not been disclosed separately.

2. Summary of significant accounting policies

2.1 Basis of presentation

The consolidated financial statements of the Group have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the act. The financial statement have been prepared on a historical cost basis, except for share based payment, assets held for sale, derivative financial instrument and certain financial assets and liabilities measured at fair value.

The consolidated financial statements are presented in Million ₹ and all values are rounded to the nearest Million except when otherwise indicated.

2.2 Amended standards adopted by the Group

Ind AS 115 – Revenue from Contracts with customers, mandatory for reporting periods on or after April 1, 2018 replaces existing revenue recognition requirements, Application of Ind AS 115 to the Company (w.e.f. January 1, 2019) did not have any material adjustments on recognition and measurement of revenue and related items in the financial results of the Group.

2.3 Consolidation principles and equity accounting

Subsidiaries

The consolidated financial statements comprise the financial statements of the company and its subsidiaries as at 31st December 2019. Subsidiaries are all entities over which the Group has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights
- The size of the Group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's financial statements in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent Group, i.e., year ended on 31st December 2019.

Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

Consolidation procedure:

a) Combine like items of assets, liabilities, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.

b) Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.

c) Eliminate in full intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group (profits or losses resulting from intra-group transactions that are recognised in assets, such as inventory and Property, Plant and equipment, are eliminated in full). Ind AS12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intra-group transactions.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-Group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interests
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

2.4 Segment information

Operating segments (Note 5) are reported consistently with the internal reporting provided to the Board of Directors. The Board of Directors is responsible for allocating resources to and assessing the performance of the operating segments.

2.5 Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree' s identifiable net assets. Acquisition-related costs are expensed as incurred.

At the acquisition date, the identifiable assets acquired, and the liability assumed are recognised at their acquisition date fair value. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. However, the following assets and liabilities acquired in a business combination are measured at the basis indicated below:

- Deferred tax assets or liabilities, and the assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with Ind AS 12 Income Tax and Ind AS 19 Employee Benefits respectively.

- Liabilities or equity instruments related to share based payment arrangements of the acquiree or share – based payments arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with Ind AS 102 Share-based Payments at the acquisition date.
- Assets (or disposal Groups) that are classified as held for sale in accordance with Ind AS 105 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard.
- Reacquired rights are measured at a value determined on the basis of the remaining contractual term of the related contract. Such valuation does not consider potential renewal of the reacquired right.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognized in profit or loss or OCI, as appropriate.

Any contingent consideration to be transferred by the acquirer is recognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of Ind AS 109 Financial Instruments, is measured at fair value with changes in fair value recognized in profit or loss. If the contingent consideration is not within the scope of Ind AS 109,it is measured in accordance with the appropriate Ind AS. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and subsequent its settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in OCI and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognizes the gain directly in equity as capital reserve, without routing the same through OCI.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

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

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted through goodwill during the measurement period, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date. These adjustments are called as measurement period adjustments. The measurement period does not exceed one year from the acquisition date.

2.6 Current and non-current classification

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

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

All other assets are classified as non-current.

A liability is current when:

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

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets or liabilities.

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

2.7 Foreign currencies

The Group's consolidated financial statements are presented in ₹, which is also the parent Group's functional currency. For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. However, for practical reasons, the Group uses an average rate if the average approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognized in profit or loss with the exception of the following:

- Exchange differences arising on monetary items that forms part of a reporting entity's net investment in a foreign operation are recognized in profit or loss in the separate financial statements of the reporting entity or the individual financial statements of the foreign operation, as appropriate. In the financial statements that include the foreign operation and the reporting entity (e.g., consolidated financial statements when the foreign operation is a subsidiary), such exchange differences are recognized initially in OCI. These exchange differences are reclassified from equity to profit or loss on disposal of the net investment.
- Exchange differences arising on monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognized in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss.
- Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item.

Group companies

On consolidation, the assets and liabilities of foreign operations are translated into ₹ at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognized in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognized in profit or loss.

2.8 Revenue recognition

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has concluded that it is principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer. The policy of recognising the revenue is determined by the five-stage model proposed by Ind AS 115 "Revenue from contract with customers''.

Sale of goods

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer generally on date of bill of lading for export sales and generally on delivery for domestic sales. The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of goods, the Group considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer, if any.

Other Revenue

Export incentives

Revenue from export incentives are accounted for on export of goods if the entitlements can be estimated with reasonable assurance and condition precedent to claim are fulfilled.

Interest income

For all debt instruments measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in other income in the statement of profit and loss.

Dividends

Revenue is recognized when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.

2.9 Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognized as income in equal amounts over the expected useful life of the related asset.

When the Group receives grants of non-monetary assets, the asset and the grant are recorded at fair value amounts and recognised in profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset i.e. by equal annual instalments. When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant. The loan or assistance is initially recognized and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received.

2.10 Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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

Deferred tax relating to items recognized outside profit or loss is recognized either in other comprehensive income or in equity. Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognized subsequently if new information about facts and circumstances change. Acquired deferred tax benefits recognized within the measurement period reduce goodwill related to that acquisition if they result from new information obtained about facts and circumstances existing at the acquisition date. If the carrying amount of goodwill is zero, any remaining deferred tax benefits are recognized in OCI/ capital reserve depending on the principle explained for bargain purchase gains. All other acquired tax benefits realised are recognized in profit or loss.

Goods and Services Tax paid on acquisition of assets or on incurring expenses

Expenses and assets are recognized net of the amount of sales/ Value added (Goods & Service) taxes paid, except:

- When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of tax included

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

2.11 Property, plant and equipment

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of items.

Subsequent costs are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit and loss during the reporting period in which they are incurred,

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

- Building 30 / 60 years
- Plant and equipment 5 to 25 years
- Furniture & Fixtures 5 to 10 years

(₹ in Million)

- Office equipment's 5 to 10 years
- Vehicles 3 to 8 years
- Computers 3 to 6 years

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

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

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

2.12 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognized in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

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

Research and development expenses

Research expenditure is recognised as an expense as incurred. The costs incurred in development projects (associated with the design and testing of new products or product upgrades) are recognised as an intangible asset when the success of the development is deemed probable taking into account its technical and commercial feasibility, management intends to complete the project and has the technical and financial resources to do so, has the ability to use or sell the asset and generate potential economic benefits and the costs involved may be reliably estimated. Other development expenditures are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Development costs with a finite useful life that have been capitalised are amortised from the start of commercial production of the product on a straight-line basis over the period in which it is expected to generate economic benefits, which does not exceed five years.

Licences

Trademarks and licences have a finite useful life and are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method to allocate the cost of trademarks and licences over their estimated useful lives.

2.13 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

(₹ in Million)

2.14 Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

For arrangements entered into prior to 1 April 2015, the Group has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

Group as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Group's general policy on the borrowing costs. Contingent rentals are recognized as expenses in the periods in which they are incurred.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Group to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

2.15 Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition is accounted for as follows:

- Raw materials: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average cost.
- Finished goods and work in progress: cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs. Cost is determined on weighted average cost.
- Traded goods: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average.

Initial cost of inventories includes the transfer of gains and losses on qualifying cash flow hedges, recognized in OCI, in respect of the purchases of raw materials.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2.16 Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An

(₹ in Million)

asset's recoverable amount is the higher of an asset's or cash-generating units (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down 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. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicator.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Group extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

Impairment losses of continuing operations, including impairment on inventories, are recognized in the statement of profit and loss, except for properties previously revalued with the revaluation surplus taken to OCI. For such properties, the impairment is recognized in OCI up to the amount of any previous revaluation surplus.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior year. Such reversal is recognized in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually as at 31st December.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU to which the goodwill relates. In assessing the recoverable amount of the CGU, 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. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful lives are tested for impairment annually as at each reporting period at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

2.17 Provisions

General

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Warranty provisions

Provisions for warranty-related costs are recognized when the product is sold or service provided to the customer. Initial recognition is based on historical experience. The initial estimate of warranty-related costs is revised annually.

(₹ in Million)

Restructuring provisions

Restructuring provisions are recognized only when the Group has a constructive obligation, which is when a detailed formal plan identifies the business or part of the business concerned, the location and number of employees affected, a detailed estimate of the associated costs, and an appropriate timeline, and the employees affected have been notified of the plan's main features.

2.18 Retirement and other employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The Group has no obligation, other than the contribution payable to the provident fund. The Group recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

The Group operates a defined benefit gratuity plan in India, which requires contributions to be made to a separately administered fund.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Pension provisions are for operations in Germany and are entirely internally funded. These benefits are in the nature of long term service awards and lifetime pension and retirement plans. Liabilities are determined using projected unit credit method together with mortality tables. Obligation is measured at the present value of estimated future cash flow using the discount rate that is determined by reference to average market yields of ten years.

Past service costs are recognized in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Group recognizes related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation as an expense in the consolidated statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

2.19 Share based payments

Share based compensation benefits are provided to employees via the Employee Stock Options Scheme.

The fair value of options granted under the above scheme is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

- Including any market performance conditions;
- Excluding the impact of any service vesting conditions (for example, remaining an employee of the entity over a specified time period)

Non-market performance and service conditions are included in the assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period during which all the specified vesting conditions are to be satisfied.

At the end of each reporting period, the Group revised the estimates of the number of options that are expected. It recognises the impact of the revision of original estimates, if any, in the income statement, with corresponding adjustment to equity.

The total cost of the services rendered by the beneficiaries is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied (continued service at the Group).

(₹ in Million)

2.20 Earnings Per Share

(i) Basic Earnings per share

Basic earnings per share is calculated by dividing

- the profit attributable to owners of the Company
- by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year and excluding treasury shares, if any.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of the additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

2.21 Financial Assets and Financial liabilities

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

Subsequent measurement

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

(₹ in Million)

2.22 Share Capital

Ordinary equity shares are classified as equity.

Incremental cost directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds

2.23 Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

2.24 Cash dividend

The Group recognizes a liability to make cash or non-cash distributions to equity holders of the parent when the distribution is authorised and the distribution is no longer at the discretion of the Group. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders A corresponding amount is recognized directly in equity.

2.25 Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If the receivable is expected to be collected within a period of 12 months or less from the reporting date, they are classified as current assets otherwise as non-current assets.

Trade receivables are measured at their transaction price unless it contains a significant financing component or pricing adjustments embedded in the contract.

Loss allowance for expected life time credit loss is recognised on initial recognition of the trade receivables.

2.26 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers Account payable is classified as current liabilities if payment is due within one year or less.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.27 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest rate method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer their settlement for at least 12 months after the end of the reporting period.

Fees paid on for availing the loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facilities will be drawn down. In this case, the fees are deferred until the draw- down occurs To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

2.28 Disposal groups and discontinued operations

An operation is classified as discontinued operations when component of the entity that has been disposed of or is classified as held for sale and that represent a separate major line of business or geographical area of operations and is a part of a single coordinated plan to dispose off. The result of discontinued operation is presented separately, in statement of profit and loss. Assets of disposal group classified as held for sale are presented separately from other assets in balance sheet. The liabilities of disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

2.29 The list of standards issued but not yet effective:

a) Ind AS 116 - Leases

The Ministry of Corporate Affairs (MCA) notified the Companies (Indian Accounting Standards) Amendment Rules, 2019 on March 30, 2019. The Rules shall be effective from reporting period beginning on or after April 1, 2019 and cannot be early adopted. The new standard on leases sets out the principles for the recognition, measurement, presentation and

(₹ in Million)

disclosure of leases. The core objective of the standard is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information is likely to provide a basis to users of financial statements to assess the effect that leases will have on the financial position, financial performance and cash flows of the company. The new standard increases the focus on which party controls the use of an identified asset. Under Ind AS 17, an arrangement may be a lease when the customer obtains substantially all of the output or other utility of the asset even if the customer does not control the use of the asset. Under the new standard, a lease can exist if, and only if, the customer has the right to both control the use of an identified asset and obtain substantially all of the economic benefits from the use of that asset. This is in contrast to a further aspect of Ind AS 17 under which an arrangement is a lease when the customer has the right to control the use of an identified asset and obtains more than an insignificant amount of the output or other utility of the asset.

The new standard provides two approaches to transition. They are as follows:

i) Full retrospective approach: Under this approach, the lessee applies the new standard retrospectively in accordance with Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors. For this purpose, the lessee:

- Applies the new standard to all leases in which it is a lessee
- Applies the standard retrospectively to each period presented
- Recognizes an adjustment in equity at the beginning of the earliest period presented and
- Makes the disclosures required by Ind AS 8 on a change in accounting policy

ii) Modified retrospective approach: Under this approach, a lessee applies the new standard from the beginning of the current period. For this purpose, the lessee:

- Calculates leased assets and lease liabilities as at the beginning of the current period
- Does not restate its prior period financial information
- Recognizes an adjustment in equity at the beginning of the current period and- Makes additional disclosures specified in the standard.

The Company is in the process of evaluating the impact on the financial statements under the new standard. The Company will adopt the standard on January 1, 2020.

b) Ind AS 12 Income taxes- Appendix C, Uncertainty over Income Tax Treatments

On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases ,unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12 According to the appendix companies need to determine the probability of the relevant tax authority accepting each tax treatment, or company of tax treatments, that companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses unused tax credits and tax rates. The standard permits two possible methods of transition-

i) Full retrospective approach- Under this approach, Appendix C will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8- Accounting Policies, Changes in Accounting Estimates and Errors and

ii) Retrospectively with cumulative effect of initially applying Appendix C recognized by adjusting equity on initial application, without adjusting comparatives. The effective date for adoption of Ind AS 12 Appendix C is annual periods beginning on or after April 1, 2019. The Company will adopt the standard on January 1, 2020.

3. Financial risk management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks viz. market risk (including currency risk, interest rate risk and price risk), liquidity risk and credit risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

a. Market risk

(i) Foreign Currency Risk:-

The overriding objective is to reduce the adverse impact on its activities in general and on the income statement

(₹ in Million)

in particular of the variation in exchange rates so that it is possible to hedge against adverse movements and, if appropriate, leverage favourable trends.

In order to arrange such a policy, the Group uses the management scope concept. This concept encompasses all collection/ payment flows in a currency other than the Indian Rupees expected to materialise over a specific time period. The management scope includes assets and liabilities denominated in foreign currency and firm or highly probable commitments for purchases or sales in a currency other than the Indian Rupees. Assets and liabilities denominated in foreign currency are subject to management, irrespective of timing, while firm commitments for purchases or sales that form part of the Management Scope are also subject to management if they are expected to be recognised on the balance sheet within a period of no more than 18 months. Once defined the Management Scope, the Group may use financial instruments for risk management.

The Group has investments in foreign operations whose net assets are denominated in EURO, exposing it to only foreign exchange translation risk. The exchange risk on the net assets of the Group's foreign operations is managed through natural hedges by denominating liabilities including borrowings (loans) in the corresponding foreign currency,

If at 31st December, 2019, the Rupee had depreciated/ appreciated by 10% with respect to all other functional currencies other than the Rupee, all other variables remaining constant, equity would have increased/decreased by ₹ 2,088 Million (2018 increased/ decreased by ₹ 1,317 Million), due to the impact of the net assets contributed by the subsidiaries operating in a functional currency different from Rupee.

If the average rate of exchange of the euro had depreciated/ appreciated by 10% in 2019 with respect to all other functional currencies other than Rupee, all other variables remaining constant, profit after tax for the year would have been higher/ lower by ₹ 168 Million, (2018 ₹ 324 Million), mainly as a result of the exchange gain/ losses on the translation of accounts of subsidiaries denominated in currencies other that Rupee.

(ii) Interest rate risk

The Group's borrowings are benchmarked to variable rates. The expectation of any change in the benchmark rate is monitored regularly and hedging is initiated as and when required. During the year the impact of such expected change was not material.

Out of total Borrowings, ₹ 10,385 Million are at variable interest rate.

If the average rate of interest had increased/ decreased by 10bps p.a. in 2019, all other variables remaining constant, interest costs for the year would have been higher/ lower by ₹ 10 Million, (2018 ₹ 4 Million).

b. Liquidity risk

The prudent management of liquidity risk entails maintaining enough cash and available financing through sufficient credit facilities. In this respect, the MCIE Automotive Group strategy, articulated by its Treasury Department, is to maintain the necessary financing flexibility through the availability of committed credit lines. Additionally, and on the basis of its liquidity needs, the Group uses liquidity facilities (non-recourse factoring and the sale of financial assets representing receivable debts, transferring the related risks and rewards). Management monitors the Group's forecast liquidity requirements together with the trend in net debt. The calculation of liquidity and net debt at 31st December 2019 and 31st December 2018 is as follow:

	As at 31st December	
	2019	2018
Cash, cash equivalents and bank balances (Note 15)	**1,499**	1,127
Current and Non-current financial Assets – Loans (Note 12)	**578**	1,418
Current and Non-current financial assets- Investments (Note 9)	**955**	6,808
Current and non- current financial assets- Others (Note 10)	**834**	-
Total Cash and financial assets	**3,866**	9,253
In addition to above cash and financial assets undrawn credit facilities as on 31st December, 2019 were ₹ 5,566 Mio. (31st December, 2018 ₹ 4,561 Mio)		
Borrowings (Note 18)	**14,691**	16,134
Current and non- current Financial Liabilities- Others (Note 20)	**656**	459
Cash and cash equivalent and bank balances (Note 15)	**(1,499)**	(1,127)

(₹ in Million)

	As at 31st December	
	2019	2018
Current and non-current financial assets – Loans (Note 12)	**(578)**	(1,418)
Current and non-current financial assets – investments (Note 9)	**(955)**	(6,808)
Current and non- current financial assets- Others (Note 10)	**(834)**	-
Net financial debt	**11,481**	7,240

The Group believes that the on-going initiatives will prevent liquidity shortfalls. In this respect, management expects that the cash generated will be sufficient to service payment obligations for the year without problem.

The Group monitors the Group's forecast liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining enough headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities.

Noteworthy is the existence at 31st December 2019 of ₹5,566 Million in unused loans and credit lines (31st December 2018: ₹ 4,561 Million).

One of the Group's strategies is to ensure the optimisation and maximum saturation of the resources assigned to the business. The Group therefore pays special attention to the net operating working capital invested in the business. In this regard, as in previous years, considerable work has been performed to control and reduce collection periods for trade and other receivables, as well as to optimise accounts payable with the support of banking arrangements to mobilise funds and minimise inventories through logistic and industrial management, allowing JIT (just in time) supplies to our customers

As a result of the above, it may be confirmed that there are no liquidity risks at the Group.

c. Credit Risk

Credit risk is managed by customer Groups. Credit risk from cash and cash equivalents, derivative financial instruments and bank deposits is considered immaterial in view of the creditworthiness of the banks the Group works with. If management detects liquidity risk in respect of its banks under certain specific circumstances, it recognises impairment provisions as warranted.

In addition, each segment has specific policies for managing customer credit risk; these policies factor in the customers' financial position, past experience and other customer specific factors, With respect to customer credit limits, it should be noted that Group policy is to spread its volumes across customers or manufacturing platforms.

