

DIRECTORS' REPORT TO THE SHAREHOLDERS OF MAHINDRA AEROSPACE PRIVATE LIMITED

Your Directors present their Thirteenth Report together with the audited financial statements of your Company for the year ended 31st March, 2020.

FINANCIAL HIGHLIGHTS AND STATE OF COMPANY'S AFFAIRS

(Rs. in Lakhs)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Total Income	16.21	238.15
Profit / (Loss) before Depreciation, Finance Costs and Taxation	(31,872.58)	(17,965.42)
Less : Depreciation & Amortization	3.44	-
Profit / (Loss) before Finance Costs and Tax	(31,876.02)	(17,965.42)
Less: Finance Costs	1.04	4.47
Profit / (Loss) before Exceptional Item	(31,877.06)	(17,969.89)
Less / Add: Exceptional Item	-	-
Profit / (Loss) before Tax	(31,877.06)	(17,969.89)
Provision for Tax / tax of earlier years	60.64	4.69
Profit / (Loss) for the year	(31,937.70)	(17,974.58)
Other Comprehensive Income, net of tax	0.81	0.60
Total Comprehensive income for the period	(31,936.89)	(17,973.98)
Balance of profit / (Loss) for earlier years	(46,825.75)	(28,851.17)
Profit or (Loss) for the year	(31,937.70)	(17,974.58)
Balance of Profit carried forward	(78,763.45)	(46,825.75)
Net Worth	27,594.67	53,381.56

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

DIVIDEND

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

AMOUNT TRANSFERRED TO RESERVES

The Board of Directors have decided not to transfer any amount, in view of the losses, to Reserves for the year under review.

MAHINDRA AEROSPACE PRIVATE LIMITED

OPERATIONS:

During the year, the Company's step-down subsidiary GippsAero Pty Ltd (GAPL), delivered in full the fleet order of 10 Airvan 8 aircraft for China. The company is currently focussing on executing surveillance orders in hand.

During the year, the Company's subsidiary Mahindra Aerostructures Private Limited (MASPL) maintained its growth trajectory and achieved positive EBITDA and cash profit on a turnover of Rs 92.11 Crores.

MASPL also sustained its delivery performance and continues to be a 'Gold Rated Supplier' to Boeing (more than 12 months of 100% on time deliveries with no quality issues). It won recognition from Airbus for its commitment to quality improvement and won an "Honourable Mention" award at the annual Airbus suppliers conference in Toulouse, France. MASPL also achieved a prestigious milestone with the delivery of the 1000th Door Skin Assembly to its customer SAAB Aerostructures in March 2020.

As a first step in its strategy to reduce over-dependence on aerostructures majors, MASPL also gained entry into the aircraft engine components domain during FY20, by winning a package from an aero-engines OEM. This contract enables MASPL to further expand its capability in the Hard Metals category, and serial deliveries are expected to start from the 1st quarter of CY 21. MASPL also continues to pursue various opportunities in India and abroad for larger value work and these efforts are expected to yield results in the coming years

Due to the national lockdown, MASPL had to close its plant from 24th March 2020. Subsequently, Govt of Karnataka relaxed lockdown restrictions for the Aerospace industry. After getting due approvals from State and District authorities and carrying out plant sanitization, MASPL started essential operations with strict limits on staff strength and top priority to mandatory health and safety protection procedures. The pandemic has significantly impacted the global aviation industry and aerospace supply chain. However, customers of MASPL are yet to provide updated projections on their market outlook.

SHARE CAPITAL

During the year the Authorised Share Capital of the Company was increased from 955 Crores to Rs. 1005 crores divided into 80,00,00,000 Equity Shares of Rs. 10/- each, 1,50,00,000, 5 % Non-Cumulative Compulsorily Convertible Preference Shares of Rs. 10/- each and 19,00,00,000 0.1 % Cumulative Compulsorily Convertible Preference Shares of Rs. 10/- each.

MAHINDRA AEROSPACE PRIVATE LIMITED

During the year under review, your Company issued 6,25,00,000 Equity Shares of Rs. 10/- each on rights basis. Out of the issued Equity Shares, 6,14,99,980 Equity Shares of Rs. 10/- each were allotted and the balance 1,00,00,020 Equity Shares were cancelled due to non-subscription by the Members. Consequently, the issued and paid up Share Capital of the Company as at the end of the financial year under review was Rs. 756,12,96,070 consisting of Equity Shares of 75,11,29,607 of Rs. 10/- each and 5 % Non-Cumulative Compulsorily Convertible Preference Shares of 50,00,000 of Rs. 10/- each.

HOLDING COMPANY

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

SUBSIDIARIES, JOINT VENTURE AND ASSOCIATE COMPANIES

As on 31st March, 2020, your Company had the following subsidiaries.

A report on the performance and financial position of each of the subsidiaries and their contribution to the overall performance of the Company, is provided in Form AOC 1 which is attached to the Financial Statement and forms part of this Annual Report.

1. Mahindra Aerostructures Private Limited:

The Company was incorporated in 2011 for the purpose of manufacture of aerospace components and aerostructures.

Your Company holds 100 % of the share capital and voting power in the Company. During the year the Company incurred loss of Rs.861.65 Lakhs (Previous Year Rs. 1,958.92 Lakhs).

2. Mahindra Aerospace Australia Pty Limited:

The Company was incorporated in 2010 for the purpose of holding the investments in Australian companies.

Your Company holds 100 % of the share capital and voting power in the Company. During the year the Company incurred loss of Rs. 26,847.91 Lakhs (Previous Year Rs. 8,964.22 Lakhs).

3. Gipps Aero Pty Ltd:

The Company was acquired in 2010, which manufactures aircrafts.

Your Company holds 100 % of the share capital and voting power in the Company. During the year the Company incurred loss of Rs. 10,690.49 Lakhs (Previous Year Rs. 9,816.64 Lakhs).

4. Airvan Flight Services Pty Ltd

The Company was acquired in 2010, which holds "Air Operator Certificate".

Your Company holds 100 % of the share capital and voting power in the Company. During the year the Company incurred loss of Rs. 0.16 Lakhs (Previous Year. Rs. 0.17 Lakhs).

5. GA8 Airvan Pty Ltd:

The Company was acquired in 2010, which holds "CASA Type Certificate"

Your Company holds 100 % of the share capital and voting power in the Company. During the year the Company incurred loss of Rs. 0.16 Lakhs (Previous Year Rs. 0.17 Lakhs).

6. GA200 Pty Ltd:

The Company was acquired in 2010, which holds "CASA Type Certificate"

Your Company holds 100 % of the share capital and voting power in the Company. During the year the Company incurred loss of Rs. 0.16 Lakhs (Previous Year Rs. 0.17 Lakhs).

7. Nomad TC Pty Ltd:

The Company was acquired in 2010, which holds "CASA Type Certificate".

Your Company holds 100 % of the share capital and voting power in the Company. During the year the Company incurred loss of Rs. 0.16 Lakhs (Previous Year Rs. 0.17 Lakhs) Lakhs.

8. Airvan 10 Pty Ltd:

The Company was incorporated in 2015, for the purpose of holding the "CASA Type Certificate".

Your Company holds 100 % of the share capital and voting power in the Company. During the year the Company incurred loss of Rs. 0.16 Lakhs (Previous Year Rs. 0.17 Lakhs).

CONSOLIDATED FINANCIAL STATEMENTS

The Company has not prepared Consolidated Financial Statements in view of the Company meeting all requirements mentioned in Notification G.S.R 742(E) dated 27th July, 2016 issued by The Ministry of Corporate Affairs which exempts a joint venture company, complying with the requirements stated therein, from preparation and presentation of Consolidated Financial Statements.

BOARD OF DIRECTORS

The Composition of the Board of Directors of the Company, as on the date of closure of financial year under review, was as follows: -

Sl. No.	Name of the Director	Designation	Executive / Non-Executive	Independent / Non-Independent
1	Mr. Shriprakash Shukla (DIN: 00007418)	Chairman and Managing Director	Executive	Non-Independent
2	Mr. Nikhil Sohoni (DIN: 06852639)	Director	Non-Executive	Non-Independent
3	Mr. Mukul Verma (DIN: 02428217)	Director	Non-Executive	Non-Independent
4	Mr. K V Ramakrishna (DIN: 00133248)	Director	Non-Executive	Non-Independent
5	Mr. Dhiraj Rajendran (DIN: 06884408)	Director	Non-Executive	Non-Independent
6	Mr. Arvind Kumar Mehra (DIN: 01039769)	Whole Time Director Designated as Executive Director and Chief Executive Officer	Executive	Non-Independent

*The 2nd term of office of Mrs. Rajyalakshmi Rao Meka and Dr. Devi Singh, as Independent Directors came to an end on 29th March, 2020.

Mr. Arvind Kumar Mehra (DIN: 01039769) and Mr. Dhiraj Rajendran (DIN: 06884408) Directors, retire by rotation and being eligible have offered themselves for reappointment.

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

ANNUAL EVALUATION OF PERFORMANCE OF DIRECTORS

Pursuant to the provisions of the Companies Act, 2013 the Board carried out an annual evaluation of performance of the Board and its Directors individually. Questionnaires / Feedback templates for annual evaluation were circulated to each Board Member and duly filled in questionnaires / responses were submitted to the Chairman of the Board for facilitating the formal annual evaluation and the performance evaluation was carried out accordingly.

CODES OF CONDUCT

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

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

BOARD MEETINGS

Your Board of Directors met four times during the year under review i.e. on 26th April, 2019, 26th July, 2019, 30th October, 2019 and 29th January, 2020.