Given the characteristics, of the Group's customers, management has historically deemed that receivables due within 60 days present no credit risk. The Group continues to consider the credit quality of these outstanding balances to be strong. Based on past trends, expected credit loss is provided. Details of such provision and analysis of the age of assets that are past due but are not impaired is provided in note 10.

Top 20 customers make for 80% of Group's sale, thus reflecting limited credit risk.

3.2 Fair Value estimation

Fair value measurement

The Group measures financial instruments, such as, derivatives at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

(₹ in Million)

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period (refer Note 27).

3.3 Capital risk management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for the other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group can adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry the Group monitors capital on the basis of the leverage ratio, this ratio is calculated as net debt divided by total capital employed. Net debt is calculated as total borrowings plus current financial liabilities less cash, cash equivalents and current financial assets, all of which are shown in the consolidated annual accounts. Total capital employed is calculated as 'equity', as shown in the consolidated annual accounts, plus net debt.

Calculation of Gearing ratio.

	2019	2018
Net Financial Debt (Refer Note 3.1.(b))	**11,481**	7,255
Equity	**46,338**	42,891
Total Capital Employed	**57,819**	50,146
Gearing Ratio	**0.20**	0.15

4. Accounting estimates and judgements

The preparation of financial statements requires management to make judgments, estimates and assumptions affecting the application of accounting policies and the amounts presented under assets and liabilities, income and expenses. Actual results may differ from these estimates.

a) Estimated impairment loss on goodwill

The Group tests annually whether goodwill has suffered any impairment. The recoverable amounts of cash-generating units basically which were determined on the basis of calculations of value in use did not give rise to impairment risks on the Group's goodwill at 31st December 2019.

b) Estimated fair value of assets, liabilities and contingent liabilities associated with a business combination.

In business combinations, the Group classifies or designates, at the acquisition date, the identifiable assets acquired, and liabilities assumed as necessary, based on contractual agreements, financial conditions, accounting policies and operating conditions or other pertinent circumstances that exist at the acquisition date.

In accounting of business combination, judgement is required for valuation of assets and identifying whether an intangible asset is to be recognised separately from goodwill.

The measurement of the assets acquired and liabilities assumed at fair value requires the use of estimates that depend on the nature of those assets and liabilities in accordance with their prior classification and which, in general, are based on generally accepted measurement methods that take into consideration discounted cash flows associated with those assets and liabilities, comparable quoted prices on active markets and other procedures, as disclosed in the relevant

(₹ in Million)

notes to the annual financial statements, broken down by nature. In the case of the fair value of property, plant and equipment the Group uses appraisals prepared by independent experts.

c) Income tax

Income tax expense for the period ended 31st December 2019 has been estimated based on profit before taxes, as adjusted for any permanent and/or temporary differences envisaged in tax legislation governing the corporate income tax base calculation. The tax is recognized in the income statement, except insofar as it relates to items recognized directly in equity, in which case, it is also recognized in equity.

Tax credits and deductions and the tax effect of applying tax-loss carry forwards that have not been capitalised are treated as a reduction in the corporate income tax expense for the year in which they are applied or offset.

The calculation of income tax expense did not require the use of significant estimates except in tax credits recognized in the year, which was at all times consistent with the annual financial statements.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated annual accounts. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled.

Deferred taxes on temporary differences are recognized when arising on investments in subsidiaries, associates and joint ventures, except in those cases where the Group can control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets deriving from the carry forward of unused tax credits and unused tax losses are recognised to the extent that it is probable that future taxable profit will be available against which the tax assets can be utilised. In the case of investment tax credits, the counterpart of the amounts recognized is the deferred income account. The tax credit is accrued as a decrease in expense over the period during which the items of property, plant and equipment that generated the tax credit are depreciated, recognizing the right with a credit to deferred income.

d) Pension benefits

The present value of the Group's pension obligations depends on a series of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group considers the interest rates of Government bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension obligation. Other key assumptions for employee benefits are based in part on current market conditions.

The present value of defined benefit obligation denominated in INR is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period government bonds that have terms approximating to the terms of the related obligation. The estimated future payments which are denominated in currency other than INR, are discounted using market yields determined by reference to high quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation.

5. Segment information

The Board of Directors of Mahindra CIE Automotive Ltd. is the Group's decision-making body. The Board reviews the Group's internal financial information for the purposes of evaluating performance and assigning resources to segments. The Group has determined the operating segments based on the structure of the reports reviewed by the Board.

All companies within the Mahindra CIE Group belong to the same business segment (Automotive) and to two geographical segments, India and Europe.

(₹ in Million)

31st December, 2019*	India	Europe	Total Segments	Adjustment & Eliminations	Consolidated
Revenue	36,508	43,123	79,631	(553)	79,078
Income/ (Expenses)	(31,845)	(37,823)	(69,668)	(553)	(69,115)
Depreciation, amortization and Impairment	1,615	1,546	3,161	-	3,161
Segment profit (EBIT)	3,048	3,754	6,802	-	6,802
EBIDTA	4,663	5,300	9,963	-	9,963
Total assets	46,471	40,399	86,870	-	86,870
Total liabilities	14,942	25,591	40,533	-	40,533
Property, Plant and Equipment Addition	2,753	1,998	4,751	-	4,751

31st December, 2018*	India	Europe	Total Segments	Adjustment & Eliminations	Consolidated
Revenue	33,886	46,789	80,675	(360)	80,315
Income/ (Expenses)	(29,081)	(40,697)	(69,778)	360	(69,418)
Depreciation, amortization and Impairment	1,217	1,650	2,867	-	2,867
Segment profit (EBIT)	3,588	4,442	8,030	-	8,030
EBIDTA	4,805	6,092	10,897	-	10,897
Total assets	41,158	44,146	85,304	-	85,304
Total liabilities	13,305	29,110	42,415	-	42,415
Property, Plant and Equipment Addition	1,601	1,786	3,387	-	3,387

Transfers or transactions between segments are carried out under market terms and conditions as usual commercial transactions with third parties.

The reconciliation of operating results and results attributable to the parent Group is as follows:

	2019	2018
Operating results (EBIT)	**6,802**	8,030
Financial income (expense)	**(523)**	(502)
Corporate income tax and deferred tax	**(2,741)**	(2,043)
Profit attributed to the parent Group	**3,538**	5,485

There are no significant transactions between segments.

India includes Mexico, the amount of which is not material.

Segment assets includes goodwill, property, plant and equipment, intangible assets, deferred tax assets, inventories, accounts receivable and cash.

Segment liabilities include operating liabilities and long-term financing, excluding intra Group liabilities eliminated on consolidation.

*Segment information is exclusive of discontinued operation (Refer Note 24).

(₹ in Million)

6. Property, plant and equipment

The details and movements in property, plant and equipment are as follows:

2019:

Description of Assets		Land	Buildings	Plant and Equipment	Furniture and Fixtures tools and furnishings	Other Assets	Total
I.	**Gross Carrying Amount**						
	Balance as at 1st Jan 2019	**2,230**	**4,103**	**22,438**	**2,627**	**527**	**31,925**
	Additions	164	757	3,219	503	59	4,702
	Additions on account of business combination	545	537	3,735	583	-	5,400
	Disposals	(30)	(5)	(199)	(129)	(30)	(393)
	Exchange differences	11	34	228	39	2	314
	Balance as at 31st Dec 2019	**2,920**	**5,426**	**29,421**	**3,623**	**558**	**41,948**
II.	**Accumulated depreciation and impairment**						
	Balance as at 1st Jan 2019	-	(1,072)	(9,268)	(1,517)	(153)	(12,010)
	Depreciation for the year	-	(217)	(2,371)	(477)	(55)	(3,120)
	Additions on account of business combination	-	(106)	(1,511)	(418)	-	(2,035)
	Disposals	-	5	168	119	45	337
	Exchange difference	-	(16)	(132)	(34)	(1)	(183)
	Balance as at 31st Dec 2019	**-**	**(1,406)**	**(13,114)**	**(2,327)**	**(164)**	**(17,011)**
	Impairment	-	-	(75)	-	-	(75)
III.	**Net carrying amount**	**2,920**	**4,020**	**16,232**	**1,296**	**394**	**24,862**

2018:

Description of Assets		Land	Buildings	Plant and Equipment	Furniture and Fixtures tools and furnishings	Other Assets	Total
I.	**Gross Carrying Amount**						
	Balance as at 1st Jan 2018	2,181	3,726	19,259	2,475	468	28,109
	Additions / Transfer	4	277	2,635	341	102	3,359
	Disposals	-	(25)	(842)	(643)	(40)	(1,550)
	Discontinued operation	-	(70)	(102)	-	(5)	(177)
	Exchange differences	45	195	984	335	2	1,561
	Others	-	-	504	119	-	623
	Balance as at 31st Dec 2018	2,230	4,103	22,438	2,627	527	31,925
II.	**Accumulated depreciation and impairment**						
	Balance as at 1st Jan 2018	-	(819)	(6,625)	(1,438)	(138)	(9,020)
	Depreciation for the year	-	(208)	(2,223)	(372)	(40)	(2,843)
	Disposals	-	25	823	641	27	1,516
	Discontinued operation	-	33	43	1	3	80
	Exchange difference	-	(103)	(782)	(230)	(5)	(1,120)
	Others	-	-	(504)	(119)	-	(623)
	Balance as at 31st Dec 2018	-	(1,072)	(9,268)	(1,517)	(153)	(12,010)
	Impairment	-	-	(75)	-	-	(75)
III.	**Net carrying amount**	2,230	3,031	13,095	1,110	374	19,840

There are no significant assets acquired under finance lease.

(₹ in Million)

7. Goodwill

	As at 31st December 2019	As at 31st December 2018
Cost		
Balance at beginning of year	**31,053**	30,229
Additions on account of acquisition (Refer Note 23)	**6,058**	-
Foreign Exchange Fluctuation	**91**	824
Balance at end of year	**37,202**	31,053
Accumulated impairment losses	**(1,942)**	(1,942)
Balance at end of year	**(1,942)**	(1,942)
Net carrying amount	**35,260**	**29,111**

Impairment testing of goodwill

Goodwill is tested for impairment on an annual basis. Goodwill is monitored by management at the level of cash generating units. For the current and previous financial year, the recoverable amount of Cash Generating Units (CGU) was determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by management covering a five year period.

The net carrying amount breakup of goodwill at the resulting CGU level is as below:

Cash Generating Units	31st December 2019	31st December 2018
India	**16,244**	10,187
Europe	**19,016**	18,924
Total	**35,260**	29,111

Key assumptions used in the calculation of value in use:

The following table sets out the key assumptions for the CGU's:

Particulars	31st December 2019	31st December 2018
Discount rate	**4.9% to 11.9%**	5.0% to 12.9%
EBIDTA Margins (range)	**5% to 31%**	6% to 28%
Annual sales growth rate	**(2%) to 18%**	(16%) to 19%
Terminal sales growth rate	**1.5% to 7%**	1.5% to 6%

Management has determined the values assigned to each of the above key assumptions as follows:

Assumptions	Approach used to determine values
Discount rate	Discount rate represents the current market assessment of the risks specific to the CGU, taking into consideration the time value of money and individual risks of the underlying assets that have been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the CGU and is derived from the CGU's weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the investors. The cost of debt is based on the interest-bearing borrowings the Company is obliged to service. CGU specific risk is incorporated by applying individual beta factor. The beta factor is evaluated annually based on publicly available market data.
EBITDA Margins	EBITDA margins are based on the actual EBITDA of respective CGU based on the past trend and future expectations.
Annual sales growth rate	Annual growth rate over the five-year forecast period; based on past performance, current industry trends including long-term inflation forecast and management's expectation of market development.
Terminal sales growth rate	The Company has considered growth rate to extrapolate cash flows beyond the forecast period, consistent with the industry forecasts, based on GDP growth estimates and the inflation rate in each market, and evaluating the level of investment required to achieve such growth.

(₹ in Million)

Sensitivity to changes in assumptions of CGU

The management believes that no reasonably possible change (say 10%) in any of the key assumptions used in the value in use calculation would cause the carrying value of the CGU to materially exceed its value in use.

Results of the analysis

Based on the above assessment, the Group concluded that in both current year as well as previous year, goodwill has not suffered any impairment. Further, the result of using before-tax cash flows and discount rates does not differ significantly from the outcome of using after-tax cash flows and discount rates.

8. Other Intangible assets

The details and movements of the main classes of intangible assets are shown below:

2019:

	Description of Assets	Development Expenditure	Customer Relationships	Computer Software	Total
I.	**Gross Carrying Amount**				
	Balance as at 1st January 2019	55	-	255	310
	Additions	-	-	49	49
	Additions on account of business combination	-	202	50	252
	Disposals	-	-	(19)	(19)
	Exchange differences	-	-	5	5
	Balance as at 31st Dec 2019	**55**	**202**	**340**	**597**
II.	**Accumulated depreciation and impairment**				
	Balance as at 1st January 2019	**(14)**	**-**	**(195)**	**(209)**
	Amortisation expense for the year	(11)	(15)	(15)	(41)
	Additions on account of business combination	-	-	(33)	(33)
	Eliminated on disposal of assets	-	-	4	4
	Exchange difference	-	-	(4)	(4)
	Balance as at 31st Dec 2019	**(25)**	**(15)**	**(244)**	**(284)**
III.	**Net carrying amount**	**30**	**187**	**96**	**313**

2018:

	Description of Assets	Development Expenditure	Computer Software	Total
I.	**Gross Carrying Amount**			
	Balance as at 1st January 2018	55	254	309
	Additions/Transfers	-	28	28
	Disposals	-	(60)	(60)
	Exchange differences	-	33	33
	Balance as at 31st Dec 2018	**55**	**255**	**310**
II.	**Accumulated depreciation and impairment**			
	Balance as at 1st January 2018	**(3)**	**(181)**	**(184)**
	Amortisation expense for the year	(11)	(44)	(55)
	Eliminated on disposal of assets	-	60	60
	Exchange difference	-	(30)	(30)
	Balance as at 31st Dec 2018	**(14)**	**(195)**	**(209)**
III.	**Net carrying amount**	**41**	**60**	**101**

(₹ in Million)

9. Investments

		As at 31st December 2019			As at 31st December 2018		
		No. of Units	**Amounts Current**	**Amounts Non-Current**	No. of Units	Amounts Current	Amounts Non-Current
A	**Investments in equity instruments**						
	(Unquoted- Fully paid-up)						
	Associate Companies						
	Gescrap India Private Limited	**3,720,000**	**-**	**37**	30,000	-	-*
	Galfor Eolica, S.L.	**68,000**	**-**	**5**	68,000	-	5
	Clean Max Deneb Power LLP	**-**	**-**	**32**	-	-	-
	Others	**447,600**	**-**	**6**	438,000	-	4
	The Saraswat Cooperative Bank Limited	**5,050**	**-**	**-***	2,550	-	-*
B	**Investments in Mutual Funds (Unquoted)**						
	Axis Liquid Fund- Direct Growth	**214,231**	**422**	**-**	320,977	653	-
	ICICI Prudential Liquid Plan- Direct Growth	**1,695,570**	**422**	**-**	3,515,982	953	-
	DSP Liquid Fund- Direct Growth	**-**	**-**	**-**	96,317	253	-
	Axis Ultra Short Term Fund - Direct Growth	**-**	**-**	**-**	49,242,616	506	-
	Aditya Birla Sunlife Liquid Fund and - Direct Growth	**9,605**	**3**	**-**	27,379	8	-
C	**Investment in Commercial Papers & Bonds (Unquoted)**						-
	7.16% HDB Finance	**-**	**-**	**-**	250	266	-
	7.55% HDFC Ltd	**-**	**-**	**-**	50	532	-
	7.63% MM Financial Limited	**-**	**-**	**-**	500	537	-
	7.76% MM Financial Limited	**-**	**-**	**-**	1,000	1,057	-
	8.03%Kotak Mahindra Premier Ltd	**-**	**-**	**-**	500	535	-
	Axis Finance Limited	**-**	**-**	**-**	1,000	497	-
	Tata Motors Finance Limited	**-**	**-**	**-**	1,000	495	-
	ICICI Securities Limited	**-**	**-**	**-**	1,000	496	-
D	**Others**	**-**	**28**	**-**	-	5	6
	Total quoted Investments	**-**	**-**	**-**	-	-	-
	Total unquoted investments	**-**	**875**	**80**	-	6,793	15
	Total investments	**-**	**875**	**80**	-	6,793	15

*Amount is below the rounding off norm adopted by the Company.

10. Other financial assets

	As at 31st December 2019		As at 31st December 2018	
	Current	**Non- Current**	Current	Non- Current
Security deposits	**46**	**188**	-	166
Incentive receivable	**-**	**600**	-	-
	46	**788**	-	166

(₹ in Million)

11. Trade receivables

Cash Generating Units	As at 31st December 2019	As at 31st December 2018
Unsecured, considered good	**7,368**	7,414
Unsecured, considered doubtful	**107**	175
Less: Allowance for doubtful debts	**(107)**	(175)
	7,368	7,414
Current portion	**7,368**	7,414
Non-Current portion	**-**	-
Of the above, trade receivables from:		
- Related Parties	**2,635**	2,329
- Others	**4,733**	5,085
	7,368	7,414

12. Loans

	As at 31st December 2019		As at 31st December 2018	
	Current	Non- Current	Current	Non- Current
Loans to related parties				
- Unsecured, considered good	**10**	**568**	31	1,387
	10	**568**	31	1,387

13. Other Assets

	As at 31st December 2019		As at 31st December 2018	
	Current	Non- Current	Current	Non- Current
Capital advances	**-**	**181**	-	307
Other Assets				
Other Deposits	**-**	**325**	-	264
Prepaid Expenses	**182**	**526**	138	581
Balances with government authorities	**518**	**98**	525	40
Advances to suppliers	**44**	**22**	43	-
Incentive receivable (Grants)	**37**	**-**	117	-
Other advances	**75**	**147**	587	64
	856	**1,299**	1,410	1,256

14. Inventories

	As at 31st December 2019	As at 31st December 2018
Raw materials	**2,206**	3,916
Work-in-progress	**4,364**	4,552
Finished and semi-finished goods	**2,738**	3,033
Stores and spares	**957**	360
Loose Tools	**301**	425
	10,566	12,286
Included in above, Goods in transit :-		
Raw materials	**6**	2
Finished and semi-finished goods	**228**	311
	234	313

Amounts recognised in the Statement of Profit and Loss:

Write-downs in inventories of finished goods, work-in-progress & raw materials amounted to ₹ 689 million (31st December 2018: ₹ 548 million) as at the period end. Accordingly, an amount of ₹ 141 million was recognised as expense during the year.

(₹ in Million)

15. Cash and cash equivalents

	As at 31st December 2019	As at 31st December 2018
Cash and cash equivalents		
Balances with banks		
Current account	**869**	1,029
EEFC account	**26**	27
Cheques, drafts on hand	**96**	27
Cash in hand	**-**	1
Fixed deposits with maturity less than 3 months	**109**	-
Total Cash and cash equivalents	**1,100**	1,084
Other Bank Balances		
Earmarked balances with banks	**1**	1
Balances with Banks:		
on Margin accounts	**35**	42
Fixed Deposits with maturity greater than 3 months but less than 12 months	**363**	-
Total Other Bank balances	**399**	43
Total cash, cash equivalents and bank balances	**1,499**	1,127

16. Equity Share capital

Equity Share capital

	31st December, 2019		31st December, 2018	
	No. of shares	Amount	No. of shares	Amount
Authorised:				
Equity shares of ₹ 10/- each with voting rights	**516,592,621****	**5,165**	513,192,621	5,132
4% non-cumulative redeemable preference shares of ₹ 31/- each	**5**	**-***	5	-*
Compulsory convertible Preference share of ₹ 10/- each	**2,50,000****	**2.5**	-	-
Issued:				
Equity shares of ₹ 10/- each with voting rights	**379,011,627**	**3,790**	378,781,877	3,788
Issued, Subscribed and Paid Up:				
Equity shares of ₹ 10/- each with voting rights	**379,010,682^**	**3,790**	378,780,932^	3,788

Terms and rights attached to Equity Shares

Equity shares have a par value of ₹ 10/-. They entitle the holder to participate in dividends, and to share in the proceeds of winding up the company in proportion to the number of and amounts paid on the shares held.

Every holder of equity shares present at a meeting in person or by proxy is entitled to one vote, and upon a poll each share is entitled to one vote.

Reconciliation of the number of shares outstanding at the beginning and at the end of the year.

Particulars		Opening Balance	Issue of Equity Shares on account of Employee Stock Option Scheme	Closing Balance
Equity Shares with voting rights				
Year Ended 31st December, 2019	No. of Shares	**378,780,932**	**229,750**	**379,010,682**
	Amount	**3,788**	**2**	**3,790**
Year Ended 31st December, 2018	No. of Shares	378,367,242	413,690	378,780,932
	Amount	3,784	4	3,788

*Shareholders of the Company had approved reclassification of authorised preference share capital vide EGM held on 13th Oct 2016. Amount is below the rounding off norm adopted by the Company.

(₹ in Million)

** Authorised share capital of the company has increased pursuant to the amalgamation scheme.

^Mahindra Composites Limited which was merged with the company in the year 2013 had issued 1,050 equity shares and not allotted the same to the shareholders. Based on the swap ratio the Company has issued 945 equity shares and not allotted the same and the same has been kept in abeyance.

Shares reserved for issue under options

Information relating to Mahindra CIE Automotive Limited Employee Option Plan, including details of options issued, exercised and lapsed during the financial year and options outstanding at the end of the reporting period, is set out in note 39.

Details of shares held by the holding Company, the ultimate holding Company, their subsidiaries and associates

	Equity Shares with Voting rights
As at 31st December, 2019	
Participaciones Internacionales Autometal, Dos S.L. (PIA2), the holding Company	213,194,432
As at 31st December, 2018	
Participaciones Internacionales Autometal, Dos S.L. (PIA2), the holding Company	213,194,432

Details of shares held by each shareholder holding more than 5% shares:

Class of shares / Name of shareholder	**31st December, 2019**		31st December, 2018	
	Number of shares held	**% holding in that class of shares**	Number of shares held	% holding in that class of shares
Equity shares with voting rights				
Participaciones Internacionales Autometal, Dos S.L. (PIA2)	**213,194,432**	**56.25%**	213,194,432	56.28%
Mahindra Vehicle Manufacturing Limited (MVML)	**43,344,512**	**11.44%**	43,344,512	11.44%

17. Other Equity

		As at 31st December 2019	As at 31st December 2018
(i)	**Securities premium reserve**		
	Opening balance	**15,234**	15,142
	Addition on Exercise of options – Proceeds Received	**51**	92
	Closing balance	**15,285**	15,234
(ii)	**Equities settled employees benefits reserve**		
	Opening balance	**63**	106
	Employee stock option expenses	**2**	14
	Less: -		
	Transfer to retained earnings on cancellation/ lapse	**(2)**	(20)
	Options exercised during the year	**(24)**	(37)
	Closing Balance	**39**	63
(iii)	**Retained earnings**		
	Opening Balance	**8,252**	3,307
	Add: -		
	Profit/(loss) for the year	**3,538**	4,981
	Items of OCI recognised directly in retained earnings		
	Actuarial Gain/ (Loss), net of tax	**(209)**	(36)
	Closing balance	**11,581**	8,252
(iv)	**Capital and other reserves**		
	Balance as at the beginning and end of the year	**7,693**	7,693

(₹ in Million)

		As at 31st December 2019	As at 31st December 2018
(v)	**Capital Redemption Reserve**		
	Balance as at the beginning and end of the year	**165**	165
(vi)	**General Reserve**		
	Balance as at the beginning and end of the year	**6,028**	6,028
(vii)	**Foreign currency translation reserve**		
	Opening Balance	**1,668**	931
	Other Comprehensive Income	**89**	737
	Closing Balance	**1,757**	1,668
Grand Total		**42,548**	39,103

Nature and purpose of Reserves

Securities premium reserve

Securities premium reserve is used to record the premium on issue of shares. The reserve is utilized in accordance with the provisions of the law.

Equities settled employees' benefits reserve

The Equities settled employees benefits reserve is used to recognize the grant date fair value of options issued to employees under the MCIE Stock Options Scheme.

Capital reserve

Capital reserve is reserves generated on account of

a. Merger under The Integrated Scheme of Amalgamation and the Composite Scheme of Amalgamation (Sections 391-395 of the Companies Act, 1956) for the merger of Mahindra Ugine Steel Group Limited (MUSCO), Mahindra Hinoday Industries Limited (MHIL), Mahindra Gears International Limited (MGIL), Mahindra Investment India Private Limited (MIIPL), Participaciones Internacionales Autometal Tres S.L. (PIA3) and Mahindra Composites Limited (MCL). The merger was approved by the Honorable High Court of Judicature at Bombay on 31st October, 2014. The Schemes came into effect on 10th December, 2014, the day on which the order was delivered to the Registrar of Companies. The reserve is capital in nature and is not available for distribution as dividend.

b. Merger under the Scheme of Amalgamation (Sections 230-234 and other applicable provisions of the Companies Act, 2013) of Mahindra Gears and Transmission Pvt Ltd, Mahindra Forging Global Limited, Mahindra Forging International Limited and Crest Geartech Pvt Ltd. The merger was approved by the Honourable National Company Law Tribunal (NCLT) at Mumbai on December 13, 2017. The reserve is capital in nature and is not available for distribution as dividend

General reserve

General reserve created by virtue of merger of Mahindra Stokes Holding Company Limited, Mahindra Forgings Overseas Limited and Mahindra Forgings Mauritius Limited into the Group vide High Court Order dated December 27, 2007. The reserve is available for distribution as dividend.

Capital redemption reserve

Capital redemption reserve is transferred by virtue of the merger referred to above which was in the books of MUSCO and was created to redeem preference shares issued by MUSCO before merger. These shares have since been redeemed and is available for use as per the relevant provisions of Companies Act, 2013.

Other reserves – Foreign currency translation reserve

Exchange differences arising on translation of the foreign operations are recognized in other comprehensive income and accumulated in a separate reserve with equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed off.

(₹ in Million)

18. Borrowings

Non-current borrowings	Rate of Interest %p.a.	Maturity	As at 31st December 2019	As at 31st December 2018
Measured at amortised cost				
A. Secured borrowings:*				
Term loans				
From Banks	0.5% to 4.38%	2021 - 2025	**1,469**	1,593
Total secured borrowings			**1,469**	1,593
B. Unsecured Borrowings				
Loans from related parties (Refer Note 35)	1.5% to 4.5%	2022 - 2024	**6,787**	10,137
Total unsecured Borrowings			**6,787**	10,137
Total non-current borrowings			**8,256**	11,730
Current Borrowings				
A. Secured Borrowings:*				
Loans repayable on demand				
From Banks	0.5% to 4.85%		**3,470**	2,085
Total Secured Borrowings			**3,470**	2,085
B. Unsecured Borrowings:				
Loans from related parties (Refer Note 35)	1.5% to 4.5%		**2,021**	1,221
Loans repayable on demand				
From Banks			**944**	864
Other Loans			**-**	234
Total Unsecured Borrowings			**2,965**	2,319
Total Current Borrowings			**6,435**	4,404
Total borrowings			**14,691**	16,134

The Group's policy is to diversify its financing sources. There is no concentration risk in respect of its bank borrowings as it works with multiple entities.

Current borrowings includes current maturities of long term borrowings.

*Secured borrowings includes borrowings secured by Guarantee.

Non-current borrowings have the following maturities:

	As at 31st December 2019	As at 31st December 2018
Between 1 and 2 years	**1,140**	1,593
Between 3 and 5 years	**7,091**	10,137
More than 5 years	**25**	-
	8,256	11,730

(₹ in Million)

Borrowing Reconciliation:

	Current borrowings	Non- current borrowings	Total borrowing
Borrowings as on 1st January, 2019	4,404	11,730	16,134
Additions on account of business combination	862	781	1,643
Cash flows	239	(3,433)	(3,194)
Foreign Exchange adjustments	16	92	108
Interest expense	143	382	525
Interest paid	(143)	(382)	(525)
Transfers	914	(914)	-
Borrowings as on 31st Dec 2019	6,435	8,256	14,691

19. Trade payables

	As at 31st December 2019	As at 31st December 2018
Micro and small enterprises (refer note 38)	**261**	138
Other than micro and small enterprises	**14,213**	16,645
Acceptances	**297**	55
	14,771	16,838
Of the above, trade payables from:		
- Related Parties (Refer Note 35)	**417**	501
- Others	**14,354**	16,337
	14,771	16,838

20. Other financial liabilities

	As at 31st December 2019	As at 31st December 2018
Creditors for capital supplies/services	**656**	459

21. Provisions

	As at 31st December 2019		As at 31st December 2018	
	Current	**Non- Current**	Current	Non- Current
Provision for employee benefits				
Long term Employee Benefits (Note 33)	**392**	**2,651**	207	2,440
Other Provisions				
Provisions for Litigative Matters (Other than water charges)	**-**	**327**	-	699
Water Charges	**-**	**262**	-	262
Other Provisions	**170**	**368**	242	89
Total Provisions	**562**	**3,608**	449	3,490

(₹ in Million)

Details of Provision for employee benefits (Note 33)

	As at 31st December 2019		As at 31st December 2018	
	Current	**Non- Current**	Current	Non- Current
Provision for Gratuity	**131**	**38**	75	74
Provision for pension fund- non- funded	**116**	**2,190**	103	1,957
Provision for employee termination indemnities	**-**	**218**	-	222
Provision for compensated absences	**50**	**196**	26	187
Provision for other personnel liabilities	**31**	**9**	-	-
Provision for voluntary retirement scheme	**64**	**-**	3	-
Total	**392**	**2,651**	207	2,440

Details of movement in other provisions – non- current	**Other Provisions**
Balance at 31st December 2017	1,027
Additional provisions recognized/(used)	23
Balance at 31 December 2018	1,050
Additional provisions recognized/(used)	(396)
Addition on account of business combination	303
Balance at 31 December 2019	957

Provisions of INR 262 million is towards an ongoing dispute with the Irrigation Department (Water Resource Department) in respect of levy of charge for use of water for the period July 1991 to May 2012 for an aggregate amount of INR 587 million including penal charge of INR 102 million and late fee charge of INR 223 million. Presently the matter is being legally pursued. The group has provided INR 262 million towards arrears of water charges. Refer note 34 Contingent liabilities and commitments.

Details of movement in other provisions current	**Other Provisions**
Balance at 31 December 2017	96
Additional provisions recognized/(used)	146
Balance at 31 December 2018	242
Change in consolidation scope	19
Additional provisions recognized/(used)	(91)
Balance at 31 December 2019	170

22. Other liabilities

	As at 31st December 2019		As at 31st December 2018	
	Current	**Non- Current**	Current	Non- Current
Advances received from customers	**329**	**-**	136	-
Taxes payable (other than income taxes)	**621**	**-**	567	-
Employee Related	**1,348**	**-**	1,366	-
Consideration payable for acquisition of subsidiary	**622**	**-**	-	-
Deferred Income	**-**	**254**	-	347
Other Payables	**58**	**276**	126	309
	2,978	**530**	2,195	656

23. Business combinations

On April 9, 2019, the Group has carried out the acquisition of 100% of the shares of Aurangabad Electricals Limited (AEL), for a price of ₹ 8,759 million, out of which ₹ 8,137 million has been paid on the date of the acquisition.

This acquisition allows the Group to enter the aluminium die casting technology and increase its presence in the two wheeler space.

(₹ in Million)

Details of the purchase consideration, the net assets acquired, and goodwill are as follows;

Purchase Consideration	
Cash paid	8,137
Remaining amount payable for acquisition*	622
Total Purchase Consideration	8,759

*Consideration is payable based on the receipt of eligibility certificate under Package Scheme of Incentive (PSI scheme) (which management expects to receive) or 16 months from the date of acquisition, whichever is earlier.

Fair value of assets acquired	
Property, Plant and Equipment (Including CWIP)	3,429
Intangible Assets – Customer Relationship	202
Intangible Assets -Others	17
Non-Current Financial Assets – Incentive Receivable	600
Non-Current Financial Assets – Others	39
Other Non-Current Assets	192
Inventories	561
Trade Receivables	1,306
Other Current Assets	440
Cash and Cash Equivalents	66
Other Bank Balances	289
Assets acquired	**7,141**
Fair value of liabilities assumed	
Borrowings	1,643
Provisions	312
Contingent liability	51
Deferred Tax Liabilities (Net)	505
Trade Payables	1,234
Other Financial Liabilities	398
Other Current Liabilities	297
Liabilities acquired	**4,440**
Net Identifiable Assets acquired	**2,701**
Calculation of Goodwill	
Purchase price	8,759
Less: Fair value of net identifiable assets acquired	(2,701)
Goodwill	**6,058**
The cash flow movement of the operation has been:	
Purchase price	8,759
Outstanding amount at the time of acquisition	622
Amount paid	8,137
Cash and cash equivalents in AEL at the time of acquisition	355
Outflow of cash on the acquisition	**7,782**

(₹ in Million)

i. The fair value of the property, plant and equipment has been determined according to appraisals carried out by independent experts, whose estimates, which did not include limitations or additional risks to be considered, have been based on purchase or replacement market prices, and account for the residual useful lives of the various assets.

ii. The goodwill resulting from the acquisition has been attributed to the future profitability of the acquired business and the synergies expected after the acquisition by the Group.

iii. The analysis of the business combination, as well as the process of assigning the price paid to the values of the assets and liabilities acquired have been completely finalized.

iv. Revenue and Profit contribution

The acquired business contributed revenues and profit to the group for the period ended December 31, 2019 as follows;

Revenue ` 6,401 million and profit ` 243 million for the period April 9, 2019 to December 31, 2019.

If the acquisition had occurred on January 1, 2019 consolidated pro-forma revenue from operation and profit for the year ended December 31, 2019 would have been ` 81,163 million and ` 3,573 million respectively.

24. Discontinued operations

In September 2018, The Board of Directors of Mahindra CIE Automotive Limited has decided to dispose the forging business in United Kingdom, corresponding to the company Stokes Group Limited. Due to that decision, the Group has discontinued the operations of Stokes Group Limited, classifying them as disposal group, and reclassifying the profit and loss account of the Company to results from discontinued operations.

Assets and liabilities held for sale	**2019**	2018
Property, Plant and Equipment	**43**	97
Inventories	**-**	208
Financial Assets	**-**	-
Trade Receivables	**-**	93
Cash and Cash Equivalents	**91**	120
Other Current Assets	**7**	6
Disposal group assets classified as held for sale	**141**	524
Payable to Property, Plant and Equipment suppliers	**-**	9
Current Financial Liabilities		
Trade Payables	**1**	135
Current Provisions	**130**	351
Other Current Liabilities	**9**	27
Disposal group liabilities classified as held for sale	**140**	522
Profit and loss for the year		
Sale of products and services	**455**	693
Other operating revenues	**11**	25
Revenue from operations	**466**	718
Other Income	**126**	-
Total Revenue	**592**	718
EXPENSES		
Cost of materials consumed	**253**	319
Changes in stock of finished goods, work-in-progress	**130**	(76)
Employee benefit expense	**113**	354
Finance costs	**2**	23

(₹ in Million)

Depreciation and amortisation expense	**7**	31
Other expenses	**87**	571
Total Expenses	**592**	1,222
Profit before tax	**-**	(504)
Tax expenses	**-**	
Loss for the year from discontinuing operations	**-**	(504)

Cash flow Information

	2019	2018
Cash (used) in operating activities	**(75)**	(235)
Net Cash (used)/ flow from Investing activities	**46**	26
Net Cash flow from financing activities	**-**	273
Net increase/ decrease in cash generated from discontinued operation	**(29)**	64

25. Deferred taxes

Deferred tax assets -Tax credits	Tax losses	Tax credits R&D, training	Other	Total
Balance as on 1st January, 2018	**1,088**	**297**	**49**	**1,434**
(Charged) against / credited to profit and loss	69	(120)	-	(51)
Transfers	-	-	(49)	(49)
Conversion differences	44	15	-	59
Balance as on 31st December 2018	**1,201**	**192**	**-**	**1,393**
(Charged) against / credited to profit and loss	(1,099)	(49)	-	(1,148)
Conversion differences	(10)	(1)	-	(11)
Balance as on 31st December 2019	**92**	**142**	**-**	**234**

Deferred tax assets – Others	Provisions	Others	Total
Balance as on 1st January, 2018	**938**	**182**	**1,120**
(Charged) against / credited to profit and loss	(1)	(49)	(50)
Charged against / (credited) to equity	-	4	4
Others	62	-	62
Conversion differences	21	3	24
Balance as on 31st December 2018	**1,020**	**140**	**1,160**
(Charged) against / credited to profit and loss	(267)	87	(180)
Charged against / (credited) to equity	-	12	12
Changes on account of business combination	85	-	85
Conversion differences	68	5	73
Balance as on 31st December 2019	**906**	**244**	**1,150**

(₹ in Million)

Deferred tax liabilities	Depreciation and amortization	Grants	Others	Total
Balance as on 1st January,2018	**940**	**(15)**	**-**	**925**
Charged against / (credited) to profit and loss	63	(10)	(2)	50
Transfers	(254)	7	247	-
Conversion differences	4	9	-	13
Balance as on 31st December 2018	**752**	**(9)**	**245**	**988**
Charged against / (credited) to profit and loss	(19)	7	715	703
Changes/additions to consolidation	204	-	386	590
Conversion differences	6	-	9	15
Balance as on 31st December 2019	**943**	**(2)**	**1,355**	**2,296**

Deferred income tax assets are recognised for tax loss carry-forwards and unused tax credits to the extent that the realisation of the related tax benefit through future taxable profits is probable, being its estimated recoverability less than 10 years

Deferred tax assets that were recognised by the Group at 31st December 2019 and 2018 are as follows: -

	As at 31st December 2019		As at 31st December 2018	
	Tax losses	**Others**	Tax losses	Others
Germany	**-**	**-**	1,015	-
Spain	**-**	**142**	-	191
Italy	**46**	**-**	122	-
Mexico	**46**	**-**	63	-
India	**-**	**-**	-	-
	92	**142**	1,200	191

Certain subsidiaries of the group have undistributed earnings of INR 10,735 Million (INR 10,087 Million in Dec 2018) which, if paid out as dividends, would be subject to tax in the hands of recipients. An assessable temporary difference exists, but no deferred tax liability has been recognised as the parent entity is able to control the timings of distributions by these subsidiaries.