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

Name of Directors	No. of meetings attended
Mr. S P Shukla	4
Mrs. Rajyalakshmi Rao Meka	4
Dr. Devi Singh	4
Mr. Nikhil Sohoni	3
Mr. Mukul Verma	2
Mr. K V Ramakrishna	4
Mr. Dhiraj Rajendran	4
Mr. Arvind Kumar Mehra	4

GENERAL MEETINGS

The 12th Annual General Meeting of the Members was held on 26th July, 2019.

There was no Extra Ordinary General Meeting of the Members of the Company held during the year under review.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- (i) In the preparation of the annual accounts, the applicable accounting standards have been followed;
- (ii) Accounting policies have been selected in consultation with the Statutory Auditors and these have been applied consistently and reasonable and prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2020 and of the loss of the Company for the year ended on that date;
- (iii) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) The annual accounts have been prepared on a going concern basis.
- (v) Proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

APPOINTMENTS OF / CHANGES IN KEY MANAGERIAL PERSONNEL

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

- 1. Mr. S P Shukla is the Managing Director;
- 2. Mr. Arvind Kumar Mehra is Whole-time Director Designated as Executive Director & CEO.
- 3. Mr. T Subrahmanya Sarma is the Chief Financial Officer;
- 4. Mr. V S Ramesh is the Company Secretary.

Mr. Arvind Kumar Mehra has been reappointed on 8th May, 2020 as Whole-time Director Designated as Executive Director & CEO for a period of 3 years with effect from 10th May, 2020.

Mr. Arvind Mehra drew his remuneration, for the year under review, from Mahindra Aerostructures Private Limited, the Company's Wholly Owned Subsidiary, in which he is the Managing Director.

COMMITTEES OF THE BOARD:

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Corporate Social Responsibility Committee comprises Mr. S P Shukla, Mr. Nikhil Sohoni and Mr. Arvind Kumar Mehra as its Members. Mr. S P Shukla is the Chairman of the Committee.

In view of the losses during the three immediately preceding financial years, your Company was not required to spend any amount on CSR activities / projects, in pursuance to the CSR policy of the Company, for the year under review. The detailed Annual Report on the CSR activities undertaken by your Company in financial year 2020 is annexed herewith as **Annexure I**.

MEETING OF INDEPENDENT DIRECTORS

The Independent Directors of the Company met on 26th April, 2019 without the presence of the Chairman or Executive Director or other Non-Independent Directors or Chief Financial Officer or any other Management Personnel. The Meeting was conducted in an informal and flexible manner to enable the Independent Directors to discuss matters pertaining to, inter alia, review of performance of Non-Independent Directors and the Board as a whole, review the performance of the Chairman of the Company (taking into account the views of the Executive and Non-Executive Directors), assess the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

VIGIL MECHANISM

The provisions relating to Vigil Mechanism enumerated under Section 177 of the Companies Act, 2013 were not applicable to your Company.

AUDITORS:

STATUTORY AUDITORS

The Members of the Company had, at their 10th Annual General Meeting held on 2nd August, 2017, appointed M/s. B S R & Co., LLP, Chartered Accountants, (ICAI Registration No: 101248 W/W-100022) as statutory auditors of the Company for a consecutive term of 5 years from the conclusion of the said Annual General Meeting until the conclusion of 15th Annual General Meeting to be held in the year 2022.

In view of the above, M/s. B S R & Co., LLP, would continue to be the Statutory Auditors of the Company till the conclusion of 15th Annual General Meeting to be held in the year 2022.

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

SECRETARIAL AUDITOR

Your Company had appointed M/s. "Siroya and BA Associates", Company Secretaries (Partnership Registration No. P2019MH074300), to conduct the Secretarial Audit of the Company for the financial year 2019-2020.

The Company has annexed to this Board Report as **Annexure II**, a Secretarial Audit Report given by the Secretarial Auditors.

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

MAINTENANCE OF COST ACCOUNTS AND RECORDS

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

REPORTING OF FRAUDS BY AUDITORS

During the year under review, the Statutory Auditors and Secretarial Auditors had not reported any instances of frauds committed in the Company by its officers or employees to the Audit Committee under section 143 (12) of the Companies Act 2013

INTERNAL AUDITOR

Your Directors had appointed Mr. Mario A. Nazareth, Chartered Accountant, as Internal Auditor of the Company for the year ended 31st March, 2020.

COST AUDITOR

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

POLICY FOR REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES AND CRITERIA FOR APPOINTMENT/REMOVAL OF DIRECTORS AND SENIOR MANAGEMENT PERSONNEL

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

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

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

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

Policy (b) mentioned above sets out the approach to Compensation of Directors, Key Managerial Personnel and other employees in Mahindra Aerospace Private Limited.

Both these Policies, as amended, are provided as **Annexures IIIA and IIIB** and the same form part of this Report.

The said policies have been uploaded on the Company's Website www.mahindraaerospace.com.

RISK MANAGEMENT POLICY

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

CORPORATE SOCIAL RESPONSIBILITY POLICY

The Mahindra Group's 'Core Purpose' is to challenge conventional thinking and innovatively use all resources to drive positive change in the lives of stakeholders and communities across the world, to enable them to RISE.

For the Company, responsible business practices include being responsible for the Company's business processes, products, engaging in responsible relations with employees, customers and the community. Hence for the Company, CSR goes beyond just adhering to statutory and legal compliances and creates social and environmental value for our key stakeholders.

Annual Report on Corporate Social Responsibility ("CSR") activities for the financial year 2019- 2020 is provided as **Annexure I** and the same forms part of this Report.

The said policy has been uploaded on the Company's Website www.mahindraaerospace.com.

INTERNAL FINANCIAL CONTROLS

Your Company has in place adequate internal financial controls with reference to the Financial Statements commensurate with the size, scale and complexity of its operations. The internal control system is supplemented by documented policies, guidelines and procedures. Besides the Company regularly conducts reviews to assess the adequacy of financial and operating controls for various processes of the Company. Statutory Auditors have audited the Internal Financial Controls over Financial Reporting of the Company as of 31st March, 2020. Statutory Auditors are invited to attend the annual accounts approval Board Meetings. Corrective actions, if required, are being taken up immediately to ensure that the internal financial control system remains robust and as an effective tool.

PEOPLE

Your Company is a holding Company and had no employee in rolls as at March 31, 2020.

Your Company acknowledges its commitment to regional development and improving the standard of living of the people in the region.

SAFETY, HEALTH AND ENVIRONMENT

Since your Company is a holding company and does not have any operations, this is not applicable.

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

The particulars relating to the Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo, as required under section 134(3)(m) of the Companies Act, 2013 read with the Companies Rule 8 (3) of The Companies (Accounts) Rules, 2014 are given as **Annexure IV** and the same forms part of this Report.

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

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

PUBLIC DEPOSITS

Your Company had not accepted any deposits from the public, or its employees, within the meaning of Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014 during the year under review.

MAHINDRA AEROSPACE PRIVATE LIMITED

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

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013

Particulars of Investments made during the year under review have been disclosed in Note No. 4 of Financial Statements.

PARTICULARS OF TRANSACTIONS WITH RELATED PARTIES

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

Particulars of material contracts or arrangements or transactions with related parties, required to be furnished in terms of Section 134 of Companies Act, 2013 are furnished in form AOC - 2 as **Annexure V** and the same forms part of this Report.

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 March, 2020 in Form No. MGT-9 is attached as **Annexure VI** and forms part of this Report.

The Annual Return of the Company has been placed on the website of the Company and can be accessed at the Web-link: www.mahindraaerospace.com

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

Your Company does not have any employee and despite the same, it has appointed ICC of Mahindra Aerostructures Private Limited (MASPL), the Company's wholly owned subsidiary since both the Company & MASPL operate from the same premises.

During the year under review, no complaint was received under The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

GENERAL

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

1. Issue of Equity Shares with differential rights as to dividend, voting or otherwise.
2. Issue of Shares (Including Sweat Equity Shares) to employees of the Company under any Scheme.
3. Significant or material orders by Regulators or Courts or Tribunals which impact the going concern status and the Company's operations in future.

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

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

SUSTAINABILITY

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

ACKNOWLEDGEMENTS

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

For and on behalf of the Board

Arvind Kumar Mehra
Whole Time Director & CEO
DIN: 01039769
Place: New Delhi
Date: 8th May, 2020

S P Shukla
Chairman & Managing Director
DIN: 00007418
Place: Mumbai
Date: 8th May, 2020

ANNEXURE I TO THE DIRECTORS' REPORT

**ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY ("CSR")
ACTIVITIES FOR THE FINANCIAL YEAR 2020**

1. Brief outline of Company's CSR Policy including overview of projects or programs proposed to be undertaken.

The Mahindra Group's 'Core Purpose' is to challenge conventional thinking and innovatively use all resources to drive positive change in the lives of stakeholders and communities across the world, to enable them to RISE.

In line with this the Mahindra Group Corporate Social Responsibility (CSR) vision is to focus efforts within the constituencies of girls, youth & farmers by innovatively supporting them through programs designed in the domains of education, health and environment, while harnessing the power of technology. By investing CSR efforts in these critical constituencies who contribute to nation building and the economy, the Company will have a shared CSR vision with the Mahindra Group and enable its stakeholders and communities to RISE.

For the Company, responsible business practices include being responsible for the Company's business processes, products, engaging in responsible relations with employees, customers and the community. Hence for the Company, CSR goes beyond just adhering to statutory and legal compliances and creates social and environmental value for our key stakeholders.

2. The Composition of the CSR Committee

The Committee comprises of the following Directors -

- i. Mr. S P Shukla - Chairman
- ii. Mr. Nikhil Sohoni - Member
- iii. Mr. Arvind Kumar Mehra - Member

3. Average Net Profit of the Company for last three financial years -

Loss of Rs. 85.03 Lakhs

4. Prescribed CSR Expenditure (two percent of the amount as in item No. 3 above): NIL

5. Details of CSR spent during the financial year:

- a. Total amount to be spent for the financial year: NIL
- b. Amount unspent: NIL
- c. Manner in which the amount spent during the financial year: Not Applicable

MAHINDRA AEROSPACE PRIVATE LIMITED

Sr. No.	CSR project/ activity identified	Sector in which the Project is covered	Projects/ Programmes 1. Local area /others- 2. Specify the state and district where projects or programs were undertaken	Amount outlay (budget)/project/ programs wise	Amount spent on the project/ programs Direct expenditure on project/ programs Overheads	Cumulative expenditure up to the reporting period	Amount spent Direct/through implementing agency
				N.A.			
Total							

6. In case the Company fails to spend the 2% of the Average Net Profit (INR) of the last 3 financial years or any part thereof, the reasons for not spending the amount shall be stated in the Board report.

Not Applicable

7. Responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

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

Mr. Nikhil Sohoni	S P Shukla
Member	Chairman, CSR Committee & Board of Directors

ANNEXURE II TO THE DIRECTORS' REPORT
FOR THE YEAR ENDED 31ST MARCH, 2020

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2020

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

To,
The Members,
Mahindra Aerospace Private Limited
Mumbai

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2020 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:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2020 according to the relevant and applicable provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder, as may be applicable;
- (ii) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment and Overseas Direct Investment; and
- (iii) As confirmed by the management, there are no other laws specifically applicable in relation to the business of the Company.

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

1. Secretarial Standards issued by The Institute of Company Secretaries of India, and
2. Listing Agreement/Regulations: The Company is an unlisted Company and therefore compliance with listing agreement/regulations is not applicable.

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

MAHINDRA AEROSPACE PRIVATE LIMITED

Other statutes, Acts, laws, Rules, Regulations, Guidelines and Standards etc., as applicable to the Company are given below:

1. Labour Laws and other incidental laws related to employees appointed by the Company either on its payroll or on contractual basis as related to wages, gratuity, provident fund, ESIC, compensation etc.(Not applicable during the year as there were no employees);
2. Acts as prescribed under Direct Tax and Indirect Tax;
3. Stamp Acts and Registration Acts;
4. Labour Welfare Act (Not applicable during the year as there were no employees);
5. Such other Local laws etc. as may be applicable.

We further report that the Board of the Company is duly constituted with proper balance of Executive Director, Non-Executive Directors. During the year under review, Mr. S P Shukla was re-appointed as Managing Director for a period of 3 years w.e.f. March 1, 2020 to February 28, 2023, Mrs. Rajyalakshmi Rao Meka and Dr. Devi Singh retired as Independent Directors w.e.f. 29.03.2020.

Adequate notice was given to all the 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 & deliberations at these meeting.

During the period under review, decisions were carried through unanimously and no dissenting views were observed, while reviewing the minutes.

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

We further report that during the audit period the Company has undertaken following significant & material corporate events/actions having a bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above:

- (i) The Board of Directors at their meeting held on April 26, 2019, approved the issuance of 9,75,00,000 equity shares of Rs.10 each on Rights basis.
- (ii) The Board had at its meeting held on 26th July, 2019 increased the remuneration of Mr. S P Shukla, Managing Director, subject to approval of members.
- (iii) The members at their Annual General meeting held on July 26, 2019, inter-alia, granted their approval for the following:
 - (a) Revision of remuneration of Mr. S P Shukla, Managing Director; and
 - (b) Amendment of Object Clause of Memorandum of Association of the Company.

MAHINDRA AEROSPACE PRIVATE LIMITED

- (iv) The Committee of Directors vide their resolution dated September 9, 2019 passed by circulation approved allotment of 6,14,99,980 equity shares of Rs. 10 each for cash at par to Mahindra & Mahindra Limited.

**For Siroya and BA Associates
Company Secretaries**

**Bhavyata Raval
Partner
ACS No.: 25734
CP No.: 21758
UDIN: A025734B000214065**

**Date: May 8, 2020
Place: Mumbai**

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

To,
The Members,
Mahindra Aerospace Private Limited

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

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management's representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of the procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.
7. In view of the restrictions imposed by the Government of India on movement of people across India to contain the spread of Covid-19 pandemic, which led to the complete lockdown across the nation, we have relied on electronic data for verification of certain records as the physical verification was not possible.

**For Siroya and BA Associates
Company Secretaries**

**Bhavyata Raval
Partner
ACS No.: 25734
CP No.: 21758
UDIN: A025734B000214065**

**Date: May 8, 2020
Place: Mumbai**

ANNEXURE III A TO THE DIRECTORS' REPORT
FOR THE YEAR ENDED 31ST MARCH, 2020.

POLICY ON APPOINTMENT OF DIRECTORS AND SENIOR MANAGEMENT PERSONNEL

DEFINITIONS

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

“Board” means Board of Directors of the Company.

“Company” means Mahindra Aerospace Private Limited

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

“HR’ means the Human Resource department of the Company.

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

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

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

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

I. APPOINTMENT OF DIRECTORS

1. All Board appointments will be based on merit, in the context of the skills, experience, independence and knowledge, for the Board as a whole to be effective.
2. Ability of the candidates to devote sufficient time and attention to his / her professional obligations as Independent Director for informed and balanced decision making
3. Adherence to the Code of Conduct and highest level of Corporate Governance in letter and in spirit by the Independent Directors

- The Board will evaluate the candidate(s) and decide on the selection of the appropriate member. The Board through the Chairman / Managing Director / Whole Time Director will interact with the new member to obtain his/her consent for joining the Board. Upon receipt of the consent, the new Director will be co-opted by the Board in accordance with the applicable provisions of the Companies Act 2013 and Rules made thereunder.

Removal of Directors

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

Senior Management Personnel

The Chairman / Managing Director / Whole time Director shall identify persons who may be appointed in senior management team in accordance with the criteria laid down above.

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

II. SUCCESSION PLANNING:

Purpose

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

Board:

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

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

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

Senior Management Personnel:

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

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

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

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

Policy Statement

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

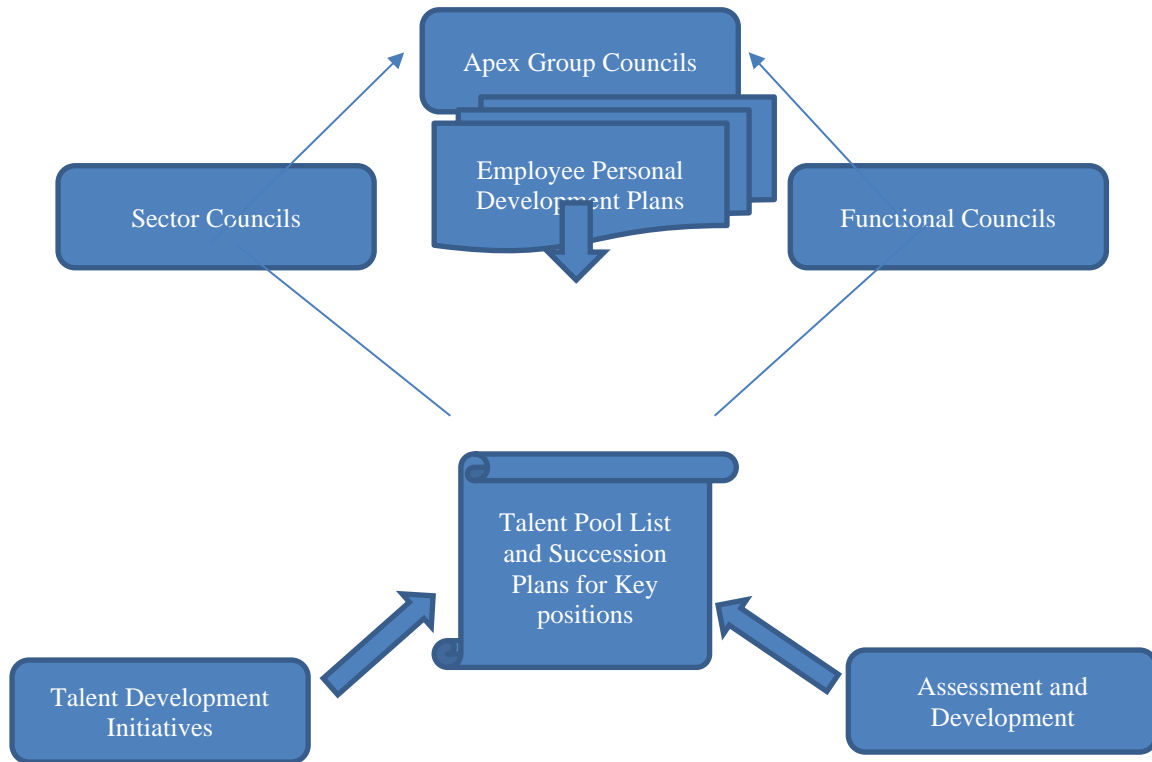
- 1) Given the strategic business plans, do we have the skills and competencies required to implement them? If not, how do we create them - by developing them internally or through lateral induction from outside?
- 2) For critical positions, what is the succession pipeline?
- 3) What are the individual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

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

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

The Talent Management process is applicable to all employees. Over the years, the Talent Management framework has become a well-structured and process-oriented system which is driven by an interactive and collaborative network of Talent Councils at the Group and Sector Levels. These Talent Councils, which consist mainly of senior business leaders supported by HR, are a mix of Sector (Business) and Functional Councils coordinated by an Apex Talent Council, headed by the Group Chairman. The Apex Council reviews the work done by the Talent Councils and facilitates movement of talent across Sectors. The Sector / Functional Councils meet regularly throughout the year and the Apex Council interacts with each one of them separately once a year, and in addition conducts an integrated meeting where the Chairpersons of all the Councils are present.