26. Corporate income tax expense

(i) Income Tax recognised in Profit or loss

	Year ended 31st December 2019	Year ended 31st December 2018
Current Tax:		
In respect of current year	**710**	1,899
Deferred Tax:		
In respect of current year origination and reversal of temporary differences	**2,031**	144
Total income tax expense on continuing operations	**2,741**	2,043

(ii) Income tax recognised on Other comprehensive income

	Year ended 31st December 2019	Year ended 31st December 2018
Income taxes related to items that will not be reclassified to profit or loss	**12**	17

(₹ in Million)

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

	As at 31st December 2019	As at 31st December 2018
Profit before tax	**6,278**	7,024
Income tax expense for the year calculated at 25.168% (Dec 18: 34.944%)	**1,580**	2,454
Effect of higher corporate tax rate of 34.944% applicable to the Company during January to March 2019	**99**	-
Effect of tax rates in foreign jurisdictions	**(73)**	(166)
Effect of deferred tax assets written off on carried forward losses	**892**	-
Effect of tax rate reduction during the year	**(289)**	-
Effect of income that is exempt from taxation	**(5)**	(40)
Effect of higher corporate tax rate applicable to Indian subsidiary	**44**	-
Effect of expenses that are non-deductible in determining taxable profit	**56**	20
Effect of MAT credit written off on account of transition to lower corporate tax rate	**331**	-
Effect of tax incentives and concessions (research and development and other allowances)	**-**	(381)
Effect of current year losses for which no deferred tax asset is recognized	**53**	176
Effect of recognition of tax effect of previously unrecognised tax losses now recognised as deferred tax assets	**-**	(48)
Tax expenses prior period	**-**	(35)
Other Items	**53**	63
Income tax expense recognised in profit or loss from continuing operations	**2,741**	2,043

27. Fair Value Measurements

Financial instruments by category	**As at 31st December 2019**			As at 31st December 2018		
	FVPL	**FVOCI**	**Amortised Cost**	FVPL	FVOCI	Amortised Cost
Financial assets						
1. Non- Current Assets						
Investments	-	-	-*	-	-	6
Loans	-	-	568	-	-	1,387
Incentive Receivable	600					
Other Financial Assets	-	-	188	-	-	166
2. Current Assets						
Investments	847	-	28	2,373	-	4,420
Trade Receivables	-	-	7,368	-	-	7,414
Loans	-	-	10	-	-	31
Cash and Cash Equivalents	-	-	1,100	-	-	1,084
Other Bank balances	-	-	399	-	-	43
Other Financial Assets	-	-	46			-
Total financial assets	**1,447**	**-**	**9,707**	**2,373**	**-**	**14,551**

(₹ in Million)

Financial instruments by category	As at 31st December 2019			As at 31st December 2018		
	FVPL	FVOCI	Amortised Cost	FVPL	FVOCI	Amortised Cost
Financial liabilities						
1. Non-currentLiabilities						
Borrowings	-	-	8,256	-	-	11,730
2. Current Liabilities						
Borrowings	-	-	6,435	-	-	4,404
Trade Payables	-	-	14,771	-	-	16,838
Creditors for Capital supplies	-	-	656	-	-	459
Total financial liabilities	**-**	**-**	**30,118**	**-**	**-**	**33,431**

Fair Value Hierarchy	As at 31st December 2019			As at 31st December 2018		
Financial assets	**Level 1**	**Level 2**	**Level 3**	Level 1	Level 2	Level 3
Mutual Funds – Growth	**847**			2,373		
Total	**847**	**-**	**-**	2,373	-	-

28. Other Income:

	Year ended 31st December 2019	Year ended 31st December 2018
Interest Income		
On Financial Assets at amortised cost	**57**	98
From investments measured at fair value through profit or loss	**183**	47
Profit on sale of capital assets (net of loss on assets sold / scrapped / written off)	**-**	32
Miscellaneous income	**91**	210
	331	387

29. Cost of materials consumed

	Year ended 31st December 2019	Year ended 31st December 2018
Opening stock		
Add: Purchases	**3,916**	1,798
	34,880	39,855
	38,796	41,653
Less: Closing stock	**(2,206)**	(3,916)
Cost of materials consumed	**36,590**	37,737

30. Employee benefit expenses

	Year ended 31st December 2019	Year ended 31st December 2018
Salaries and wages, including bonus	**10,764**	11,056
Contribution to provident and other funds	**345**	216
Staff welfare expenses	**1,971**	2,025
	13,080	13,297

(₹ in Million)

31. Finance costs

	Year ended 31st December 2019	Year ended 31st December 2018
Interest expense	**469**	441
Other borrowing cost	**54**	61
	523	502

32. Other expenses

	Year ended 31st December 2019	Year ended 31st December 2018
Tools & Stores consumed	**3,090**	3,630
Power & Fuel	**3,905**	3,709
Repairs and maintenance	**1,946**	2,186
Subcontracting, Hire and Service Charges	**5,259**	6,257
Expenditure on corporate social responsibility (CSR) under section 135 of the Companies Act, 2013.	**18**	31
Auditors remuneration and out-of-pocket expenses		
As Auditors	**9**	8
For Taxation matters	**2**	2
For Other services	**1**	1
For reimbursement of expenses	**1**	1
Other Expenses	**4,603**	4,367
	18,834	20,192

33. Defined benefits and contribution

(a) Defined Contribution plan

The Group's contribution to Provident Funds and other fund aggregating INR 345 Million (INR 216 Million) has been recognised in the statement of Profit or Loss under the head Employee Benefit expenses.

(b) Defined benefit plans

(i) Gratuity

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

(ii) Voluntary Retirement Scheme

Onetime expenses incurred towards voluntary retirement scheme are charged off in the statement of Profit or loss.

(iii) Compensated absences

Group's liability towards leave encashment are determined using the projected Unit Credit method which considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. Past service costs are recognised on straight line basis over the statement of Profit or loss as income or expense. Obligation is measured at the present value of estimated future cash flow using a discount rate that is determined by reference to market yields at the Balance Sheet date on government bonds where the currency and terms of the government bonds are consistent with the currency and estimated terms of the defined benefit obligation.

(₹ in Million)

(iv) Pension provisions are for operations in Germany and are entirely internal funded. These benefits are in the nature of long term service awards and lifetime pension and retirement plans. Liabilities are determined using projected unit credit method together with mortality tables. Obligation is measured at the present value of estimated future cash flow using the discount rate that is determined by reference to average market yields of ten years.

(c) Risks

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

(i) Asset Volatility

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

(ii) Changes in Bond Yields;

A decrease in government bond yields will increase plan liabilities, although this is expected to be partially offset by an increase in the value of the plans' bond holdings.

1. Provisions for Gratuity, Voluntary retirement Scheme (VRS) and Pensions: -

	Funded Plan		Unfunded Plans			
	Gratuity		VRS		Pension	
	2019	2018	**2019**	2018	**2019**	2018
Amounts recognised in comprehensive income in respect of these defined benefit plans are as follows:						
Service Cost						
Current Service Cost	**54**	54	**64**	-	**57**	62
Past service cost and (gains) / losses from settlements	**-**	10	**-**	-	**70**	-
Net interest expense	**11**	8	**-**	-*	**35**	32
Components of defined benefit costs recognised in profit or loss	**65**	72	**64**	-*	**162**	94
Remeasurement on the net defined benefit liability						
Actuarial gains and loss arising from changes in financial assumptions	**(1)**	1			**184**	29
Actuarial gains and loss arising from experience adjustments	**38**	22	**-**	-*		
Actuarial gains and loss arising from Demographic adjustments	**-**	1				
Components of defined benefit costs recognised in other comprehensive income	**37**	24	**-***	-*	**184**	29
Total	**102**	96	**64**	-*	**346**	123
I. Net Asset/(Liability) recognised in the Balance Sheet as at 31st Dec						
1. Present value of defined benefit obligation as at 31st Dec	**(740)**	(569)	**(64)**	(3)	**(2,306)**	(2,060)
2. Fair value of plan assets as at 31st Dec	**571**	420	**-**	-	**-**	-
3. Surplus/(Deficit)	**(169)**	(149)	**(64)**	(3)	**(2,306)**	(2,060)
4. Current portion of the above	**(131)**	(75)	**(64)**	(3)	**(116)**	(103)
5. Non current portion of the above	**(38)**	(74)	**-**	-	**(2,190)**	(1,957)

(₹ in Million)

	Funded Plan		Unfunded Plans			
	Gratuity		VRS		Pension	
	2019	2018	**2019**	2018	**2019**	2018
II. Change in the obligation during the year ended 31st Dec						
1. Present value of defined benefit obligation at the beginning of the year	**569**	480	**3**	7	**2,060**	1,963
2. Add/(Less) on account of Scheme of Arrangement/Business	**75**	-	**-**	-		
3. Expenses Recognised in Profit and Loss Account						
- Current Service Cost	**54**	54	**64**	-	**57**	62
- Past service cost	**-**	10	**-**	-	**70**	-
- Interest Expense (Income)	**46**	34	**-**	-	**35**	32
4. Recognised in Other Comprehensive Income						
Remeasurement gains / (losses)						
- Actuarial Gain (Loss) arising from:						
i. Demographic Assumptions	**-**	1	**-**	-	**-**	-
ii. Financial Assumptions	**(1)**	2	**-**	-	**184**	29
iii. Experience Adjustments	**38**	20	**-**	-	**-**	-
5. Benefit payments	**(41)**	(32)	**(3)**	(4)	**(114)**	(107)
6. Others- Currency translation impact on opening	**-**	-			**14**	81
7. Present value of defined benefit obligation at the end of the year	**740**	569	**64**	3	**2,306**	2,060
III. Change in fair value of assets during the year ended 31st Dec						
1. Fair value of plan assets at the beginning of the year	**420**	383				
	-	-	**-**	-		
2. Add/(Less) on account of Scheme of Arrangement/Business Transfer	**71**	-	**-**	-	**-**	-
3. Expenses Recognised in Profit and Loss Account						
- Expected return on plan assets	**35**	26	**-**	-	**-**	-
4. Recognised in Other Comprehensive Income						
Remeasurement gains / (losses)						
- Financial assumptions	**-**	1	**-**	-	**-**	-
- Experience assumptions	**-**	(2)	**-**	-	**-**	-
5. Contributions by employer (including benefit payments recoverable)	**79**	45	**-**	-	**-**	-
6. Benefit payments	**(34)**	(33)	**-**	-	**-**	-
7. Fair value of plan assets at the end of the year	**571**	420	**-**	-	**-**	-

(₹ in Million)

		Funded Plan		Unfunded Plans			
		Gratuity		VRS		Pension	
		2019	2018	**2019**	2018	**2019**	2018
IV.	**The Major categories of plan assets**						
	- List the plan assets by category here						
	Funds managed by Insurer	**571**	420				
	% to total assets	**100%**	100%				
V.	**Actuarial assumptions**						
	1. Discount rate	**6.60% to 7.2%**	7.40%to 7.9%	**6.90%**	7.90%	**0.86%**	1.45%
	2. Expected rate of return on plan assets	**5.97% to 7.9%**	7.4% to 7.7%	**-**	-	**-**	-
	3. Attrition rate	**2% to 15.94%**	2% to 17%	**-**	-	**-**	-
	4. Salary Escalation	**5.0% to 9.0%**	7.0% to 10%	**-**	-	**1% to 2.3%**	**1% to 2.3%**

Other Information

	India	Germany
Life Expectancy of a person retiring at the year end		
Men	9-17 years	13-19 years
Women	9-17 years	19- 23 years

Percentage of variation of the defined benefit commitment to changes in the assumptions weighted is as follows:-

	India			Germany		
	Variation in Hypothesis	Increase in Hypothesis	Decrease in Hypothesis	Variation in Hypothesis	Increase in Hypothesis	Decrease in Hypothesis
Interest Rate	+/- 1.00%	8.00%	-8.00%	+/-0.25%	3.39% to 4.05%	-3.19% to -3.82%
Growth of pensions/ Salaries	+/- 1.00%	7.00%	-7.00%	+/-0.25%	1.86% to 3.30%	-1.79% to -3.15%

2. Provision for Employee Termination benefits

	Year ended 2019	Year ended 2018
Balance at the beginning of the year	**222**	259
Add:-		
Interest Expense/(income)	**2**	5
Provided during the year	**12**	(1)
Less:-		
Benefits paid	**(19)**	(50)
Exchange differences	**1**	9
Balance at the end of the year	**218**	222

(₹ in Million)

34. Contingent Liabilities and Commitments

Contingent liabilities (to the extent not provided for)		**31st December, 2019**	31st December, 2018
(a)	Claims against the Company not acknowledged as debt		
	1. Income tax claims against which the Company has preferred an appeal	**423**	449
	2. Excise cases against the Company	**124**	160
	3. Service Tax	**66**	61
	4. Sales Tax and VAT	**39**	382
	5. Stamp Duty, Government Cess and others	**198**	213
	6. Water Charges	**325**	325
	7. Labour Matters	**1**	1
	8. The Group had imported capital goods under the Export Promotion Capital Goods (EPCG), of the Government of India, at concessional rate of duty on an understanding to fulfill quantified exports against future obligation	**5**	5
(b)	Claim not acknowledged as debt		
	Outstanding Letter of Credit issued by bank	**639**	151
(c)	Commitment		
	i. Capital expenditure contracted for at the end of the reporting period but not recognised as liabilities.	**898**	968

Water Charges:

The Company has an ongoing dispute pertaining to the Stamping Division of the Company [formerly known as Mahindra Ugine Steel Company Limited (MUSCO)] with the Irrigation Department (Water Resource Department) in respect of levy of charge for use of water from Patalganga River, for the period from July 1991 to May 2012 for an aggregate amount of ₹ 587 Million including penal charge of ₹ 102 Million and late fee charge of ₹ 223 Million. Presently the matter is pending before the Hon'ble High Court of Bombay ("the Court") where the Company had filed a writ and the Court, vide Order dated 2nd July, 2012, has admitted the writ petition of the Company. In compliance with the Order admitting the Company's petition, the Company has deposited an amount of ₹ 233 Million with the Irrigation Department, being the arrears of water charges for the period from July 1991 to May 2012 and has also given a bank guarantee towards penal rate charges of ₹ 102 Million claimed by the Irrigation Department. The High Court has also allowed the Irrigation Department to withdraw the amount of arrears of ₹ 29 Million deposited earlier by the Company with it in respect of disputed water charge claim for the period from July 1991 to March 2001. As per the Order, the Company is entitled to pursue the proceedings filed by it before the Honorable Bombay High Court and that the State of Maharashtra (Irrigation Department) shall not adopt any coercive steps for recovery of the aforesaid penal rate charges of ₹ 102 Million and the late fee of ₹ 223 Million.

(c) Non-cancellable operating leases

The company leases various factory premises and offices under non-cancellable operating leases expiring within 1 to 5 years. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

35. Related Party Transactions

Names of Related Parties

(a) Ultimate Holding Company - CIE Automotive S.A.

Principal Shareholder of the Holding Company - CIE Berriz, S.L

Holding Company - Participaciones Internacionales Autometal , DOS S.L

(b) Names of Related Parties where transactions have taken place during the period (Fellow Subsidiaries)

1 Praga Louny

2 Componentes de Automoción Recytec, S.L.U

3 Componentes de Dirección Recylan S.L.U.

4 Nova Recyd, S.A.U.

5 CIE Metal CZ, s.r.o.

(₹ in Million)

6 Nanjing Automotive Forging Co., Ltd

7 Forjas de Celaya, S.A. de C.V.

8 Matic Dolares

9 Gameko Fabricación de Componentes, S.A.

10 Pintura y Ensambles de México, S.A. de C.V.

11 CIEB México

12 Leaz Valorización, S.L.U

13 Pintura, Estampado y Montaje, S.A. de C.V.

14 Servicat S. Cont., Adm. y Técnicos, S.A. de C.V

15 CIE Automotive Goiain, S.L.U

16 CIE Mecauto,S.A.Sociedad Unipersonal

17 Century Plastics LLC

(c) Name of Associate Companies where transactions have taken place during the period

1 Gescrap India Private Limited (w.e.f. March 27, 2018)

2 Galfor Eólica, S.L (Associate of Galfor) *

3 Clean Max Deneb Power LLP (w.e.f. March 21, 2019)

Associates of Ultimate Holding Company

4 Gescrap GmbH

5 GES Recycling (Gestamp)

6 Gestamp Umformtechnik GmbH (Bielefeld)

7 DIMSA

8 Cognicase Management Consulting

9 Dominion Digital S.L.U.

10 Global Near S.L.

(d) Names of the Companies exercising significant influence over the Company where transactions have taken place during the period

i) Mahindra Vehicle Manufacturers Limited(MVML) (investing company in respect of which the Company is an Associate)

ii) Mahindra •& Mahindra Limited (M&M) (Holding Company of the investing company in respect of which the Company is an Associate.)

(e) Names of other related parties where transactions have taken place during the period

Fellow Subsidiaries

Gameko Fabricacion de Components, S.A.