The Talent Management process can be represented pictorially as under:



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

For and on Behalf of the Board

Arvind Kumar Mehra
Whole Time Director & CEO
DIN: 01039769
Place: New Delhi
Date: 8th May, 2020

S P Shukla
Chairman & Managing Director
DIN: 00007418
Place: Mumbai
Date: 8th May, 2020

ANNEXURE III B TO THE DIRECTORS' REPORT
FOR THE YEAR ENDED 31ST MARCH, 2020.

POLICY FOR REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND EMPLOYEES

Purpose

This Policy sets out the approach to compensation of Directors and Key Managerial Personnel in Mahindra Aerospace Private Limited.

Policy Statement

Our compensation philosophy strives to attract and retain high performers by compensating them at levels that are broadly comparable with the median of the comparator basket while differentiating people on the basis of performance, potential and criticality for achieving competitive advantage in business.

In order to effectively implement this, our compensation structure is developed through external benchmarking as appropriate, with relevant players across the industry we operate in.

Non-Executive Including Independent Directors

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

Executive Directors:

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

Key Managerial Personnel (KMPs)

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

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

Employees

We follow a differential approach based on industry benchmarking and statutory requirement, depending upon the level in the organization i.e. for all employees from Technician to Senior Management Band, we benchmark with competition from the same industry.

We have a CTC (Cost to Company) concept. In Managerial and Senior Managerial band starting from Grade M3 and above CTC includes a fixed component (Guaranteed Pay) and a variable component (Performance pay). The percentage of the variable component increases with increasing hierarchy levels, as we believe employees at higher positions have a far greater impact and influence on the overall business result. The CTC is reviewed once every year and the compensation strategy for positioning of individuals takes into consideration the following elements:

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

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

MAHINDRA AEROSPACE PRIVATE LIMITED

The Company may also grant Stock Appreciation Rights and / or Stock Options / Long Term Incentive and Retention benefits to Employees and Directors (other than Independent Directors) in accordance with any Scheme of the Company and subject to compliance of the applicable statutes and regulations.

For and on behalf of the Board

Arvind Kumar Mehra
Whole Time Director & CEO
DIN: 01039769
Place: New Delhi
Date: 8th May, 2020

S P Shukla
Chairman & Managing Director
DIN: 00007418
Place: Mumbai
Date: 8th May, 2020

ANNEXURE IV TO THE DIRECTORS' REPORT
FOR THE YEAR ENDED 31ST MARCH, 2020

PARTICULARS AS PER RULE 8 (3) OF THE COMPANIES (ACCOUNTS) RULES, 2014 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2020.

A. CONSERVATION OF ENERGY

(a) **the steps taken or impact on conservation of energy:**

Since your Company is a holding company and does not have any operations, this is not applicable.

(b) the steps taken by the company for utilizing alternate sources of energy: **NIL**

(c) the capital investment on energy conservation equipments: **NIL**

B. TECHNOLOGY ABSORPTION

i) the efforts made towards technology absorption: **Not Applicable**

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

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

(a) the details of technology imported:

(b) the year of import

(c) whether the technology been fully absorbed:

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

iv. the expenditure incurred on Research and Development: **NIL**

C. FOREIGN EXCHANGE EARNINGS AND OUTGO: (in terms of actual inflow and outflow)

Total Foreign Exchange Earned and Used:

(Rupees in Lakhs)

	For the Financial Year Ended 31st March, 2020	For the Financial Year Ended 31 st March, 2019
Total Foreign Exchange earned	48.51	467.25
Total Foreign Exchange used	3150.79	5,300.05

For and on behalf of the Board

Arvind Kumar Mehra
Whole Time Director & CEO
DIN: 01039769
Place: New Delhi
Date: 8th May, 2020

S P Shukla
Chairman & Managing Director
DIN: 00007418
Place: Mumbai
Date: 8th May, 2020

ANNEXURE V TO THE DIRECTORS' REPORT
FOR THE YEAR ENDED 31ST MARCH, 2020

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 transaction under third proviso thereto.

1. Details of contracts or arrangements or transactions not at Arm's length basis.: Nil
2. Details of material contracts or arrangements or transactions at Arm's length basis.

Sr. No.	Name(s) of the related party & nature of relationship	Nature of Transaction	Duration of the transaction	Salient terms of the transaction, including the value if any (Rs. in Lakhs)	Date of approval by the Board	Amount paid as advances, if any	
1	Mahindra & Mahindra Ltd Holding Company	Equity received	1 st April, 2019 to 31 st , March, 2020	The related party transactions (RPTs) entered during the year were in the ordinary course of business and on arm's length basis.	6150.00	Since these RPTs are in the ordinary course of business and are at arm's length basis, approval of the Board is not required.	Nil
2.	Mahindra & Mahindra Ltd Holding Company	Allocation of corporate cost and personnel cost based on the time spent by respective personnel	1 st April, 2019 to 31 st , March, 2020	- DO-	6.66	- DO-	NIL
3.	Mahindra Aerostructures Pvt Limited Subsidiary Company	Equity Invested	1 st April, 2019 to 31 st , March, 2020	- DO-	3,000.00	- DO-	NIL
4.	Mahindra Aerostructures Pvt Limited Subsidiary Company	Lease rentals paid	For a period of 5 years commencing from 1 st March 2018	- DO-	3.81	- DO-	NIL
5.	Mahindra Aerostructures Pvt Limited Subsidiary Company	Cost allocation	1 st April, 2019 to 31 st , March, 2020	- DO-	53.49	- DO-	NIL
6.	Mahindra Integrated Business Solutions Pvt Ltd Fellow Subsidiary	Payroll processing	1 st April, 2019 to 31 st , March, 2020	- DO-	0.20	- DO-	NIL
7.	Mahindra Aerospace Australia Pty Ltd Subsidiary	Equity invested	1 st April, 2019 to 31 st , March, 2020	- DO-	3,150.65	- DO-	NIL

MAHINDRA AEROSPACE PRIVATE LIMITED

8.	Mahindra Aerospace Private Limited Employees Group Gratuity Assurance Scheme	Employee Gratuity Trust	Audit fee of the Trust	1 st April, 2019 to 31 st , March, 2020	- DO-	1.50	- DO-	NIL
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- Note: for the purpose of materiality, the following criteria have been considered.
- Contracts/transactions/arrangements for sale, purchase, or supply of any goods or materials, directly or through appointment of agent, amounting to 10% or more of turnover of the Company is considered as material for the purpose of disclosure.
- Contracts/transactions/arrangements for selling or otherwise disposing of or buying property of any kind, directly or through the appointment of agent, amounting to 10% or more of net worth of the Company is considered as material for the purpose of disclosure.
- Contracts/transactions/arrangements for leasing of property of any kind amounting to 10% or more of the net worth of the Company or 10 % or more of turnover of the Company is considered as material.
- Contracts/transactions/arrangements for availing or rendering of services amounting to 10% or more of turnover of the Company is considered as material for the purpose of disclosure.

For and on behalf of the Board

Arvind Kumar Mehra
Whole Time Director & CEO
DIN: 01039769
Place: New Delhi
Date: 8th May, 2020

S P Shukla
Chairman & Managing Director
DIN: 00007418
Place: Mumbai
Date: 8th May, 2020

MAHINDRA AEROSPACE PRIVATE LIMITED

**ANNEXURE VI TO THE DIRECTORS' REPORT
FOR THE YEAR ENDED 31ST MARCH, 2020.**

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March, 2020

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I REGISTRATION AND OTHER DETAILS:

i)	CIN:-	U63033MH2008PTC179520
ii)	Registration Date	28/02/2008
iii)	Name of the Company	Mahindra Aerospace Private Limited
iv)	Category/Sub-Category of the Company	Company limited by shares/ Non-Government Indian Company
v)	Address of the Registered office and contact details	Mahindra Towers, P K Kurne Chowk, Worli, Mumbai 400 018 Tel. No. 022 2490 1441 Fax No. 022 2490 0833
vi)	Whether listed Company (Yes/No)	No
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	KFin Technologies Private Limited Karvy Selenium, Tower B, Plot Nos. 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500032 Tel: 040-67162222 Fax: 040-23001153 Email Id: 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: -

Sl. No.	Name and Description of main product/services	NIC Code of the Product/service	% to total turnover of the Company
1	-	-	-

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

S. No	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% of shares held	Applicable Section
1.	Mahindra and Mahindra Limited Gateway Building, Apollo Bunder, Mumbai 400 001	L65990MH1945PLC004558	Holding	89.78	2(46)
2.	Mahindra Aerostructures Private Limited Mahindra Towers, P K Kurne, Chowk, Worli, Mumbai 400 018	U35122MH2011PTC212744	Subsidiary	100%	2(87)
3.	Mahindra Aerospace Australia Pty Ltd C/- PITCHER PARTNERS, LEVEL 19 , 15 WILLIAM STREET , MELBOURNE VIC 3000	ACN 142 078 564	Subsidiary	100%	2(87)

MAHINDRA AEROSPACE PRIVATE LIMITED

4.	Gippsaero Pty Ltd C/- GIPPSAERO PTY LTD LATROBE REGIONAL AIRPORT, AIRFIELD ROAD, TRARALGON VIC 3844 LATROBE VALLEY AIRFIELD PTY LTD, 75 AIRFIELD ROAD, TRARALGON VIC 3844	ABN 33 140 764 138	Subsidiary	100%	2(87)
5.	Airvan Flight Services Pty Ltd C/- GIPPSAERO PTY LTD LATROBE REGIONAL AIRPORT, AIRFIELD ROAD, TRARALGON VIC 3844	ACN 124 404 986	Subsidiary	100%	2(87)
6.	GA 8 Airvan Pty Ltd C/- GIPPSAERO PTY LTD LATROBE REGIONAL AIRPORT, AIRFIELD ROAD, TRARALGON VIC 3844	ACN 119 523 830	Subsidiary	100%	2(87)
7.	GA 200 Pty Ltd C/- GIPPSAERO PTY LTD LATROBE REGIONAL AIRPORT, AIRFIELD ROAD, TRARALGON VIC 3844	ACN 119 523 821	Subsidiary	100%	2(87)
8.	Nomad TC Pty Ltd C/- GIPPSAERO PTY LTD LATROBE REGIONAL AIRPORT, AIRFIELD ROAD, TRARALGON VIC 3844	ACN 127 459 625	Subsidiary	100%	2(87)
9.	Airvan 10 Pty Ltd C/- GIPPSAERO PTY LTD LATROBE REGIONAL AIRPORT, AIRFIELD ROAD, TRARALGON VIC 3844	ACN 609 777 273	Subsidiary	100%	2(87)

MAHINDRA AEROSPACE PRIVATE LIMITED

2. Non-Institutions									
a) Body Corp.									
(i) Indian	-	5,64,92,031	5,64,92,031	8.19	-	5,64,92,031	5,64,92,031	7.52	-0.67
(ii) Overseas	-	2,02,67,270	2,02,67,270	2.94	-	2,02,67,270	2,02,67,270	2.70	-0.24
(b) Individual									
(i) Individual shareholders holding nominal share capital									
(ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh									
Sub-total (B) (2):-	-	7,67,59,301	7,67,59,301	11.13	-	7,67,59,301	7,67,59,301	10.22	-0.91
Total Public Shareholding (B)=(B)(1)+ (B)(2)	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	61,28,70,326	7,67,59,301	68,96,29,627	100.00	61,28,70,326	7,67,59,301	75,11,29,607	100.00	0

(ii) **Shareholding of Promoters:**

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% of 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	Mahindra & Mahindra Limited	61,28,70,318	88.87	0	67,43,70,298	89.78	NIL	
2	Mahindra and Mahindra Limited Jointly with Mr. Narayan Shankar	1	0	0	1	0	0	0
3	Mahindra and Mahindra Limited Jointly with Mr. Feroze Baria	2	0	0	2	0	0	0
4	Mahindra and Mahindra Limited Jointly with Mr. Rajesh Arora	2	0	0	2	0	0	0

MAHINDRA AEROSPACE PRIVATE LIMITED

5	Mahindra and Mahindra Limited Jointly with Ms. Brijbala Batwal	1	0	0	1	0	0	0
6	Mahindra and Mahindra Limited Jointly with Mr. Sumeet Maheshwari	1	0	0	1	0	0	0
7	Mahindra and Mahindra Limited Jointly with Ms. Anita Halbe	1	0	0	1	0	0	0
	Total	61,28,70,318	88.87	NIL	67,43,70,306	89.78	0	0.91

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1.	Mahindra and Mahindra Limited				
	At the beginning of the year				
	Date wise Increase / Decrease in Promoter's Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	61,28,70,318	88.87		
	Date wise Increase / Decrease in Promoter's Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.): Allotted on Allotment on 9 th September, 2019: 6,14,99,980			67,43,70,306	89.78
	At the end of the year (or on the date of separation, if separated during the year)			67,43,70,306	89.78

(iv) Share holding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
	For Each of the Top 10 Shareholders				
1	Kotak Mahindra Trusteeship Services Limited (Trustee of Kotak India Growth Fund II)				
	At the beginning of the year	5,54,78,722	8.04		
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):				
	At the end of the year (or on the date of separation, if separated during the year)			5,54,78,722	7.39

MAHINDRA AEROSPACE PRIVATE LIMITED

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
2	For Each of the Top 10 Shareholders				
	Kotak India Private Equity Fund				
	At the beginning of the year	2,02,67,270	2.94		
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):				
	At the end of the year (or on the date of separation, if separated during the year)			2,02,67,270	2.70

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
3	For Each of the Top 10 Shareholders				
	Kotak Investment Advisors Limited				
	At the beginning of the year	10,13,309	0.15		
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):		-		
	At the end of the year (or on the date of separation, if separated during the year)			10,13,309	0.13

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	For Each of the Directors and KMP				
	At the beginning of the year	-	-	-	-
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.): Less: Transfer on 29.09.2018	-	-	-	-
	At the end of the year			0	0

MAHINDRA AEROSPACE PRIVATE LIMITED

V. INDEBTEDNESS

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

(Rs. in Lakhs)

PARTICULARS	Secured Loans excluding deposits	Unsecured Loans	Deposits	NCCPS	Total Indebtedness
Indebtedness at the beginning of the financial year (01.04.2019)					
i) Principal Amount	-	-	-	500.00	500.00
ii) Interest due but not paid	-	-	-	-	-
iii) Interest accrued but not due	-	-	-	-	-
Total (i+ii+iii)	-	-	-	500.00	500.00
Change in Indebtedness during the					
• Addition	-	-	-	-	-
• Reduction	-	-	-	-	-
Net change	-	-	-	-	-
Indebtedness at the end of the financial year (31.03.2020)					
i) Principal Amount	-	-	-	500.00	500.00
ii) Interest due but not paid	-	-	-	-	-
iii) Interest accrued but not due	-	-	-	-	-
Total (i+ii+iii)	-	-	-	500.00	500.00

MAHINDRA AEROSPACE PRIVATE LIMITED

VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. REMUNERATION TO MANAGING DIRECTOR, WHOLE-TIME DIRECTORS AND/OR MANAGER:

(Rs. in Lakhs)

Sl. No	Particulars of Remuneration	Mr. S P Shukla Managing Director	Mr. Arvind Kumar Mehra Whole-Time Director	Total Amount
1.	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	--	--	--
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	--	--	--
	(c) Profits in lieu of salary 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- Long Term Incentive Plan	53.49	--	53.49
	Total (A)	53.49	--	53.49
	Ceiling as per the Act	In accordance with Companies Act, 2013.	Remunerations are based on effective capital in accordance with Schedule V to the Companies Act, 2013, as amended.	

B REMUNERATION TO OTHER DIRECTORS

(Rs. in Lakhs)

Particulars of Remuneration	Name of Directors		Total Amount
	Mrs. Rajyalakshmi Rao Meka	Dr. Devi Singh	
3. Independent Directors			
• Fee for attending board/committee meetings	0.80	0.80	1.60
• Commission	-	-	0
• Others, please specify	-	-	0
Total (1)			
4. Other Non-Executive Directors			
• Fee for attending board/committee meetings	-	-	0
• Commission	-	-	0
• Others, please specify	-	-	0
Total (2)	-	-	0
Total B = (1+2)	0.80	0.80	1.60
Ceiling as per the Act	-	-	Rs. 1 Lakh per meeting per Independent Director as per Companies Act, 2013

MAHINDRA AEROSPACE PRIVATE LIMITED

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

(Rs. in Lakhs)

Sl. No	Particulars of Remuneration	Mr. T Subrahmanya Sarma, Chief Financial Officer	Mr. V S Ramesh (Company Secretary)	TOTAL
1.	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	--	-	-
	(b) Value of perquisites u/s 17(2) Income Tax Act,	--	-	-
	(c) Profits in lieu of salary 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	-	1.15	1.15
	Total	--	1.15	1.15

VII. PENALTIES/ PUNISHMENT/ COMPOUNDING OF OFFENCES:

A . Company

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/Compounding fees imposed	Authority (RD / NCLT / court)	Appeal made, if any (give details)
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

B . Directors

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/Compounding fees imposed	Authority (RD / NCLT / court)	Appeal made, if any (give details)
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

MAHINDRA AEROSPACE PRIVATE LIMITED

C . Other Officers in Default

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/Compounding fees imposed	Authority (RD / NCLT / court)	Appeal made, if any (give details)
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

For and on behalf of the Board

Arvind Kumar Mehra
Whole Time Director & CEO
DIN: 01039769
Place: New Delhi
Date: 8th May, 2020

S P Shukla
Chairman & Managing Director
DIN: 00007418
Place: Mumbai
Date: 8th May, 2020

INDEPENDENT AUDITORS' REPORT

To the Members of Mahindra Aerospace Private Limited

Report on the Audit of the Ind AS Financial Statements

Opinion

We have audited the Ind AS financial statements of Mahindra Aerospace Private Limited (“the Company”), which comprise the balance sheet as at 31 March 2020, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as Ind AS Financial Statements).

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

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor’s Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the 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 on the Ind AS financial statements.

Other Information

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

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

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

INDEPENDENT AUDITORS' REPORT (Continued)

Mahindra Aerospace Private Limited

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 Ind AS financial statements.

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

- Identify and assess the risks of material misstatement of the 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 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 in the financial statements made by the Management and Board of Directors.

INDEPENDENT AUDITORS' REPORT (Continued)

Mahindra Aerospace Private Limited

Auditor's Responsibilities for the Audit of the Ind AS Financial Statements (Continued)

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

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

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

Report on Other Legal and Regulatory Requirements

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

INDEPENDENT AUDITORS' REPORT (Continued)

Mahindra Aerospace Private Limited

Report on Other Legal and Regulatory Requirements (Continued)

- 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 B".
- (B) With respect to the other matters to be included in the Auditors' 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 31 March 2020 on its financial position in its Ind AS financial statements - Refer Note 23 to the Ind AS financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company; and
 - iv. The disclosures in the Ind AS financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these Ind AS financial statements since they do not pertain to the financial year ended 31 March 2020.