Subsidiary Companies of the investing company (MVML) in respect of which the Company is an Associate

1 Mahindra Intertrade Limited

2 Mahindra Steel Service Centre Limited

3 Mahindra Auto Steel Private Limited

4 Mahindra Electric Mobility Limited

5 Mahindra Heavy Engines Limited

(₹ in Million)

6 Mahindra MiddleEast Electrical Steel Service Centre

7 Mahindra Two Wheelers Limited

8 Mahindra MSTC Recycling Private Limited

Fellow Subsidiary Companies of the investing company (MVML)

1 Mahindra Trucks & Buses Private Limited.

2 Gromax Agri Equipments Limited (Formerly known as Mahindra Gujarat Tractor Limited)

3 Mahindra Integrated Business Solutions Private Limited

4 NBS International Limited

5 Mahindra Sanyo Special Steels Private Limited

6 Mahindra Consulting Engineers Limited

7 Mahindra Defence Naval Systems Limited (Formerly known as Mahindra Defence Naval Systems Private Limited)

8 Mahindra Logistics Limited

9 Bristlecone Limited

(f) Key Managerial Personnel (KMP)

Sr. No.	Name	Designation
1	Mr. Hemant Luthra	Non-Executive Director (Chairman) upto 23rd October, 2019
2	Mr. Shriprakash Shukla	Non-Executive Director (Chairman) w.e.f. 23rd October, 2019
3	Mr. Ander Arenaza Alvarez	Executive Director
4	Mr. Romesh Kaul	Executive Director upto 16th October, 2019
5	Mr. Manoj Mullassery Menon	Executive Director and Chief Executive Officer - Stampings, Composites, Foundry, Magnetics and Gears Divisions (w.e.f. 17th October,2019)
6	Mr. Anil Haridas	Executive Director w.e.f. 10th December, 2019
7	Mr. Jesus Maria Herrera Barandiaran	Non-Executive Director
8	Mr. Zhooben Dossabhoy Bhiwandiwala	Non-Executive Director
9	Mr. Daljit Mirchandani	Independent Director (upto 28th September, 2019)
10	Mr. Juan Maria Bilbao Ugarriza	Independent Director (upto 28th September, 2019)
11	Mrs. Neelam Deo	Independent Director (upto 28th September, 2019)
12	Mr. Manojkumar Maheshwari	Independent Director
13	Mr. Dhananjay Narendra Mungale	Independent Director
14	Mr. Kadambi Narahari	Independent Director (w.e.f. 29th September, 2019)
15	Mrs. Roxana Meda Inoriza	Independent Director (w.e.f. 29th September, 2019)
16	Mr. Alan Savio D'Silva Picardo	Independent Director (w.e.f. 29th September, 2019)
17	Mr. Suhail Amin Nathani	Independent Director
18	Mr. Hari Krishnan	Chief Executive Officer - Forgings and Bill Forge Divisions (w.e.f. 17th October, 2019)
19	Mr. K. Jayaprakash	Chief Financial Officer
20	Mr. Krishnan Shankar	Company Secretary and Head - Legal (upto 31st March, 2019)
21	Mr. Pankaj Vijay Goyal	Company Secretary and Compliance Officer (w.e.f. 1st April, 2019)

(₹ in Million)

(g) Transactions with Related parties during the period

Nature of transactions with Related Parties	For the year ended	Ultimate Holding company	Holding company	Entities having joint control/ significant influence over Group (Note 1)	Fellow Subsidiaries	Subsidiaries of Entities having joint control/ significant influence over Group	Associate company	Associates of ultimate holding company
Sale of goods	**31-Dec-19**	**-**	**-**	**13,671**	**361**	**330**	**648**	**437**
	31-Dec-18	-	-	15,347	447	342	66	466
Purchase of goods	**31-Dec-19**	**-**	**-**	**144**	**154**	**1,444**	**-**	**-**
	31-Dec-18	-	-	24	216	2,118	-	-
Purchase of property and other assets	**31-Dec-19**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	31-Dec-18	-	-	-	-	-	-	-
Receiving of services	**31-Dec-19**	**209**	**16**	**-**	**118**	**103**	**-**	**13**
	31-Dec-18	253	16	-	84	123	-	7
Rent received	**31-Dec-19**	**-**	**-**	**-**	**-**	**1**	**-**	**-**
	31-Dec-18	-	-	-	-	1	-	-
Rent paid	**31-Dec-19**	**-**	**-**	**36**	**-**	**-**	**-**	**-**
	31-Dec-18	-	-	42	-	-	-	-
Interest Received	**31-Dec-19**	**10**	**-**	**-**	**-**	**-**	**-**	**-**
	31-Dec-18	43	-	-	-	-	-	-
Interest paid	**31-Dec-19**	**51**	**179**	**-**	**92**	**-**	**-**	**-**
	31-Dec-18	13	322	-	70	-	-	-
Reimbursements paid	**31-Dec-19**	**-**	**-**	**10**	**103**	**-**	**-**	**-**
	31-Dec-18	-	-	14	114	-	-	-
Investment in Associate	**31-Dec-19**	**-**	**-**	**-**	**-**	**-**	**37**	**-**
	31-Dec-18	-	-	-	-	-	-	-

Note 1

Sales to Mahindra Vehicle Manufacturers Limited (MVML) (Company holding more than 10% of Equity share capital) amounts to INR1,528 Million and INR 1,672 Million and during period ended 31st December 2019 and 31st December 2018 respectively and balance outstanding as at year end amounts to INR 272 Million and INR 159 Million as at 31st December 2019 and 31st December 2018 respectively.

(h) Balances with Related parties at the end of the period

Nature of Balances with Related Parties	Balance as on	Ultimate Holding company	Holding company	Entities having joint control/ significant influence over Group	Fellow Subsidiaries	Subsidiaries of Entities having joint control/ significant influence over Group	Associate company	Associates of ultimate holding company
Trade payables	31-Dec-19	-	3	28	44	339	-	3
	31-Dec-18	-	3	3	80	415	-	-
Trade receivables	31-Dec-19	-	-	2,454	78	71	-	32
	31-Dec-18	-	-	2,116	112	78	-	23
Loans & advances taken	31-Dec-19	3,053	3,966		1,789	-	-	-
	31-Dec-18	4,943	4,688	-	1,727	-	-	-
Loans & advances given	31-Dec-19	228	350	-	-	-	-	-
	31-Dec-18	1,418	-	-	-	-	-	-
Advances received	31-Dec-19	-	-	40	-	-	4	-
	31-Dec-18	-	-	43	-	-	-	-
Other balances	31-Dec-19	-	-	9	-	-	-	-
	31-Dec-18	-	-	9	-	-	-	-

(₹ in Million)

(i) Remuneration to Key Managerial Personnel:

Details of Remuneration	**31st December, 2019**	31st December, 2018
Short term employment benefits	**44**	50
Share based payments	**13**	4
Professional fees paid	**23**	21
Director sitting fees	**14**	4
Total	**94**	79

As gratuity and compensated absences are computed for all the employees in aggregate, the amount relating to the key managerial personnel, cannot be individually identified.

36. Leasing Disclosures

The Group has entered into operating lease arrangements for certain facilities and office premises. The leases are non-cancellable and are for a period of 1 to 5 years and may be renewed for a further period of 5 years based on mutual agreement of the parties. Future Non-Cancellable minimum lease commitments

	2019	2018
Operating Lease		
not later than one year	**171**	-
Between one to two years	**321**	239
later than one year and not later than five years	**769**	842
later than five years	**949**	1,224
	2,210	2,305

37. Earnings per share

a) Calculation of basic and diluted earnings per share

Basic earnings per share are calculated by dividing the profit attributable to the parent Group's shareholders by the weighted average number of ordinary shares in the year, excluding treasury shares acquired by the parent Group.

	2019	2018
	₹ Per Share	₹ Per Share
Basic earnings per share	**9.34**	13.16
From continuing operations	**9.34**	14.48
From discontinuing operations	**-**	(1.33)
Diluted Earnings per share	**9.33**	13.15
From continuing operations	**9.33**	14.48
From discontinuing operations	**-**	(1.33)

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

(i) Basic earnings per share

	2019	2018
Profit for the year attributable to owners of the Group	**3,538**	4,981
- from continuing operations	**3,538**	5,485
- from discontinuing operations	**-**	(504)
Weighted average number of equity shares	**378,744,708**	378,514,871
Earnings per share – Basic	**9.34**	13.16
- from continuing operations	**9.34**	14.49
-from discontinuing operations	**-**	(1.33)

(₹ in Million)

(ii) Diluted earnings per Share

The diluted earnings per share has been computed by dividing the Net profit after tax available for Equity shareholders by the weighted average number of equity shares, after giving dilutive effect of the outstanding Warrants and Stock options for the respective periods. Since, the effect of the conversion of Preference shares was anti-dilutive, it has been ignored.

	2019	2018
Profit for the year	**3,538**	4,981
- from continuing operations	**3,538**	5,485
- from discontinuing operations	**-**	(504)
Weighted average number of equity shares used in the calculation of Basic EPS	**378,744,708**	378,514,871
Add: Effect of Stock Options	**125,938**	298,547
Weighted average number of equity shares used in the calculation of Diluted EPS	**378,870,646**	378,813,418
Diluted EPS	**9.33**	13.15
- from continuing operations	**9.33**	14.48
- from discontinuing operations	**-**	(1.33)

38. Other information

The identification of suppliers as micro and small enterprises covered under the "Micro Small and Medium Enterprises Development Act 2006" was done on the basis of the information to the extent provided by the supplier to the company. Total outstanding to Micro and Small Enterprises, which were outstanding are given below:

Particulars	**31st December, 2019**	31st December, 2018
Principal amount due at year end	**257**	129
Interest due and remaining unpaid	**4**	9
Principal amount paid beyond due date	**243**	345
Interest paid in terms of section 16 of the Act	**-***	-*
Amount of interest due and payable for period of delay in payment made beyond the appointed day	**2**	6
Amount of interest accrued and remaining unpaid for earlier year	**2**	3

*Amount is below rounding off norm adopted by the company

39. Employees Stock Options Scheme

The Company instituted the Employees Stock Options Scheme 2007 (ESOS 2007) plan for employees in pursuance of a special resolution passed by the shareholders approving the scheme on July 25, 2007, amended by special resolution dated July 29, 2008, August 02, 2011 and pursuant to the Integrated scheme of Amalgamation and Composite Scheme of Amalgamation in terms of High Court dated October 13, 2014. Further, the company instituted the Employees Stock Options Scheme 2015 (ESOS 2015) plan for employees in pursuance of a special resolution passed by the shareholders approving the scheme on September 15, 2015.

Pursuant to the schemes, the Company has granted options to eligible employees at various exercise prices per equity share of ₹10 each. Under the terms of scheme, the vesting period will be spread equally over 4 years (ESOS 2007) and 3 years (ESOS 2015). Options will vest at 25% (ESOS 2007) and 33% (ESOS 2015) from the grant date. When exercisable, each option is convertible into one equity share of the Company.

(₹ in Million)

Movement of share options are as under:

	Opening Balance		Forfeited during the year	Exercised during the year	Outstanding at the end of the year	Exercisable at the end of the year
Date of the Tranche	**Number of Options**	**Weighted average exercise price**	**Number of Options**	**Number of Options**	**Number of Options**	**Number of Options**
On 1st April , 2011	95,502	57	19,597	27,888	48,017	48,017
On 20th January, 2012	878	44	121	409	348	348
On 22nd February, 2016	586,433	150	12,780	201,453	372,200	372,200
	682,813		32,498	229,750	420,565	420,565

40. Corporate Social Responsibility (CSR)

The company is required to spend a sum ₹ 98 Million (PY ₹ 50 Million) as part of CSR during the year. The details of actual expenses are as under:

	31st December, 2019	31st December, 2018
Construction of assets	**7**	14
On the purpose other than above	**11**	16
Total	**18**	30

41. Items

Sr. No.	**Particulars**	**Year Ended 31st December, 2019**
i)	Bill Forge Private Limited (BFPL) entered into a settlement agreement dated August 21, 2019 with Donald J. Ulrich Associates, Inc. ("DJU") (a former Independent sales agent of BFPL) to pay USD 3 million in full settlement against the damages claimed of USD 10 million. Hence, excess provision amounting to USD 7 million was reversed during the year.	**(473)**
ii)	Provision for impairment of one of Company's investment during the year. The Company did not anticipate any amount to be recovered from this investment. Hence, the Company had recognised full impairment loss on the said investment.	**49**
iii)	Based on management assessment, provision has been recognised for Provident Fund liability basis Supreme Court judgement in 'Regional provident fund commissioner (II) West Bengal vs Vivekananda Vidyamandir and Others' in accordance with Ind AS-37.	**145**
iv)	Provision against levy of cross subsidy charges and additional surcharge by Maharashtra State Electricity Distribution Company Limited during the year on account of power consumption from non-captive generating plant.	**100**
v)	Onetime payment made to employees opting for early retirement under the Voluntary Retirement Scheme declared in Oct 2019 in Bill Forge Division.	**60**
vi)	Under a restructuring plan for GSA (subsidiary of MFE), employees were offered additional benefits/ redundancy payments in case of voluntary leave. The cost incurred towards restructuring amounted to EUR 2.1 million (INR 165 million).	**165**
	Total	**46**

(₹ in Million)

42. Additional information of subsidiaries as required by schedule III of Companies Act, 2013

Sr. No.	Name of the entity	Net assets		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
		Amount	As a % of consolidated	Amount	As a % of consolidated	Amount	As a % of consolidated	Amount	As a % of consolidated
	Parent								
1	Mahindra CIE Automotive Limited	38,715	84%	1,723	49%	(23)	-19%	1,700	50%
	Subsidiaries								
	Indian								
1	Aurangabad Electricals Limited (Subsidiary of MCIE)	1,893	4%	483	14%	(9)	-7%	474	14%
2	BF Precision Private Limited (Subsidiary of MCIE)	111	0%	61	2%	-	0%	61	2%
	Foreign								
1	Stokes Group Limited (SGL)	1	0%	-	0%	-	0%	-	0%
2	Stokes Forgings Dudley Limited (subsidiary of SGL)	-	0%	-	0%	-	0%	-	0%
3	Stokes Forgings Limited (subsidiary of SGL)	-	0%	-	0%	-	0%	-	0%
4	Mahindra Forgings Europe AG (MFE) (subsidiary of Galfor)	(685)	-1%	(692)	-20%	-	0%	(692)	-20%
5	Jeco Jellinghaus GmbH (subsidiary of MFE	415	1%	0	0%	(23)	-19%	(23)	-1%
6	Gesenkschmiede Schneider GmbH (subsidiary of MFE)	1,287	3%	(57)	-2%	(96)	-79%	(153)	-4%
7	Falkenroth Unformtechnik GmbH (subsidiary of MFE)	210	0%	18	1%	(1)	0%	18	1%
8	Schonoeweiss& Co GmbH (subsidiary of MFE)	1,034	2%	(252)	-7%	(58)	-48%	(310)	-9%
9	Metalcastello S.p.A (MC) (subsidiary of Galfor)	502	1%	388	11%	-	0%	388	11%
10	UAB CIE Galfor SA (Galfor)	9,096	20%	1,598	45%	-	0%	1,598	47%
11	CIE Legazpi SA (subsidiary of Galfor)	1,041	2%	182	5%	-	0%	182	5%
12	UAB CIE LT Forge (subsidiary of Galfor)	2,043	4%	521	15%	-	0%	521	15%
13	AE Deutschland GmBH (subsidiary of AEL)	(25)	0%	(1)	0%	-	0%	(1)	0%
14	Bill Forge Mexico S.A de C.V (subsidiary of MCIE)	(500)	-1%	(197)	-6%	-	0%	(197)	-6%

(₹ in Million)

Sr. No.	Name of the entity	Net assets		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
		Amount	As a % of consolidated	Amount	As a % of consolidated	Amount	As a % of consolidated	Amount	As a % of consolidated
	Adjustment on consolidation	(8,800)	-19%	(237)	-7%	90	74%	(147)	-4%
	Associates								
1	Gescrap India Private Limited								
2	Galfor Eólica, S.L (Associate of Galfor)								
3	Clean Max Deneb Power LLP								

Company	Subsidiary Relationship	Activity	Registered office	Direct Holding %	Indirect Holding %
Mahindra CIE Automotive, Ltd.	Participaciones Internacionales Autometal Dos S.L.	Manufacture of automotive components	India	-	
Stokes Group Limited	Mahindra CIE Automotive Limited.	Manufacture of automotive components	UK	100%	-
Stokes Forgings Limited	Stokes Group Limited	Investment Company	UK	-	100%
Stokes Forgings Dudley Limited	Stokes Group Limited	Investment Company	UK	-	100%
Mahindra Forgings Europe AG	CIE Galfor, S.A.U.	Holding Company	Germany	-	100%
Gesenkschmiede Schneider GmbH	Mahindra Forgings Europe AG	Manufacture of automotive components	Germany	-	100%
Jeco Jellinghaus GmbH	Mahindra Forgings Europe AG	Manufacture of automotive components	Germany	-	100%
Falkenroth Umformtechnik GmbH	Mahindra Forgings Europe AG	Manufacture of automotive components	Germany	-	100%
Schoneweiss & Co. GmbH	Mahindra Forgings Europe AG	Manufacture of automotive components	Germany	-	100%
CIE Galfor, S.A.U.	Mahindra CIE Automotive Limited	Manufacture of automotive components	Spain	100%	-
CIE Legazpi, S.A.U.	CIE Galfor, S.A.U.	Manufacture of automotive components	Spain	-	100%
UAB CIE LT Forge	CIE Galfor, S.A.U.	Manufacture of automotive components	Lithuania	-	100%
Metalcastello S.p.A.	CIE Galfor, S.A.U.	Manufacture of automotive components	Italy	-	99.96%
Aurangabad Electricals Limited	Mahindra CIE Automotive Limited	Manufacture of automotive components	India	100%	-
AEL Deutschland GMBH	Aurangabad Elecricals Limited	Manufacture of automotive components	Germany	100%	-
BF Precision Private Limited	Mahindra CIE Automotive Limited	Manufacture of automotive components	India	100%	-
Bill Forge Mexico, S. DE R. L. DE C V	Mahindra CIE Automotive Limited	Manufacture of automotive components	Mexico	100%	-
Associates					
Gescrap India Private Limited					
Galfor Eólica, S.L (Associate of Galfor)					
Clean Max Deneb Power LLP					

(₹ in Million)

43. Events occurring after reporting period

There are no reportable events occurring after the reporting period.

44. Previous year figures have been regrouped and/or reclassified wherever found necessary in order to conform to this year's classification.