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

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

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No. 101248W/W-100022

Sanjay Sharma
Partner
Membership No. 063980
UDIN: 20063980AAAACE4920

Place: Bangalore
Date: 08 May 2020

INDEPENDENT AUDITORS' REPORT (Continued)

Mahindra Aerospace Private Limited

Annexure A to the Independent Auditor's Report

With reference to the Annexure A referred to in the Independent Auditor's Report to the members of the Company on the Ind AS financial statements for the year ended 31 March 2020, we report the following:

- (i)
 - (a) The Company has maintained proper records showing full, including quantitative details and situation of property, plant and equipment.
 - (b) According to the information and explanations given to us, the Company has a regular programme of physical verification of its property, plant and equipment, by which all property, plant and equipment are verified once in a year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. During the year, the Company has written off entire property, plant and equipments and has not carried out any physical verification of property, plant and equipment during the year.
 - (c) According to the information and explanations given to us and on the basis of our examination of the records, the Company did not have any immovable property. Therefore, the provision of clause 3(i) (c) of the said Order is not applicable to the company.
- (ii) According to the information and explanations given to us, the Company did not have any inventory. Therefore, the provision of clause 3(ii) of the said Order is not applicable to the company
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the Order are not applicable to the Company.
- (iv) According to the information and explanations given to us, the Company has not given any loans, or provided any guarantee or security as specified under section 185 and 186 of the Companies Act, 2013. Moreover, in respect of the investments made by the Company, requirements of section 186 of the Companies Act, 2013 have been complied with.
- (v) The Company has not accepted any deposits from the public within the meaning of the directives issued by the Reserve Bank of India, provisions of Section 73 to 76 of the Act, any other relevant provisions of the Act and the relevant rules framed thereunder.
- (vi) The Central Government has not prescribed the maintenance of cost records under Section 148 of the Act for any of the services rendered by the Company.
- (vii)
 - (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including, Income-tax, Goods and Services tax, and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of Provident fund, Employees' State Insurance, duty of excise, sales tax, service tax and value added taxes, duty of Customs and Cess.

INDEPENDENT AUDITORS' REPORT (Continued)

B S R & Co. LLP

Mahindra Aerospace Private Limited

Annexure A to the Independent Auditor's Report (Continued)

According to the information and explanations given to us, no undisputed amounts payable in respect of Income-tax, and Goods and Services tax, Cess and other material statutory dues were in arrears as at 31 March 2020, for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, there are no dues of Income tax, Sales tax, Goods and Service tax, Value added tax, Service tax, duty of Customs and duty of excise which have not been deposited by the Company on account of disputes, except for the following:

Name of the Statute	Nature of the Dues	Amount Rs. in lakhs	Period	Forum where dispute is pending*
Service tax	Service tax	98.96	2011-12	Commissioner of Service tax
Income Tax Act 1961	Income Tax	3.67	AY 2011-12	Commissioner of Income Tax (Appeals)
Income Tax Act 1961	Income Tax	5.08	AY 2013-14	Commissioner of Income Tax (Appeals)
Income Tax Act 1961	Income Tax	79.24	AY 2014-15	Commissioner of Income Tax (Appeals)

*Read with Note 23(c) and 23 (d) to the financial statements

- (viii) According to the information and explanations given to us, the Company did not have any outstanding loans or borrowings from any financial institution or bank or government or dues to debenture holders during the year.
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year.
- (x) According to the information and explanations given to us, no fraud on the Company by its officers and employees or fraud by the Company has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us and based on examination of the records of the Company, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- (xii) According to the information and explanations given to us, in our opinion, the Company is not a Nidhi Company as prescribed under Section 406 of the Act.

INDEPENDENT AUDITORS' REPORT (Continued)

Mahindra Aerospace Private Limited

Annexure A to the Independent Auditor's Report (Continued)

- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, all transactions with the related parties are in compliance with 188 of the Act, where applicable, and details of such transactions have been disclosed in the Ind AS financial statements as required by the applicable accounting standards. According to the information and explanations given to us, we understand that the provisions of Section 177 to the Act are not applicable to the Company.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable to the Company.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.
- (xvi) According to the information and explanation given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For **BSR & Co. LLP**
Chartered Accountants
Firm's Registration No. 101248W/W-100022

Sanjay Sharma
Partner
Membership No. 063980
UDIN: 20063980AAAACE4920

Place: Bangalore
Date: 08 May 2020

INDEPENDENT AUDITORS' REPORT (Continued)

Mahindra Aerospace Private Limited

Annexure B to the Independent Auditors' report on the Ind AS financial statements of Mahindra Aerospace Private Limited for the year ended 31 March 2020

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

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

Opinion

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

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

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

INDEPENDENT AUDITORS' REPORT (Continued)

Mahindra Aerospace Private Limited

Annexure B to the Independent Auditors' report on the Ind AS financial statements of Mahindra Aerospace Private Limited for the year ended 31 March 2020 (Continued)

Meaning of Internal Financial controls with Reference to Financial Statements

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

Inherent Limitations of Internal Financial controls with Reference to Financial Statements

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

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

Chartered Accountants

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

Sanjay Sharma

Partner

Membership No. 063980

UDIN: 20063980AAAACE4920

Place: Bangalore

Date: 08 May 2020

Mahindra Aerospace Private Limited			
Regd. Office: Mahindra Towers, P.K.Kurane Chowk, Worli, Mumbai - 400 018			
Balance Sheet		Rs in Lakhs	
Particulars	Note	As at March 31, 2020	As at March 31, 2019
Assets			
Non-current assets			
Property, plant and equipment	3	-	-
Capital work in progress	3	-	-
Intangible assets	3	-	-
Intangible assets under development	3	-	-
Right of use asset	3A	10.04	-
Financial assets			
Investments	4	28,000.00	53,615.91
Income tax assets (net)	6	51.11	105.17
Other non-current assets	7	5.13	12.18
Total non-current assets		28,066.28	53,733.26
Current assets			
Financial assets			
Cash and cash equivalents	8	66.20	11.14
Bank balances other than cash and cash equivalents	8A	122.45	-
Investments	4	-	221.12
Others financial assets	5	3.82	113.48
Other current assets	9	9.42	74.41
Total current assets		201.89	420.15
Total assets		28,268.17	54,153.41
Equity and liabilities			
Equity			
Equity share capital	10	75,112.96	68,962.96
Other equity	11	(47,364.82)	(15,427.93)
Total equity		27,748.14	53,535.03
Non-current liabilities			
Financial liabilities			
Borrowing	12	-	500.00
Lease liabilities		7.53	-
Total non-current liabilities		7.53	500.00
Current liabilities:			
Financial liabilities			
Borrowing	12	500.00	-
Lease liabilities		3.20	-
Trade payable	13	8.90	108.40
Other current liabilities	14	0.40	9.98
Total current liabilities		512.50	118.38
Total equity and liabilities		28,268.17	54,153.41
Significant accounting policies		2	
The accompanying notes form an integral part of the financial statements			
As per our report of even date attached			
For B S R & Co. LLP		<i>For and on behalf of the Board of Directors of</i>	
Chartered Accountants		Mahindra Aerospace Private Limited	
(Firm's registration No. 101248W/W-100022)		CIN No. U63033MH2008PTC179520	
Sanjay Sharma		Mr. Arvind Mehra	
Partner		Wholetime Director	
Membership No.063980		DIN No. 01039769	
UDIN:20063980AAAACE4920			
		Mr. T. Subrahmanya Sarma	
		Chief Financial Officer	
Place: Bangalore		Place: Mumbai	
Date: May 8, 2020		Date: May 8, 2020	
		Mr. S.P.Shukla	
		Managing Director	
		DIN No. 00007418	
		Mr. V.S. Ramesh	
		Company Secretary	

Mahindra Aerospace Private Limited			
Regd. Office: Mahindra Towers, P.K.Kurme Chowk, Worli, Mumbai - 400 018			
Statement of Profit and Loss			Rs in Lakhs
Particulars	Note	For the year ended March 31, 2020	For the year ended March 31, 2019
Other income	15	16.21	238.15
Total income		16.21	238.15
Expenses			
Employee benefits expense	16	-	42.43
Finance costs	17	1.04	4.47
Depreciation	18	3.44	-
Other expenses	19	31,888.79	18,161.14
Total expenses		31,893.27	18,208.04
Loss before tax		(31,877.06)	(17,969.89)
Tax expense:			
Current tax		5.75	11.20
Tax charge/ (credit) of earlier years		54.89	(6.51)
Deferred tax		-	-
Income tax expense		60.64	4.69
Loss for the year		(31,937.70)	(17,974.58)
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss:			
Re-measurement gain/(loss) on defined benefit plans		0.81	0.60
Income tax effect		-	-
Other comprehensive income for the year, net of tax		0.81	0.60
Total comprehensive income for the year		(31,936.89)	(17,973.98)
Earnings per equity share:			
Basic	24	(4.41)	(2.71)
Diluted	24	(4.41)	(2.71)
Significant accounting policies	2		
The accompanying notes form an integral part of the financial statements			
As per our report of even date attached			
For B S R & Co. LLP Chartered Accountants (Firm's registration No. 101248W/W-100022)		<i>For and on behalf of the Board of Directors of</i> Mahindra Aerospace Private Limited CIN No.U63033MH2008PTC179520	
Sanjay Sharma Partner Membership No.063980 UDIN:20063980AAAACE4920		Mr. Arvind Mehra Wholetime Director DIN No. 01039769	Mr. S.P.Shukla Managing Director DIN No. 00007418
		Mr. T.Subrahmanya Sarma Chief Financial Officer Place: Mumbai Date: May 8, 2020	Mr. V.S. Ramesh Company Secretary
Place: Bangalore Date: May 8, 2020			