For **Price Waterhouse Chartered Accountants LLP**
Firm Registration No. 012754N/N500016

Jeetendra Mirchandani
Partner
Membership No. 48125

Mumbai, 26th February, 2020

For and on behalf of the Board of Directors of **Mahindra CIE Automotive Limited**

Ander Arenaza Alvarez
Executive Director

Dhananjay Mungale
Director

Manoj Menon
Executive Director &
CEO-Business Divisions

Hari Krishnan
CEO- Business Divisions

K. Jayaprakash
Chief Financial Officer

Pankaj Goyal
Company Secretary
and Compliance officer

Mumbai, 26th February, 2020

(₹ in Million)

Form AOC – 1

PART- A- Statement containing salient features of the financial statement of Subsidiaries

Name of Subsidiary	Date of acquisition	Reporting Currency	Exchange Rate	Share Capital	Reserves & Surplus	Total Assets	Total Liabilities	Investment (other than subsidiaries)	Gross Turnover	Profit Before tax	Provision for tax	Profit after tax	Proposed Dividend	Existing Shareholding (in %)
Stokes Group Limited (SGL)	1st April 2007	GBP	88.59	-	-	-	-	-	-	-	-	-	-	100%
Stokes Forgings Dudley Limited (subsidiary of SGL)	1st April 2007	GBP	88.59	-	-	-	-	-	-	-	-	-	-	100%
Stokes Forgings Limited (subsidiary of SGL)	1st April 2007	GBP	88.59	6	(6)	-	-	-	-	-	-	-	-	100%
Mahindra Forgings Europe AG (MFE) (subsidiary of Galfor)	1st April 2007	EURO	80.01	426	(3,660)	4,756	7,989		97	(440)	11	(429)	-	100%
Jeco Jellinghaus GmbH (subsidiary of MFE)	1st April 2007	EURO	80.01	437	99	698	161		-	-	-	(7)	-	100%
Gesenkschmiede Schneider GmbH (subsidiary of MFE)	1st April 2007	EURO	80.01	1,045	575	818	(801)	3	8,283	(73)	(4)	(76)	-	100%
Falkenroth Unformtechnik GmbH (subsidiary of MFE)	1st April 2007	EURO	80.01	87	106	908	715		2,596	23	(2)	21	-	100%
Schonoeweiss& Co GmbH (subsidiary of MFE)	1st April 2007	EURO	80.01	312	895	3,008	1,801		7,126	(51)	(9)	(60)	-	100%
Metalcastello S.p.A (MC) (subsidiary of Galfor)	1st Oct 2013	EURO	80.01	744	(627)	3,944	3,827		4,862	478	(101)	377	-	99.96%
UAB CIE Galfor SA (Galfor)	1st Oct 2013	EURO	80.01	195	8,783	19,470	10,492	9	11,509	2,281	(441)	1,840	-	100%
CIE Legazpi SA (subsidiary of Galfor)	1st Oct 2013	EURO	80.01	195	792	3,328	2,341	3	3,682	190	(52)	138	-	100%
UAB CIE LT Forge (subsidiary of Galfor	1st Oct 2013	EURO	80.01	587	1,410	2,770	773		3,153	571	(71)	500	-	100%
Aurangabad Electricals Limited (AEL)	9th April 2019	INR	1	29	1,864	5,156	3,263		6,297	608	(139)	469	-	100%
AEL Deutschland GmBH	9th April 2019	INR	1	2	(27)	32	57	2	-	(1)	-	(1)	-	100%
BF Precision Private Limited (subsidiary of BF)	1st Oct 2016	INR	1	-*	110	158	48		227	85	(20)	65	-	100%
Bill Forge Mexico S. DE R. L. DE C V (subsidiary of BF)	1st Oct 2016	INR	1	7	(500)	1,710	2,203		797	(192)	(6)	(186)	-	100%

(₹ in Million)

PART- B- Statement containing salient features of the financial statement of Associates

Name of Associate	Last audited Balance Sheet date	Shares of Associate held by the company on the year end			Description of how there is significant influence	Reasons why the associate is not consolidated	Networth attributable to shareholding as per latest audited Balance Sheet (INR Mio)	Profit/ (loss) for the year	
		No.	Amount of Investment in Associate (INR Mio)	Holding%				Consolidated	Not consolidated
Gescrap India Private Limited	31st March, 2019	37,200,000	37	30%	Significant shareholding	NA	-*	-*	NA
Galfor Eólica, S.L (Associate of Galfor)	31st December, 2019	68,000	5	25%	Significant shareholding	NA	-*	-*	NA
Clean Max Deneb Power LLP	31st December, 2019	NA	32	26%	Significant shareholding	NA	30.68	-*	NA

*Amount is below the rounding off norm adopted by the Company.

The reporting period of the subsidiaries and that of the Company is the same, 1st January,2019 to 31st December,2019.

For and on behalf of the Board of Directors of **Mahindra CIE Automotive Limited**

Ander Arenaza Alvarez
Executive Director

Dhananjay Mungale
Director

Manoj Menon
Executive Director &
CEO-Business Divisions

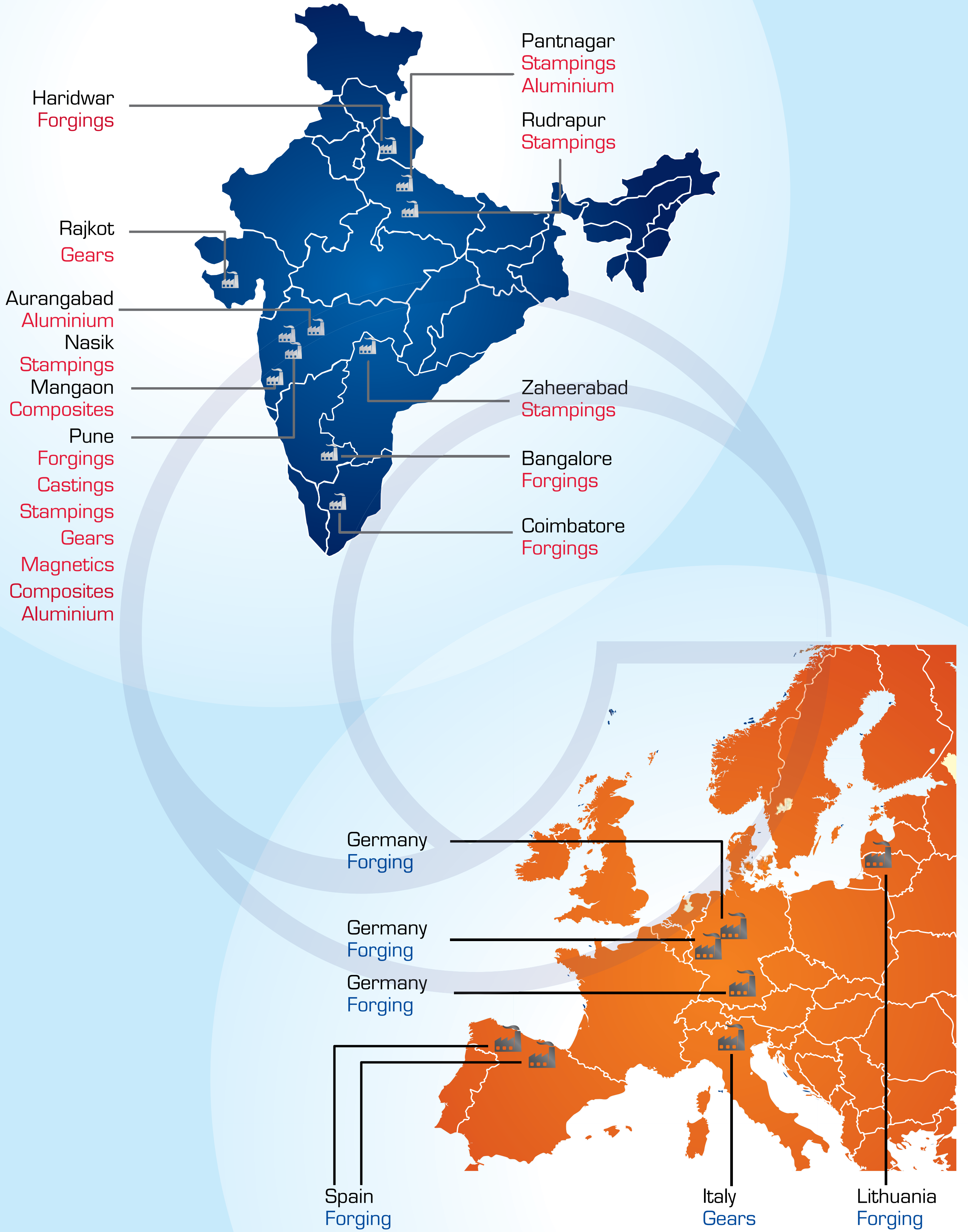
Hari Krishnan
CEO- Business Divisions

K. Jayaprakash
Chief Financial Officer

Pankaj Goyal
Company Secretary
and Compliance officer

Mumbai, 26th February, 2020

Notes



Haridwar
Forgings
Pantnagar
Stampings
Aluminium
Rudrapur
Stampings
Rajkot
Gears
Aurangabad
Aluminium
Nasik
Stampings
Mangaon
Composites
Pune
Forgings
Castings
Stampings
Gears
Magnetics
Composites
Aluminium
Zaheerabad
Stampings
Bangalore
Forgings
Coimbatore
Forgings
Germany
Forging
Germany
Forging
Germany
Forging
Spain
Forging
Italy
Gears
Lithuania
Forging


Forgings
Castings
Stampings
Gears
Composites
Magnetics
Aluminium
AL
Mahindra CIE
Registered Office:
MAHINDRA CIE AUTOMOTIVE LTD,
Mahindra Towers, Worli, Mumbai 400 018, Maharashtra, India
mahindracie.com

Notice

The **TWENTY-FIRST ANNUAL GENERAL MEETING** of the Members of **MAHINDRA CIE AUTOMOTIVE LIMITED** will be held on Thursday, the 25th day of June, 2020 at 3:00 p.m. (IST) through Video Conference ("VC") / Other Audit Visual Means (OAVM) without the physical presence of the Members at a common venue, in compliance with General Circular No. 14/2020, 17/2020, 20/2020 issued by Ministry of Corporate Affairs (MCA Circulars), to transact the businesses mentioned below.

The proceedings of the AGM shall be deemed to be conducted at the Registered Office of the Company which shall be the deemed Venue of the AGM.

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements (along-with Audited Consolidated Financial Statements) of the Company for the Financial Year ended 31st December, 2019 together with the reports of the Board of Directors and Auditors thereon.

2. To appoint a Director in place of Mr. Zhooben Dossabhoy Bhiwandiwala (DIN: 00110373), who retires by rotation, and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS

3. Ratification of Remuneration to Cost Auditor

To consider and, if thought fit, pass the following resolution as an **Ordinary Resolution:**

"RESOLVED THAT pursuant to the provisions of section 148 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 [including any statutory modification(s) or re-enactment(s) thereof, for the time being in force] and pursuant to the recommendation of the Audit Committee, the Company hereby ratifies the remuneration payable to Messrs. Dhananjay V. Joshi & Associates, Cost Accountants, (Firm Registration Number 000030), appointed by the Board of Directors of the Company as Cost Auditors to conduct the audit of the cost records of the Company for the Financial Year ending 31st December, 2020, amounting to Rs. 13,20,000 (Rupees Thirteen Lakhs Twenty Thousand Only) plus taxes as may be applicable and reimbursement of such other out of pocket expenses, as may be incurred by them during the course of Audit.

RESOLVED FURTHER THAT approval of the Company be accorded to the Board of Directors of the Company (including any Committee thereof) to do all such acts, deeds, matters and to take all such steps as may be required in this connection including seeking all necessary approvals to give effect to this resolution and to settle any questions, difficulties or doubts that may arise in this regard."

4. Appointment of Mr. Manoj Mullassery Menon as Director

To consider and if thought fit, pass the following resolution as an **Ordinary Resolution:**

"RESOLVED THAT pursuant to the provisions of Section 149, 152 and all other applicable provisions of the Companies Act, 2013 and the Rules framed thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Manoj Mullassery Menon (DIN: 07642469), who was appointed by the Board of Directors as an Additional Director of the Company with effect from 17th October, 2019 and who holds office upto the date of this Annual General Meeting of the Company in terms of Section 161 of the Companies Act, 2013 and in respect of whom the Company has received a Notice in writing from a Member under Section 160 of the Companies Act, 2013 proposing his candidature for the office of Director of the Company, be and is hereby appointed as a Director of the Company liable to retire by rotation."

5. Approval of appointment and remuneration of Mr. Manoj Mullassery Menon as Whole-time Director of the Company

To consider and if thought fit, pass the following resolution as an **Ordinary Resolution:**

"RESOLVED THAT pursuant to provisions of the Section 196, 197 and other applicable provisions, if any, of the Companies Act, 2013 read with schedule V to the Companies Act, 2013, and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 including any statutory modification(s) or re-enactment thereof for the time being in force, approval of the members be and is hereby accorded to the appointment of Mr. Manoj Mullassery Menon (DIN: 07642469), as a Whole-time Director (designated as Executive Director) of the Company, for a period of 3 (three) years from 17th October, 2019, on the aggregate remuneration not exceeding ₹ 20 million subject to the terms and conditions as set out in the explanatory statement annexed to the Notice.

RESOLVED FURTHER THAT subject to the overall limits approved by the members at the 19th Annual General Meeting of the members of the Company with respect to payment of remuneration to Managing Director or whole-time directors, approval of the members be and is hereby accorded to the Board of Directors of the Company to decide, from time to time, on recommendation of the Nomination and Remuneration Committee of the Company, the salary, perquisites and other allowances and benefits which shall be paid to Mr. Manoj Mullassery Menon subject to condition that the aggregate remuneration shall not exceed the limit of remuneration of ₹ 20 million per annum as mentioned above.

RESOLVED FURTHER THAT Mr. Manoj Mullassery Menon shall also be entitled to Employees Stock Options in accordance with employees stock options scheme of the Company and perquisite value of the options exercised by him shall not be considered for the purpose of the limits of ₹ 20 million.

RESOLVED FURTHER THAT approval of the Company is accorded to the Board of Directors of the Company (including any Committee thereof) to do all such acts, deeds, matters and to take all such steps as may be required in this connection including seeking all necessary approvals to give effect to this resolution and to settle any questions, difficulties or doubts that may arise in this regard."

6. **Appointment of Mr. Anil Haridass as Director**

To consider and if thought fit, pass the following resolution as an **Ordinary Resolution:**

"RESOLVED THAT pursuant to the provisions of Section 149, 152 and all other applicable provisions of the Companies Act, 2013 and the Rules framed thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Anil Haridass (DIN: 00266080), who was appointed by the Board of Directors as an Additional Director of the Company with effect from 10th December, 2019 and who holds office upto the date of this Annual General Meeting of the Company in terms of Section 161 of the Companies Act, 2013 and in respect of whom the Company has received a Notice in writing from a Member under Section 160 of the Companies Act, 2013 proposing his candidature for the office of Director of the Company, be and is hereby appointed as a Director of the Company liable to retire by rotation."

7. **Approval of appointment and remuneration of Mr. Anil Haridass as Whole-time Director of the Company**

To consider and if thought fit, pass the following resolution as an **Ordinary Resolution:**

"RESOLVED THAT pursuant to provisions of the Section 2(51), 203, 196, 197 and other applicable provisions, if any, of the Companies Act, 2013 read with schedule V to the Companies Act, 2013, and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 including any statutory modification(s) or re-enactment thereof for the time being in force, approval of the members be and is hereby accorded to the appointment of Mr. Anil Haridass (DIN: 00266080), as a Whole-time Director (designated as Executive Director) of the Company, for a period of 3 (three) years from 10th December, 2019, on the aggregate remuneration not exceeding ₹ 20 million subject to the terms and conditions as set out in the explanatory statement annexed to the Notice.

RESOLVED FURTHER THAT subject to the overall limits approved by the members at the 19th Annual General Meeting of the members of the Company with respect to payment of remuneration to Managing Director or whole-time directors, approval of the members be and is hereby accorded to the Board of Directors of the Company to decide, from time to time, on recommendation of the Nomination and Remuneration Committee of the Company, the salary, perquisites and other allowances and benefits which shall be paid to Mr. Anil Haridass subject to condition that the aggregate remuneration shall not exceed the limit of remuneration of ₹ 20 million per annum as mentioned above.

RESOLVED FURTHER THAT Mr. Anil Haridass shall also be entitled to Employees Stock Options in accordance with employees stock options scheme of the Company and perquisite value of the options exercised by him shall not be considered for the purpose of the limits of Rs. 20 million.

RESOLVED FURTHER THAT approval of the Company is accorded to the Board of Directors of the Company (including any Committee thereof) to do all such acts, deeds, matters and to take all such steps as may be required in this connection including seeking all necessary approvals to give effect to this resolution and to settle any questions, difficulties or doubts that may arise in this regard."

By Order of the Board

Pankaj V. Goyal
Company Secretary & Compliance Officer
Membership No.: A 29614

Mumbai, 29th May, 2020

Registered Office:
Mahindra CIE Automotive Limited
Mahindra Towers, P. K. Kurne Chowk,
Worli, Mumbai - 400 018.
CIN: L27100MH1999PLC121285
E-mail: mcie.investors@cie-india.com
Website: www.mahindracie.com
Tel: +91 22 24931449
Fax:+91 22 24915890

NOTES

1. In view of the Covid-19 pandemic, the Ministry of Corporate Affairs (**"MCA"**) has vide its circular dated 5th May, 2020 read with circulars dated 8th April, 2020 and 13th April, 2020 (collectively referred to as **"MCA Circulars"**) permitted holding of the Annual General Meeting of companies through Video Conferencing or Other Audio Visual Means (**"VC / OAVM"**), without physical presence of the Members at a common venue.

2. In compliance with applicable provisions of the Companies Act, 2013 (**"the Act"**) read with the MCA Circulars and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (**"Listing Regulations"**), the 21st Annual General Meeting of the Company is being conducted through Video Conferencing (**"VC"**) **(hereinafter referred to as "AGM' or "e-AGM")**. In accordance with the Secretarial Standard -2 on General Meeting issued by the Institute of Company Secretaries of India (ICSI) read with Guidance/Clarification dated April, 15, 2020 issued by ICSI, the proceedings of the AGM shall be deemed to be conducted at the Registered Office of the Company which shall be the deemed Venue of the e-AGM.

3. **e-AGM:** Company has appointed KFin Technologies Private Limited, Registrars and Transfer Agents, to provide Video Conferencing facility for the e-AGM and the attendant enablers for conducting of the e-AGM.

4. Pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf who may or may not be a Member of the Company. Since this AGM is being held pursuant to the MCA Circulars through VC, physical attendance of Members has been dispensed with. **Further as per the MCA Circulars, the facility for appointment of proxies by the Members will not be available for the e-AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.**

5. Institutional / Corporate Shareholders (i.e. other than individuals / HUF, NRI, etc.) are required to send a scanned copy (PDF/JPG Format) of its Board or governing body Resolution/Authorization etc., authorizing its representative to attend the e-AGM on its behalf and to vote either through remote e-voting or during the e-AGM. The said Resolution/Authorization should be sent electronically through their registered email address to the Scrutinizer at sbhagwatcs@yahoo.co.in with a copy marked to mcie.investors@cie-india.com.

6. The Company's Registrar and Transfer Agents for its Share Registry Work (Physical and Electronic) is KFin Technologies Private Limited having office at Selenium Tower B, Plot number 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad, Telangana – 500032.

7. **Attending e-AGM :** Member will be provided with a facility to attend the e-AGM through video conferencing platform provided by KFin Technologies Private Limited. Members may access the same at https://evoting.karvy.com by clicking "e-AGM - Video Conference & Streaming" and access the shareholders'/ members' login by using the remote e-voting credentials which shall be provided as per Note No. 18 below. Kindly refer note no. 17 below for detailed instruction for participating in e-AGM through Video Conferencing.

8. The Members can join the e-AGM 15 minutes before and after the scheduled time of the commencement of the AGM by following the procedure mentioned in the Notice.

9. As per the MCA Circular up to 1000 members will be able to join the e-AGM on a first-come-first-served basis. However, this restriction shall not apply to large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc.

10. A member's log-in to the Video Conferencing platform using the remote e-voting credentials shall be considered for record of attendance of such member for the e-AGM and such member attending the meeting will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.

11. **Remote e-Voting:** Pursuant to the provisions of Section 108 of the Act, Rule 20 of the Companies (Management and Administration) Rules, 2014 , Regulation 44 of Listing Regulations, and the MCA Circulars, the Company is providing facility of remote e-voting to its Members through Company's Registrar and Transfer Agent KFin Technologies Private Limited. Kindly refer Note no. 18 below for detailed instruction for remote e-voting.

12. **Voting during the AGM:** Members who are present at the e-AGM through VC and have not cast their vote on resolutions through remote e-voting may cast their vote during the e-AGM through the e-voting system provided by KFin Technologies Private Limited in the Video Conferencing platform during the e-AGM. Kindly refer Note no. 19 below for instruction for e-voting during the AGM.