Mahindra Aerospace Private Limited

Regd. Office: Mahindra Towers, P.K.Kurane Chowk, Worli, Mumbai - 400 018

Statement of Cashflows**Rs in Lakhs**

Particulars	For the year ended		For the year ended	
	March 31, 2020		March 31, 2019	
A. Cash flow from operating activities :				
Loss before tax		(31,877.06)		(17,969.89)
<i>Adjustments for:</i>				
Depreciation	3.44		-	
Finance costs	1.04		4.47	
Interest income	(9.96)		(7.26)	
Fair value gain on financial instruments at FVTPL	-		(5.91)	
Profit on sale of mutual funds	(6.25)		(29.87)	
Provision for diminution in value of long term investments	31,766.57		17,950.15	
Provision for doubtful Goods service tax credit receivable	36.72		-	
		31,791.56		17,911.58
Operating (loss) before working capital changes		(85.50)		(58.31)
<i>Changes in working capital:</i>				
<i>Adjustments for (increase) / decrease in operating assets:</i>				
Current financial and other current assets	138.15		392.07	
Non-current financial and other non-current assets	7.05		-	
<i>Adjustments for increase / (decrease) in operating liabilities:</i>				
Trade payables	(99.50)		(304.10)	
Other current liabilities	(9.58)		(18.09)	
Provisions	0.81		(1.48)	
		36.93		68.40
Cash (used in)/ generated from operations		(48.57)		10.09
Net income tax paid		(6.58)		(20.82)
Net cash used in operating activities (A)		(55.15)		(10.73)
B. Cash flow from investing activities :				
Payment for acquiring right of use assets	(13.48)		-	
Purchase of current investments	(5,745.00)		(5,845.00)	
Proceed from sale of current investments	5,972.37		5,659.66	
Bank deposits (addition)	(122.45)		-	
Investment in subsidiaries	(6,150.66)		(12,948.36)	
Interest income received	9.74		7.39	
Net cash used in investing activities (B)		(6,049.48)		(13,126.31)
C. Cash flow from financing activities				
Proceeds from issue of equity shares	6,150.00		13,075.00	
Repayment of lease liabilities	10.73		-	
Finance costs	(1.04)		(4.47)	
Net cash flow from financing activities (C)		6,159.69		13,070.53
Net increase / (decrease) in Cash and cash equivalents (A+B+C)		55.06		(66.51)
Cash and cash equivalents at the beginning of the year		11.14		77.65
Cash and cash equivalents at the end of the year (Refer note 8)		66.20		11.14

Significant accounting policies (Refer note 2)

The accompanying notes form an integral part of the financial statements
As per our report of even date attached

For B S R & Co. LLP

Chartered Accountants

(Firm's registration No. 101248W/W-100022)

For and on behalf of the Board of Directors of

Mahindra Aerospace Private Limited

CIN No. U63033MH2008PTC179520

Sanjay Sharma

Partner

Membership No.063980

UDIN:20063980AAAACE4920

Mr. Arvind Mehra

Wholetime Director

DIN No. 01039769

Mr. S.P.Shukla

Managing Director

DIN No. 00007418

Mr. T. Subrahmanya Sarma

Chief Financial Officer

Mr. V.S. Ramesh

Company Secretary

Place: Bangalore
Date: May 8, 2020Place: Mumbai
Date: May 8, 2020

Mahindra Aerospace Private Limited

Regd. Office: Mahindra Towers, P.K.Kurane Chowk, Worli, Mumbai - 400 018

Statement of Changes in Equity

a. Equity share capital:	
	Rs in Lakhs
At April 1, 2018	55,887.96
Add: changes in equity shares	13,075.00
At March 31, 2019	68,962.96
Add: changes in equity shares	6,150.00
At March 31, 2020	75,112.96

b. Other equity					Rs in Lakhs
Particulars	Equity component of financial instruments	Reserves and surplus		Other comprehensive income	Total
		Securities premium	Retained earnings		
At April 1, 2018	153.47	31,243.98	(28,851.17)	(0.23)	2,546.05
Loss for the period	-	-	(17,974.58)	-	(17,974.58)
Re-measurement (loss)/gain on defined benefit plans	-	-	-	0.60	0.60
Total comprehensive income	-	-	(17,974.58)	0.60	(17,973.98)
At March 31, 2019	153.47	31,243.98	(46,825.75)	0.37	(15,427.93)

Particulars	Equity component of financial instruments	Reserves and surplus		Other comprehensive income	Total
		Securities premium	Retained earnings		
At April 1, 2019	153.47	31,243.98	(46,825.75)	0.37	(15,427.93)
Loss for the period	-	-	(31,937.70)	-	(31,937.70)
Re-measurement (loss)/gain on defined benefit plans	-	-	-	0.81	0.81
Total comprehensive income	-	-	(31,937.70)	0.81	(31,936.89)
At March 31, 2020	153.47	31,243.98	(78,763.45)	1.18	(47,364.82)

The accompanying notes form an integral part of the financial statements

As per our report of even date attached

For B S R & Co. LLP
Chartered Accountants
(Firm's registration No. 101248W/W-100022)

For and on behalf of the Board of Directors of
Mahindra Aerospace Private Limited
CIN No. U63033MH2008PTC179520

Sanjay Sharma
Partner
Membership No. 063980
UDIN:20063980AAAACE4920

Mr. Arvind Mehra
Wholetime Director
DIN No. 01039769

Mr. S.P.Shukla
Managing Director
DIN No. 00007418

Mr. T. Subrahmanya Sarma
Chief Financial Officer
Place: Mumbai
Date: May 8, 2020

Mr. V.S. Ramesh
Company Secretary

Place: Bangalore
Date: May 8, 2020

Mahindra Aerospace Private Limited
Notes to the financial statements for the year March 31, 2020

1. Corporate Information

Mahindra Aerospace Private Limited (the 'Company') is a company domiciled in India, with its registered office situated at Mahindra Towers, P.K Kurne Chowk, Worli, Mumbai - 400018. The Company was incorporated on February 28, 2008 under the provisions of the Indian Companies Act, 1956. Presently the Company is holding investments in subsidiaries engaged in the business of manufacturing aircrafts and Aerostructures and design and development of 5 seater aircrafts. Also the company is exporting design services.

2. Basis of preparation and Significant accounting policies:

2.1 Basis of preparation

A. Statement of compliance

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

The financial statements were authorised for issue by the Company's Board of Directors on 08 May 2020.

Details of the Company's accounting policies are included in Note 2.2

B. Functional and presentation currency

These financial statements are presented in Indian Rupees (Rs.), which is also the Company's functional currency. All amounts have been rounded-off to two decimal places to the nearest lakhs, unless otherwise indicated.

C. Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following items:

Items	Measurement basis
Certain financial assets and liabilities	Fair value

D. Use of estimates and judgements

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

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

Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

Note 3A - leases: whether an arrangement contains a lease and lease classification

Mahindra Aerospace Private Limited

Notes to the financial statements for the year March 31, 2020

Assumptions and estimation uncertainties:

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

Note 20 – measurement of defined benefit obligations: key actuarial assumptions; key actuarial assumptions;

Note 23 - recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources;

Note 29 - recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used;

Note 3 - useful life of property, plant and equipment

Notes 4 and 5 - impairment of financial assets.

E. Measurement of fair values

Certain accounting policies and disclosures of the Company require the measurement of fair values, for both financial and non-financial assets and liabilities. The Company has an established control framework with respect to the measurement of fair values.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments.

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

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

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

- Note 22 - financial instruments.

2.2 Significant accounting policies

a) Property Plant and Equipment

i. Recognition and measurement

Items of property, plant and equipment, are measured at cost (which includes capitalised borrowing costs, if any) less accumulated depreciation and accumulated impairment losses, if any.

Cost of an item of property, plant and equipment includes its purchase price, duties, taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

The cost of a self-constructed item of property, plant and equipment comprises the cost of materials, direct labour and any other costs directly attributable to bringing the item to its intended working condition and estimated costs of dismantling, removing and restoring the site on which it is located, wherever applicable.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

ii. Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

iii. Depreciation

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual value using straight line method over the useful lives of assets estimated by the Company based on an internal technical evaluation performed by the management and is recognised in the statement of profit and loss. Depreciation for assets purchased / sold during the period is proportionately charged.

The range of estimated useful lives of items of property, plant and equipment are as follows:

Asset	Useful life
Plant and Machinery, Office equipment, furniture & fixtures	2 years, 5 years, 10 years, 15 years
Vehicles	5 years

The Company believes the useful lives as given above best represent the useful lives of these assets based on internal assessment where necessary, which is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act, 2013.

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.

b) Intangible Assets

Internally generated: Research and development

Expenditure on research activities is recognised in the Statement of Profit and Loss as incurred.

Mahindra Aerospace Private Limited

Notes to the financial statements for the year March 31, 2020

Development expenditure is capitalised as part of the cost of the resulting intangible asset only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in profit or loss as incurred. Subsequent to initial recognition, the asset is measured at cost less accumulated amortisation and any accumulated impairment losses.

Others:

Other intangible assets including those acquired by the Company in a business combination are initially measured at cost. Such intangible assets are subsequently measured at cost less accumulated amortisation and any accumulated impairment losses.

Amortisation:

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values over their estimated useful lives using the straight - line method, and is included in depreciation and amortisation in Statement of Profit and Loss.