13. The Company has fixed Thursday, 18th June, 2020 as the cut-off date for identifying the Members who shall be eligible to vote through remote e-voting facility or for participation and voting in the e-AGM. A person whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the depositories as on the cut-off date shall be entitled to vote on the resolutions through the facility of Remote e-Voting or participate and vote in the e-AGM.

14. The Register of Members and Transfer Book of the Company will be closed from Friday, 19th June, 2020 to Thursday, 25th June, 2020 (both days inclusive).

15. In compliance with the aforesaid MCA Circulars and SEBI Circular dated 12th May, 2020, Notice of the e-AGM along with the Annual Report for the financial year ended on 31st December, 2019 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories. The Notice calling the AGM and the Annual Report has been uploaded on the website of the Company at www.mahindracie.com. The Notice can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively. The same is also available on the website of KFin Technologies Private Limited at the website address https://evoting.karvy.com/.

16. **Procedure for registering the email addresses and obtaining the Annual Report, e-AGM notice and e-voting instructions by the shareholders whose email addresses are not registered with the Depositories (in case of shareholders holding shares in Demat form) or with RTA (in case the shareholders holding shares in physical form)**

    i. Those members who have not yet registered their email addresses are requested to get their email addresses registered by following the procedure given below:

        a. Members holding shares in demat form can get their e-mail ID registered by contacting their respective Depository Participant.

        b. Members holding shares in physical form may register their email address and mobile number with Company's Registrar and Share Transfer Agent, KFin Technologies Private Limited by sending an e-mail request at the email ID einward.ris@kfintech.com along with signed scanned copy of the request letter providing the email address, mobile number, self-attested PAN copy and copy of share certificate for registering their email address and receiving the Annual report, AGM Notice and the e-voting instructions.

ii. Those members who have not registered their email addresses with the Company / Depository Participants, as the case may be, are requested to visit the website of the Company www.mahindracie.com and click on *'Click here for temporary registration of email id of shareholders for 21st AGM'* and follow the process as mentioned on the landing page to receive the Annual Report, AGM Notice and Voting Instructions.

In case of any queries, shareholder may write to einward.ris@kfintech.com.

iii. Those members who have registered their e-mail address, mobile nos., postal address and bank account details are requested to validate/update their registered details by contacting the Depository Participant in case of shares held in electronic form or by contacting KFin Technologies Private Limited, the Registrar and Share Transfer Agent of the Company, in case the shares held in physical form.

17. Instructions to the Members for attending the e-AGM through Video Conference:

i. Attending the e-AGM: Member will be provided with a facility to attend the e-AGM through video conferencing platform provided by KFin Technologies Private Limited. Members may access the same at https://evoting.karvy.com/ by clicking 'e-AGM Video Conference and Streaming' and login by using the remote e-voting credentials. The link for e-AGM will be available in 'shareholders'/members' login where the EVENT and the Name of the Company can be selected.

ii. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the instructions provided in remote e-Voting in Note No. 18 below.

iii. Members are encouraged to join the Meeting through Laptops with Google Chrome for better experience.

iv. Further Members will be required to allow access to the Camera, if any, and are requested to use Internet with good speed to avoid any disturbance during the meeting.

v. Please note that participants using Mobile Devices or Tablets or Laptops and are accessing the internet via "Mobile Hotspot" may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.

vi. Submission of Questions / queries prior to e-AGM:

a. Members desiring any additional information with regard to Accounts/ Annual Reports or has any question or query are requested to write to the Company Secretary on the Company's investor email-id i.e. mcie.investors@cie-india.com at least 2 days before the date of the e-AGM so as to enable the Management to keep the information ready. Please note that, members questions will be answered only if they continue to hold the shares as of cut-off date.

b. Alternatively, shareholders holding shares as on cut-off date may also visit https://evoting.karvy.com and click on the tab "Post Your Queries Here"" to post their queries/ views/questions in the window provided, by mentioning their name, demat account number/folio number, email ID, mobile number. The window shall be activated during the remote e-voting period and shall be closed 24 hours before the time fixed for the e-AGM.

vii. Speaker Registration before e-AGM: In addition to above speaker registration may also be allowed during the remote e-voting period. Shareholder who wish to register as speakers are requested to visit https://evoting.karvy.com/ and click on 'Speaker Registration' during this period. Shareholders shall be provided with a 'queue number' before the e-AGM. Shareholders are requested to remember the same and wait for their turn to be called by the Chairman of the meeting during the Question Answer Session. **Due to limitations of transmission and coordination during the e-AGM, the Company may have to dispense with or curtail the Speaker Session, hence shareholders are encouraged to send their questions etc. in advance as provided in note no. 17(vi) above.**

viii. All documents referred to in the accompanying explanatory statement are available for inspection upto the date of the e-AGM on the website of the Company at the following weblink:

https://www.mahindracie.com/investors/downloads/documents.html#other-documents-and-disclosures

ix. Members who wish to inspect, the Register of Directors and Key Managerial Personnel and their shareholding maintained under section 170 of Companies Act, 2013 and Register of Contracts or arrangements in which directors are interested maintained under section 189 of the Companies Act, 2013, can send an email to mcie.investors@cie-india.com.

18. Instructions for members for remote e-Voting:

In compliance with the provisions of Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended and the provisions of Regulation 44 of the Listing Regulations the Members are provided with the facility to cast their vote remotely on all resolutions set-forth in this notice through remote e-voting platform provided by KFin Technologies Private Limited **('remote e-voting')**.

Members attending the e-AGM who have not already cast their vote by remote e-Voting shall be able to cast their vote electronically during the meeting **(e-voting)** when window for e-voting is activated upon instructions of the Chairman.

i. The remote e-voting facility will be available during the following period:

   a. Day, date and time of commencement of remote e-voting: Monday, 22nd June, 2020 at 9:00 a.m.

   b. Day, date and time of end of remote e-voting beyond which remote e-voting will not be allowed: Wednesday, 24th June, 2020 at 5:00 p.m.

ii. Details of Website: https://evoting.karvy.com

iii. The voting rights of the Members holding shares in physical form or in dematerialized form, in respect of e-voting shall be reckoned in proportion to their share in the paid-up equity share capital as on the cut-off date being Thursday, 18th June, 2020. A person who is not a Member as on the cut-off date should treat Notice of this Meeting for information purposes only.

iv. The Company is sending through email, the AGM Notice and the Annual Report to the shareholders whose name is recorded as on Friday, 29th May, 2020 in the Register of Members or in the Register of Beneficial Owners maintained by the depositories. Any person who acquires Shares of the Company and becomes Member of the Company after Friday, 29th May, 2020 being the date reckoned for the dispatch of the AGM Notice & Annual Report and who holds shares as on the cut-off date i.e. Thursday, 18th June, 2020 , may obtain the User Id and password in the manner as mentioned below:

   a) If the mobile number of the Member is registered against Folio No./ DPID Client ID, the Member may send SMS:

      MYEPWD <space> 'e-Voting Event Number'

      +Folio number or DPID Client ID to

      +91-9212993399

      Example for NSDL: MYEPWD<SPACE>IN12345612345678

      Example for CDSL: MYEPWD<SPACE>1402345612345678

      Example for Physical: MYEPWD<SPACE> XXXX1234567890

   b) If e-mail address or mobile number of the Member is registered against Folio No./ DPID Client ID, then on the home page of https://evoting.karvy.com, the Member may click "Forgot Password" and enter Folio No. or DPID Client ID and PAN to generate a password.

   c) Member may call KFin's Toll free number 1-800-3454-001.

   d) Member may send an e-mail request to evoting@karvy.com.

v. The remote e-voting will not be allowed beyond the aforesaid date and time and the e-voting module shall be disabled by KFin Technologies Private Limited upon expiry of aforesaid period.

vi. Details of persons to be contacted for issues relating to e-voting:

   Mr. Sri Sai Karthik Tikkisetti, Manager - Corporate Registry, KFin Technologies Private Limited, Unit: Mahindra CIE Automotive Limited, Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032. Contact No. 040-6716 1500/1509 Toll Free No.: 18003454001, E-mail: karthik.tikkisetti@kfintech.com .

vii. Details of Scrutinizer: Mr. Sachin Bhagwat, Practicing Company Secretary (Membership No. ACS 10189) has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.

viii. The procedure and instructions for remote e-Voting facility are as follows:

   i. Open your web browser during the remote e-voting period and navigate to 'https:// evoting.karvy.com'.

   ii. Enter the login credentials (i.e. User ID and password mentioned in the email). Your Folio No. or DP ID /Client ID will be your User ID. However, if you are already registered with KFin for e-voting, you can use your existing User ID and password for casting your vote.

   iii. After entering these details appropriately, click on "LOGIN".

      You will now reach password change menu wherein you are required to mandatorily change your login password in the new password field. The new password has to be minimum eight characters consisting of at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (like *, #, @, etc.). The system will prompt you to change your password and update your contact details like mobile number, email ID, etc., on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.

iv. You need to login again with the new credentials.

v. On successful login, the system will prompt you to select the E- Voting Event Number for Mahindra CIE Automotive Limited.

vi. If you are holding shares in Demat form and had logged on to https:// evoting.karvy.com and casted your vote earlier for any other Company, then your existing login id and password are to be used.

vii. On the voting page, enter the number of shares (which represents the number of votes) as on the cut-off date i.e. Thursday, 18th June, 2020 under “FOR/ AGAINST” or alternatively, you may partially enter any number in “FOR” and partially in “AGAINST” but the total number in “FOR/AGAINST” taken together should not exceed your total shareholding as on the cut-off date.

viii. You may also choose the option “ABSTAIN” and the shares held will not be counted under either head.

ix. Members holding multiple folios/ demat accounts shall choose the voting process separately for each of the folios/demat accounts.

x. Voting has to be done for each item of the Notice separately. In case you do not desire to cast your vote on any specific item it will be treated as abstained.

xi. You may then cast your vote by selecting an appropriate option and click on “Submit”. A confirmation box will be displayed. Click “OK” to confirm else “CANCEL” to modify. Once you confirm, you will not be allowed to modify your vote.

xii. During the voting period, Members can login any number of times till they cast their vote on the Resolution(s).

xiii. Corporate/Institutional Members (i.e. other than Individuals, HUF, NRIs, etc.) are also required to send scanned certified true copy (PDF Format) of the Board Resolution/ Authority Letter, etc., together with attested specimen signature(s) of the duly authorised representative(s), to the Scrutinizer at e-mail ID: sbhagwatcs@yahoo.co.in with a copy to evoting@karvy.com. They may also upload the same in the e-voting module in their login. The scanned image of the above-mentioned documents should be in the naming format “Corporate Name_ EVENT NO.”

In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and e-voting User Manual for Members available at the download section of https://evoting.karvy.com or contact Mr. Sri Sai Karthik Tikkisetti of KFin Technologies Private Limited at 040- 6716 1509 or at 1800-3454-001 (toll free).

ix. The Scrutinizer’s decision on the validity of the vote shall be final.

x. Once the vote on a resolution stated in this notice is cast by Member through remote e-voting, the Member shall not be allowed to change it subsequently and such e-vote shall be treated as final. The Members who have cast their vote by remote e-voting may also attend the e-AGM, however such Member shall not be allowed to vote again during the e-AGM.

xi. The Scrutinizer after scrutinising the votes cast by remote e-voting and e-voting during the e-AGM will make a consolidated Scrutinizer’s Report and submit the same forthwith not later than 48 hours of conclusion of the e-AGM to the Chairman of the Company or a person authorised by him in writing, who shall countersign the same.

xii. The Results declared along with the consolidated Scrutinizer’s Report shall be hosted on the website of the Company i.e. www.mahindracie.com and on the website of KFin Technologies Private Limited i.e. https://evoting.karvy.com. The results shall simultaneously be communicated to BSE Limited and the National Stock Exchange of India Limited. The result shall also be displayed on the Notice Board at the Registered Office of the Company.

xiii. The Resolutions shall be deemed to be passed at the registered office of the Company on the date of the e-AGM, subject to receipt of the requisite number of votes in favour of the Resolutions.

19. Instructions for members for Voting during the e-AGM session:

i. The e-voting window shall be activated upon instructions of the Chairman during the e-AGM.

ii. E-voting during the AGM is integrate with the VC platform and no separate login is required for the same. The shareholders shall be guided on the process during the e-AGM.

iii. Members / shareholders, attending the e-AGM through Video Conference and who have not cast their vote on resolutions through Remote e-Voting shall be eligible to cast their vote through e-voting system available during the e-AGM.

iv. Members who have voted through Remote e-Voting will be eligible to attend the e-AGM, however, they shall not be allowed to cast their vote again during the e-AGM.

GENERAL INSTRUCTIONS AND INFORMATION FOR SHAREHOLDERS

20. Members can avail the facility of nomination in respect of shares held by them in physical form pursuant to the provisions of Section 72 of the Companies Act, 2013 read with Rule 19(1) of the Companies (Share Capital

and Debentures) Rules, 2014. Members desiring to avail this facility may send their nomination in the prescribed Form No. SH. 13 duly filled in to M/s KFin Technologies Private Limited on einward.ris@kfintech.com. Members holding shares in demat form may contact their Depository Participant for availing this facility.

21. The Company has not declared any dividend so far. However, pursuant to the Integrated scheme and the Composites scheme of Amalgamation Mahindra Ugine Steel Company Limited (MUSCO) and Mahindra Composites Limited (MCL) merged with the Company, both MUSCO and MCL had unclaimed dividends which were transferred in the Books of the Company. Pursuant to the provisions of section 124 of the Companies Act, 2013 and Companies (Declaration and Payment of Dividend) Rules, 2014, the Company has already transferred the entire unclaimed dividend pertaining to MUSCO and MCL which was transferred in the books of the Company to IEPF. No claim lies against the Company in respect of these dividends. Pursuant to the provisions of Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 as may be amended from time to time, the Company has uploaded the details of said unpaid and unclaimed amounts transferred to IEPF by the Company on its website at http://www.mahindracie.com/investors/downloads/documents.html#unclaimed-amounts and also on the website of IEPF viz. www.iepf.gov.in.

22. The Members whose dividend is transferred to the IEPF Authority can claim the same from the IEPF Authority by following the procedure as detailed on the website of IEPF Authority http://iepf.gov.in/IEPFA/refund.html.

23. Further, pursuant to the Integrated scheme and the Composites scheme, the fractional entitlement of the member(s) of the Transferor Companies were consolidated and equity shares arising out of such consolidation were allotted to an Trustee who in turn had sold said shares in the open market at the prevailing market prices and transferred the net sale proceeds thereof to the Company and the Company had in turn distributed the said proceeds to respective members in the ratio of their fractional entitlements by permitted mode. The details of the members whose fractional entitlements are lying unclaimed with the Company is uploaded on the website of the Company at: http://www.mahindracie.com/investors/downloads/documents.html#unclaimed-amounts.

24. The concerned Members are requested to verify the details of their unclaimed amounts, if any, from the said websites and accordingly lodge their claim before the same is due for transfer to the IEPF. It may be noted that once the unpaid amount of fractional entitlement is transferred to IEPF, no claim shall lie against the Company in respect thereof.

25. Updation of Members' Details:

The format of the Register of Members prescribed by the Ministry of Corporate Affairs under the Companies Act, 2013 requires the Company/ Registrar and Transfer Agents to record additional details of Members, including their PAN details, e-mail address, etc. Members holding shares in physical form are requested to submit these additional details to KFin Technologies Private Limited in the prescribed form. Members holding shares in electronic form are requested to submit the details to their respective Depository Participants.

26. Members are requested to:

a) Intimate to KFin Technologies Private Limited at the address mentioned at Note No. 6 above, changes, if any, in their registered addresses at an early date, in case of Shares held in physical form;

b) Intimate to the respective Depository Participant, changes, if any, in their registered addresses, mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s) at an early date, in case of Shares held in dematerialised form;

c) Quote their folio numbers/Client ID/DP ID in all correspondence; and

d) Consolidate their holdings into one folio in case they hold Shares under multiple folios in the identical order of names.

27. Non-Resident Indian Members are requested to inform Registrar and Share Transfer Agent of the Company immediately of:

a) Change in their residential status on return to India for permanent settlement.

b) Particulars of their bank account maintained in India with complete name, branch, account type, account number, IFSC code and address of the bank with pin code number, if not furnished earlier.

28. Pursuant to the Integrated scheme and the Composites scheme of Amalgamation Mahindra Ugine Steel Company Limited (MUSCO) and Mahindra Composites Limited (MCL) merged with the Company, the share certificates in respect of aforesaid issue and allotment of shares were dispatched to eligible members at the addresses registered with the respective Transferor Companies. While majority of the members have received the share certificates, a few of the share certificates were returned to the Company as "returned undelivered" and are lying with KFin Technologies Private Limited. These share certificates were 'undelivered' due to various reasons including 'incomplete address', 'persons left the address' etc. and postal authorities returned these to the RTA.

In this regard, pursuant to Regulation 39(4) read with Schedule VI of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has send three letters to members for claiming their unclaimed shares on 3rd May, 2017, 15th July, 2017 and 2nd May, 2018. The Company had received many responses from members, but many share certificates still remain unclaimed. The Company has transferred the said cases in Unclaimed Suspense Account of the Company and is in process of dematerialising the said shares. To claim such unclaimed shares the members can contact the Company or KFin Technologies Private Limited.

29. Pursuant to SEBI circular SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated 20th April, 2018 the Company has sent three letters to such members on 30th May, 2018, 2nd July, 2018 and 10th September, 2018 where folios do not have or have incomplete details of PAN and/or Bank Account to compulsorily furnish these details to the Registrar and Share Transfer Agent (RTA) / the Company for updating the details in the folio. These cases also included shares which were unclaimed. The members who are yet to update their PAN and/or Bank Account details are requested to update the same by providing the duly filled format for furnishing the PAN and Bank details which is enclosed herewith this Notice, along-with all necessary documents as mentioned therein and send the same to KFin Technologies Private Limited.

30. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Fourth Amendment) Regulations, 2018 read with SEBI (Registrars to an Issue and Share Transfer Agents) (Amendment) Regulations 2018 (RTA Regulations) mandated that the transfer of securities would be carried out in dematerialized form only. In accordance with the said circular the members of the Company are requested to note that, with effect from 1st April, 2019:

    a. except in case of transmission or transposition of securities, requests for effecting transfer of securities shall not be processed unless the securities are held in dematerialized form with a depository. Accordingly, any shareholder who is desirous of transferring shares (which are held in physical form) after 1st April, 2019 can do so only after the shares are dematerialized

    b. however, the above does not prohibit a shareholder from holding shares in physical form even after 1st April, 2019

31. The Company in this regard has sent three letters on 31st August, 2018, 1st October, 2018 and 1st November, 2018 to the shareholders informing them about the above requirement. We request all the shareholders holding shares in Physical Form to demat their shares at the earliest.

Additional information with respect to Item No. 2

ITEM NO. 2

Mr. Zhooben Dossabhoy Bhiwandiwala, the Director of the Company, is liable to retire by rotation and being eligible, have offered himself for re-appointment.

Mr. Bhiwandiwala, 59, has a Commerce degree from H.R. College, Mumbai and is a Chartered Accountant. Mr. Bhiwandiwala began his career with Mahindra and Mahindra Limited in 1985 where he also served as senior vice president of corporate affairs. He has worked for 34 years with the Mahindra group, acquiring wide cross-functional experience across several sectors and playing an active part in finance, legal, human resource, marketing, strategy and other commercial functions.

Mr. Bhiwandiwala was appointed as the Additional Director of the Company with effect from 29th July, 2014, and as a Director liable to retire by rotation, at the 15th Annual General Meeting held on 29th September 2014. Mr. Bhiwandiwala had retired by rotation and was re-appointed by the members of the Company at the 18th Annual General Meeting of the Company held on 27th April, 2017.

Directorship and Committee positions held by Mr. Bhiwandiwala in other Public Limited Companies is provided in table below:

Sr. No.	Name of the Public Company in which he is Director	Audit Committee	Nomination and Remuneration Committee	Corporate Social Responsibility Committee
1.	Mahindra Intertrade Limited	-	-	Chairman
2.	Mumbai Mantra Media Limited	Member	Chairman	-
3.	Mahindra Retail Limited	Member	Member	-
4.	Mahindra Auto Steel Private Limited*	Chairman	-	Chairman
5.	Mahindra Susten Private Limited*	Member	-	-
6.	Mahindra Holdings Limited	-	-	-

*subsidiary of a public limited company

Apart from above, Mr. Bhiwandiwala holds directorship in following private limited companies : 1) Mahindra Marine Private Limited, 2) Ekatra Hospitality Ventures Private Limited, 3) Cinestaan Digital Private Limited, 4) Mahindra Tsubaki Conveyor Systems Private Limited and 5) Brainbees Solutions Private Limited.

Mr. Bhiwandiwala did not receive any remuneration from the Company. He holds 21,500 Equity Shares of the Company as on the date of this Notice.

During the financial year ended on 31st December, 2019, 7 (Seven) Board Meetings of the Company were held and Mr. Bhiwandiwala attended all the meetings.

Mr. Bhiwandiwala is not disqualified from being appointed as Director in terms of Section 164 of the Act and he is not restrained from holding position of director in any listed company by virtue of any order of SEBI or any such authority.

None of the Directors and Key Managerial Personnel of the Company is related inter-se.

None of the Directors, Key Managerial Personnel of the Company and their relatives is in any way concerned or interested, financially or otherwise, in the Resolution set out at Item No. 2 of the Notice.

The Board recommends the Ordinary resolution as set out in item no. 2 of this Notice for approval of the Members.

EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No. 3

The Board of Directors, at their Meeting held on 26th February, 2020, on the recommendation of the Audit Committee, approved the re-appointment of M/s. Dhananjay V. Joshi & Associates, Cost Accountants, as Cost Auditors of the Company for conducting the audit of the cost records of the Company, for the Financial Year ending 31st December, 2020, at a remuneration of Rs. 13,20,000 (Rupees Thirteen Lakhs Twenty Thousand Only) plus taxes as may be applicable and reimbursement of such other out of pocket expenses, as may be incurred by them during the course of Audit.

Pursuant to section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, Members are required to ratify the remuneration to be paid to the Cost Auditors of the Company.

Accordingly, consent of the Members of the Company is sought for ratification of the remuneration payable to the Cost Auditors for conducting the Audit of Cost records, for the Financial Year ending 31st December, 2020.

None of the Directors, Key Managerial Personnel of the Company and their relatives is in any way concerned or interested, financially or otherwise, in the Resolution set out at Item No. 3. of the Notice.

The Board recommends the Ordinary resolution set out at Item No. 3 of the Notice for approval of the Members.

Item No. 4 and 5

Pursuant to Section 161 of the Companies Act, 2013, on recommendation of Nomination and Remuneration Committee the Board of Directors had, at its meeting held on 27th September, 2019 approved appointment of Mr. Manoj Mullassery Menon as Additional Director of the Company w.e.f. 17th October, 2019. Mr. Menon was nominated by Participaciones Internacionales Autometal, DOS S.L., one of the Promoters of the Company pursuant to Article 144(2) of the Articles of Association of the Company. In accordance with Section 161 of the Companies Act, 2013, Mr. Menon holds office of the Director up to the date of 21st Annual General Meeting.

In accordance with Section 160 of the Companies Act, 2013, the Company has received notice in writing from Participaciones Internacionales Autometal, DOS S.L., as Member of the Company, intending to propose the candidature of Mr. Menon for appointment as Director of the Company.

Brief Profile of Mr. Menon

Mr. Menon, 51, has completed his B. Tech in Production Engineering from National Institute of Technology, Calicut and Masters in Management Studies from Symbiosis Institute of Business Management. Mr. Menon was the Executive Director and CEO of Mahindra Gears and Transmissions Private Limited (MGTPL), the erstwhile wholly owned subsidiary of the Company. Mr. Menon has an experience of more than 29 years of setting up green field projects to heading operations and strategy. In 2017, Mr. Menon was appointed as the CEO of the Foundry and Magnetics products division of the Company, in addition to his responsibility in the Gears Division. In 2018, Mr. Menon was charged with additional responsibility of Stampings and Composites Divisions of the Company.

Apart from the Company, he holds directorship in BF Precision Private Limited. As on the date of this notice, he does not hold directorships and committee position in any other public company.

From the date of appointment of Mr. Menon, 2 (Two) Board Meetings of the Company were held during the financial year ended 31st December, 2019 and Mr. Menon attended both the meetings.

Mr. Menon is not disqualified from being appointed as Director in terms of Section 164 of the Act and he is not restrained from holding position of director in any listed company by virtue of any order of SEBI or any such authority.

The Board is of the view that Mr. Manoj Menon's knowledge and experience will be of immense benefit and value to the Company and pursuant to the recommendation of the Nomination and Remuneration Committee, recommends his appointment as Director liable to retire by rotation to the Members.

Further, pursuant the Section 196, 197 read with Schedule V of the Companies Act, 2013, on recommendation of Nomination and Remuneration Committee, the Board at its meeting held on 27th September, 2019 appointed Mr. Menon as Whole-time Director of the Company for a period of 3 (three) years from 17th October, 2019 and also approved the terms and conditions of his appointment including the remuneration.

The Board of Directors of the Company had at its meeting held on 27th September 2019, on recommendation of the Nomination and Remuneration Committee, approved payment of total aggregate remuneration of Rs. 14 million to Mr. Menon from the date of his appointment (excluding the Stock Options). The remuneration payable to Mr. Menon is subject to annual evaluation in accordance with the policy of the Company. The Board, on recommendation of Nomination and Remuneration Committee, at the meeting held on 26th February, 2020, considered and fixed maximum aggregate limit of remuneration to Rs. 20 million per annum which may be payable to Mr. Menon, considering the annual increments which may be paid, during the term of his appointment in accordance with the policy of the Company.

The Members of the Company are requested to consider and approve the aforesaid maximum limit of remuneration of Rs. 20 million and authorise the Board of Directors of the Company, on recommendation of the Nomination and Remuneration Committee, to fix the remuneration payable to Mr. Menon within the said limits, in accordance with the Policy of the Company.

The remuneration payable to Mr. Menon shall include the Basic Salary, Allowances which may include House Rent Allowance, Children's Education Allowance, Leave Travel Allowance, Medical Allowance, Supplementary Allowance etc. and Perquisites which may include company provided car for official and personal use, telephone and other communication facilities etc. in accordance with the policies of the Company. Mr. Menon shall also be entitled to benefits such as Contribution to Provident Fund, Superannuation fund and Gratuity. The value of perquisites would be determined as per Income Tax Rules, 1962 wherever applicable and at cost in the absence of any such Rule.

In addition to the above, Mr. Menon shall be entitled to grant of Stock Options in accordance with Company's Employee Stock Options Scheme approved by the Members. Perquisite Value of the Stock Options exercised by Mr. Menon shall not be considered for the purpose of above limits of ₹ 20 million.

The members of the Company had at the 19th Annual General Meeting of the Company held on 19th April, 2018, authorised the Board of Directors of the Company to pay remuneration to all the Executive Directors [i.e. Managing Director or Whole-time Director] of the Company taken together, upto 7% of the net profits of the Company in a financial year. Accordingly, the total remuneration of Mr. Menon including the perquisite value of the stock options shall be subject this overall maximum limit of remuneration for all the Executive Directors of the Company taken together.

During the year 2019, Mr. Menon drew remuneration of Rs. 8.74 million prior to his appointment as Whole-time Director of the Company i.e., upto 16th October, 2019. As on the date of this Notice, Mr. Menon holds 12,448 Equity Shares of the Company and had 18,220 unexercised stock options granted to him under the 'Mahindra CIE Automotive Limited Employees Stock Option Scheme – 2015'.

Mr. Menon satisfies all the conditions set out in Part-I of Schedule V to the Act as also conditions set out under sub-section (3) of Section 196 of the Act for being eligible for his appointment as Whole-time Director.

Pursuant to Sections 196, 197, 203 and all other applicable provisions of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification or re-enactment thereof for the time being in force) read with Schedule V of the Act, the proposal of appointment of Mr. Menon as Whole-time Director (Designated as Executive Director) of the Company and terms and conditions of his appointment including remuneration payable to Mr. Menon is now being placed before the Members for their approval. The Members of the Company are requested to consider and approve the maximum limit of remuneration of Rs. 20 million and authorise the Board of Directors of the Company, on recommendation of the Nomination and Remuneration Committee, to fix the remuneration payable to Mr. Menon within the said limits, in accordance with the Policy of the Company.

In accordance with Section 190 of the Act, Employment Contract of Mr. Menon setting out the terms of his appointment including remuneration payable to him, the Articles of Association of the Company and the notice received from the promoter and member of the Company as mentioned herein above shall be available for inspection by the members in electronic form up to the date of Annual General Meeting on the website of the Company at the following link:

https://www.mahindracie.com/investors/downloads/documents.html#other-documents-and-disclosures

None of the Directors and Key Managerial Personnel of the Company is related inter-se.

None of the Directors, Key Managerial Personnel of the Company and their relatives is in any way concerned or interested, financially or otherwise, in the Resolution set out at Items No. 4 and 5 of the Notice.

The Board recommends the Ordinary resolutions as set out in Items no. 4 and 5 of this Notice for approval of the Members.

Item No. 6 and 7

Pursuant to Section 161 of the Companies Act, 2013, on recommendation of Nomination and Remuneration Committee the Board at its meeting held on 10th December, 2019 has approved appointment of Mr. Anil Haridass as Additional Director of the Company w.e.f. 10th December, 2019. Mr. Haridass was nominated by Participaciones Internacionales Autometal, DOS S.L., one of the Promoters of the Company pursuant to Article 144(2) of the Articles of Association of the Company. In accordance with the Section 161 Mr. Haridass holds office of the Director up to the date of 21st Annual General Meeting.

In accordance with Section 160 of the Companies Act, 2013 and in accordance with rights vested under Article 144(2) of the Articles of Association of the Company, the Company has received notice in writing from Participaciones Internacionales Autometal, DOS S.L., as member of the Company, intending to propose the candidature of Mr. Haridass for appointment as Director of the Company.

Brief Profile of Mr. Haridass

Mr. Haridass, 61, is Graduate in Metallurgical Engineering from PSG College of Technology, University of Madras. Mr. Haridass has more than thirty five years of experience in the automotive segment with setting up Bill Forge Private Limited (Bill Forge) in 1982 (a wholly-owned subsidiary of the Company now merged with the Company). He has been with Bill Forge from its very inception and under his leadership, Bill Forge witnessed sustained growth.

Mr. Haridass was primarily involved with the marketing and new product development footprint of Bill Forge. Bill Forge served many customers within India and overseas including the US, Mexico, Europe, Asia and Japan. He has also been actively involved with bodies such as the Automotive Component Manufacturers Association of India, Association of Indian Forging Industry and the International Cold Forging Group.

Apart from the Company, Mr. Haridass holds directorship in BF Precision Private Limited. He does not hold directorships and committee position in any other public company.

Mr. Haridass was appointed at the Board Meeting held on 10th December, 2019 which was attended by him. No other meeting of Board of Directors was held post the date his appointed during the financial year ended 31st December, 2019.

Mr. Haridass is not disqualified from being appointed as Director in terms of Section 164 of the Act and he is not restrained from holding position of director in any listed company by virtue of any order of SEBI or any such authority.

The Board is of the view that Mr. Anil Haridass's knowledge and experience will be of immense benefit and value to the Company and pursuant to the recommendation of the Nomination and Remuneration Committee, recommends to the Members his appointment as Director liable to retire by rotation.

Further, Pursuant the Section 196, 197 read with Schedule V of the Companies Act, 2013, on recommendation of Nomination and Remuneration Committee, the Board at its meeting held on 10th December, 2019 appointed Mr. Haridass as Whole-time Director (designated as Executive Director) of the Company for a period of 3 (three) years from 10th December, 2019 and also approved the terms and conditions of his appointment including the remuneration.

The Board of Directors of the Company had at its meeting held on 27th September 2019, on recommendation of the Nomination and Remuneration Committee, approved payment of total aggregate remuneration of Rs. 16 million to Mr. Haridass from the date of his appointment (excluding the Stock Options). The remuneration payable to Mr. Haridass is subject to annual evaluation in accordance with the Policy of the Company. The Board, on recommendation of Nomination and Remuneration Committee, at the meeting held on 26th February, 2020, considered and fixed maximum aggregate limit of remuneration to Rs. 20 million per annum which may be payable to Mr. Haridass considering the annual increments, if any, which may be paid during the term of his appointment in accordance with the Policy of the Company.

The remuneration payable to Mr. Haridass shall include the Basic Salary, Allowances which may include House Rent Allowance, Children's Education Allowance, Leave Travel Allowance, Medical Allowance, Supplementary Allowance etc. and Perquisites which may include company provided car for official and personal use, telephone and other communication facilities etc. in accordance with the policies of the Company. Mr. Haridass shall also be entitled to benefits such as Contribution to Provident Fund, Superannuation fund and Gratuity. The value of perquisites would be determined as per Income Tax Rules, 1962 wherever applicable and at cost in the absence of any such Rule.

In addition to the above, Mr. Haridass shall be entitled to grant of Stock Options in accordance with Company's Employee Stock Options Scheme approved by the Members. Perquisite Value of the Stock Options which may be exercised by Mr. Haridass shall not be considered for the purpose of above limits of Rs. 20 Million.

The members of the Company had at the 19th Annual General Meeting of the Company held on 19th April, 2018 authorised the Board of Directors of the Company to pay remuneration to all the Executive Directors [i.e. Managing Director or Whole-time Director] of the Company taken together upto 7 % of the net profits of the Company in a Financial Year. Accordingly, the total remuneration of Mr. Haridass including the perquisite value of the stock options shall be subject this overall maximum limit of remuneration for all the Executive Directors of the Company taken together.

Prior to the appointment as Whole-time Director of the Company, Mr. Haridass drew remuneration of Rs. 43.27 million which includes the remuneration drawn from Bill Forge. (This included one time of bonus of 25 million paid to him by Bill Forge in accordance with agreement executed by Bill Forge). Further, Mr. Haridass also held 5,585,058 Equity Shares of the Company (with no change as on the date of this Notice). Mr. Haridass is not holding any stock options in the Company.

Mr. Haridass satisfies all the conditions set out in Part-I of Schedule V to the Act as also conditions set out under sub-section (3) of Section 196 of the Act for being eligible for his appointment as Whole-time Director.

Pursuant to Sections 196, 197, 203 and all other applicable provisions of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification or re-enactment thereof for the time being in force) read with Schedule V of the Act, the proposal of appointment of Mr. Haridass as Whole-time Director (Designated as Executive Director) of the Company and terms and conditions of his appointment including remuneration payable to Mr. Haridass is now being placed before the Members for their approval. The Members of the Company are requested to consider and approve the maximum limit of remuneration of ₹ 20 million and authorise the Board of Directors of the Company, on recommendation of the Nomination and Remuneration Committee, to fix the remuneration payable to Mr. Haridass within the said limits, in accordance with the Policy of the Company.

In accordance with Section 190 of the Act, Employment Contract of Mr. Anil Haridass setting out the terms of his appointment including remuneration payable to him, the Articles of Association of the Company and the notice received from the promoter and member of the Company as mentioned herein above shall be available for inspection by the members in electronic form up to the date of Annual General Meeting on the website of the Company at the following link:

https://www.mahindracie.com/investors/downloads/documents.html#other-documents-and-disclosures

None of the Directors and Key Managerial Personnel of the Company is related inter-se.

None of the Directors, Key Managerial Personnel of the Company and their relatives is in any way concerned or interested, financially or otherwise, in the Resolution set out at Items No. 6 and 7 of the Notice.

The Board recommends the Ordinary resolutions as set out in Items no. 6 and 7 of this Notice for approval of the Members.

By Order of the Board

Pankaj V. Goyal
Company Secretary & Compliance Officer
Membership No.: A 29614

Mumbai, 29th May, 2020

Registered Office:
Mahindra CIE Automotive Limited
Mahindra Towers, P. K. Kurne Chowk,
Worli, Mumbai - 400 018.
CIN: L27100MH1999PLC121285
Email: mcie.investors@mahindracie.com
Website: www.mahindracie.com
Tel: +91 22 24931449
Fax:+91 22 24915890

FORMAT FOR FURNISHING THE PAN AND BANK DETAILS

To
KFin Technologies Private Limited
Selenium, Tower B, Plot 31-32,
Gachibowli, Financial District, Nanakramguda,
Hyderabad - 500 032

Dear Sir,

Unit: MAHINDRA CIE AUTOMOTIVE LIMITED

I/ We furnish below my/our folio details along with PAN and/or Bank account details for updation and confirmation of same in the records. **I/we are enclosing the self-attested copies of PAN card(s) of all the holders, original cancelled cheque leaf showing the name of the account holder / original cancelled cheque along with self attested copy of the pass book first page or Bank account statement duly attested by the Bank, showing name of the account holder and address proof viz., self attested copy of Aadhaar cards of all the holders, as required for updation of the details**:

Folio No.	
Address of the first named shareholder as per the share certificate	
Mobile No.	
E-Mail id	

Bank Account Details : (for electronic credit of unpaid dividends and all future dividends)			
Name of the Bank			
Name of the Branch			
Account Number (as appearing in your cheque book)			
Account Type (Saving / Current / Cash Credit)	**Saving**	**Current**	**Cash Credit**
9 Digit MICR Number (as appearing on the MICR cheque issued by the bank)			
11 Digit IFSC Code			

	PAN No	**Name**	**Signature**
First Holder :			
Joint Holder 1 :			
Joint Holder 2 :			

Date:

Place:

Note:

1. **Ensure that all the required details are filled in this form including folio no. and details of all joint-holder(s).**
2. **Ensure that supporting documents attached with the application are self-attested by respective holder(s).**
3. **Ensure that details filled in this form match with supporting documents provided.**
4. **Ensure that this form is signed by all the holder(s) of the share(s) as per folio.**