The estimated useful lives are as follows:

Asset	Useful life
Computer software	3-5 years

Amortisation method, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate.

c) Impairment of assets

i. Financial Assets

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to life time ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12- month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at life time ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized is recognized as an impairment gain or loss in profit or loss.

ii. Non-financial assets

Intangible assets and property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the CGU to which the asset belongs. If such assets are considered to be impaired, the impairment to be recognised in the Statement of Profit and Loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the Statement of Profit and Loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

Mahindra Aerospace Private Limited

Notes to the financial statements for the year March 31, 2020

d) Investment in subsidiaries

The company accounts for its investment in subsidiaries at cost less accumulated impairment, if any.

e) Revenue Recognition

Effective April 1, 2018, the Company has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 Revenue and Ind AS 11 Construction Contracts. The standard is applied retrospectively only to contracts that are not completed as at the date of initial application and the comparative information in the statement of profit and loss is not restated – i.e. the comparative information continues to be reported under Ind AS 18 and Ind AS 11. The adoption of the standard did not have any material impact to the financial statements of the Company.

Revenue is recognised upon transfer of control of promised products or services to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those products or services.

Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, service level credits, performance bonuses, price concessions and incentives, if any, as specified in the contract with the customer. Revenue also excludes taxes collected from customers.

f) Other Income

For all financial instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR), which 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 net carrying amount of the financial asset. Interest income is included in other income in the Statement of Profit and Loss.

g) Leases

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract and allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Company recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight line method from the commencement date over the shorter of lease term or useful life of right of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

Mahindra Aerospace Private Limited

Notes to the financial statements for the year March 31, 2020

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

The Company recognises the amount of the re-measurement of lease liability as an adjustment to the right-of-use asset. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the re-measurement in statement of profit and loss.

Transition to Ind AS 116

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

The Company has adopted Ind AS 116, effective annual reporting period beginning April 1, 2019 and applied the standard to its leases, modified retrospectively, with the cumulative effect of initially applying the Standard, recognised on the date of initial application (April 1, 2019). Accordingly, the Company has not restated the comparative information.

As a lessee:

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

On transition, the Company recognised a lease liability measured at the present value of the remaining lease payments. The right-of-use asset is recognised at its carrying amount as if the standard had been applied since the commencement of the lease, but discounted using the lessee’s incremental borrowing rate as at April 1, 2019.

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

Mahindra Aerospace Private Limited

Notes to the financial statements for the year March 31, 2020

The difference between the future minimum lease rental commitments towards non-cancellable operating leases reported as at March 31, 2019 compared to the lease liability as accounted as at April 1, 2019 is primarily due to inclusion of present value of the lease payments for the cancellable term of the leases, reduction due to discounting of the lease liabilities as per the requirement of Ind AS 116 to which the Company has chosen to apply the practical expedient as per the standard.

h) Financial Instruments

A. Recognition and initial measurement

The Company initially recognises financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are measured at fair value on initial recognition. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities that are not at fair value through profit or loss are added to the fair value on initial recognition.

B. Classification and subsequent measurement

i. Financial assets carried at amortized cost

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

ii. Financial assets at fair value through other comprehensive income

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

iii. Financial assets at fair value through profit or loss

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

iv. Financial liabilities

Financial liabilities are subsequently carried at amortised cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

Investment in subsidiaries, joint venture and associates

Investment in subsidiaries, joint venture and associates Investment in subsidiaries, joint venture and associates is carried at cost in the financial statements.

C. De-recognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the right to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial assets are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

Mahindra Aerospace Private Limited
Notes to the financial statements for the year March 31, 2020

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and a new financial liability with modified terms is recognised in the Statement of Profit and Loss.

D. Offsetting

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

i) Income tax

Income tax comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination or to an item recognised directly in equity or in other comprehensive income.

i. Current tax:

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

ii. Deferred tax:

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits.

Deferred tax is not recognised for:

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of transaction.
- temporary differences related to 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 recognised to the extent that it is probable that future taxable profits will be available against which they can be used.

Mahindra Aerospace Private Limited

Notes to the financial statements for the year March 31, 2020

Deferred tax assets recognised or unrecognised are reviewed at each reporting date and are recognised / reduced to the extent that it is probable / no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

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

The Company offsets, the current tax assets and liabilities (on a year on year basis) and deferred tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

j) Foreign currencies:

Transactions in foreign currencies are initially recorded by the Company at their functional currency spot rates at the date of the transaction. Monetary assets and liabilities denominated in foreign currency are translated at the functional currency spot rates of exchange at the reporting date. Exchange differences that arise on settlement of monetary items or on reporting at each balance sheet date of the Company's monetary items at the closing rates are recognised as income or expenses in the period in which they arise. Non-monetary items which are carried at historical cost denominated in a foreign currency are reported using the exchange rates at the date of transaction. 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.

k) 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 revenue, it is recognised in the statement of profit and loss on a systematic basis over the periods to which they relate.

l) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in Statement of profit or loss in the period in which they are incurred.

Mahindra Aerospace Private Limited
Notes to the financial statements for the year March 31, 2020

m) Business combination

Business combinations arising from transfers of interest in entities that are under the control of the shareholder that controls the Company are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established; for this purpose comparatives are revised. The assets and liabilities acquired are recognised at their carrying amounts. The identity of the reserves is preserved and they appear in the financial statements of the Company in the same form in which they appeared in the financial statements of the acquired entity. The difference, if any, between the value of net assets and the consequent reduction in value of investment held by the Company is transferred to the capital reserve or to the accumulated balance of profit and loss.

n) Provisions and contingent liabilities

i. General:

Provisions are recognised 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, 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 recognised as a finance cost.

ii. Contingent liabilities:

A disclosure for contingent liabilities is made where there is a possible obligation or a present obligation that may probably not require an outflow of resources. When there is a possible or a present obligation where the likelihood of outflow of resources is remote, no provision or disclosure is made.

(iii) Onerous contracts:

Provision for onerous contracts. i.e. contracts where the expected unavoidable cost of meeting the obligations under the contract exceed the economic benefits expected to be received under it, are recognised when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event based on a reliable estimate of such obligation.

o) Segment reporting

Operating segments are defined as components of an enterprise for which discrete financial information is available that is evaluated regularly by the chief operating decision maker, in deciding how to allocate resources and assessing performance. The Company's chief operating decision maker is the Managing Director.

Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment. Inter segment revenue is accounted on the basis of transactions which are primarily determined based on market / fair value factors. Revenue, expenses, assets and liabilities which relate to the Company as a whole and are not allocable to segments on a reasonable basis have been included under "unallocated revenue / expenses / assets / liabilities".

p) Employee benefits

i. Short-term employee benefits

All employee benefits falling due wholly within twelve months of rendering the services are classified as short-term employee benefits, which include benefits like salaries, wages, short-term compensated absences and performance incentives and are recognised as expenses in the period in which the employee renders the related service.

ii. Post-employment benefits

Contributions to defined contribution schemes such as Provident Fund, employee state insurance scheme, Pension Fund, etc., are considered as defined contribution plans and are recognised as expenses in the period in which the employee renders the related service.

The Company also provides for post-employment defined benefit in the form of gratuity and medical benefits. The cost of providing benefit is determined using the projected unit credit method, with actuarial valuation being carried out at each balance sheet date. Remeasurement of the net benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interests) and the effect of the assets ceiling (if any, excluding interest) are recognised in other comprehensive income. The effect of any plan amendments are recognised in net profit in the Statement of Profit and Loss.

iii. Other long-term employee benefits

All employee benefits (other than post-employment benefits and termination benefits) which do not fall due wholly within twelve months after the end of the period in which the employees render the related services are determined based on actuarial valuation or discounted present value method carried out at each balance sheet date. The expected cost of accumulating compensated absences is determined by actuarial valuation performed by an independent actuary as at 31 March every year using projected unit credit method on the additional amount expected to be paid / availed as a result of the unused entitlement that has accumulated at the balance sheet date. Expense on non-accumulating compensated absences is recognised in the period in which the absences occur.

q) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

r) Earnings per share

Basic Earnings Per Share ('EPS') is computed by dividing the net profit / (loss) attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the net profit / (loss) by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the year, unless issued at a later date. In computing diluted earnings per share, only potential equity shares that are dilutive and that either reduces earnings per share or increases loss per share are included. The number of shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented in case of share splits.

Mahindra Aerospace Private Limited
Notes to the financial statements for the year March 31, 2020

s) Cash flow statement

Cash flows are reported using indirect method, whereby net profits before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments and items of income or expenses associated with investing or financing cash flows. The cash flows from regular revenue generating (operating activities), investing and financing activities of the Company are segregated.

t) Recent accounting pronouncement

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2020.

Note 3: Property, plant and equipment

Rs in Lakhs

Particulars	Tangible assets					Intangible assets		Grand Total
	Plant and equipment	Office equipment	Furniture and fixtures	Computers	Total	Computer software	Total	
Cost								
As at April 01, 2018	5.06	5.28	0.17	1.51	12.02	76.21	76.21	88.23
Additions	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
As at March 31, 2019	5.06	5.28	0.17	1.51	12.02	76.21	76.21	88.23
Additions	-	-	-	-	-	-	-	-
Written off	5.06	5.28	0.17	1.51	12.02	76.21	76.21	88.23
As at March 31, 2020	-	-	-	-	-	-	-	-
Accumulated Depreciation and Amortisation								
As at April 01, 2018	5.06	5.28	0.17	1.51	12.02	76.21	76.21	88.23
Charge for the year	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
As at March 31, 2019	5.06	5.28	0.17	1.51	12.02	76.21	76.21	88.23
Charge for the year	-	-	-	-	-	-	-	-
Disposal	5.06	5.28	0.17	1.51	12.02	76.21	76.21	88.23
As at March 31, 2020	-	-	-	-	-	-	-	-
Net block								
As at April 01, 2018	-	-	-	-	-	-	-	-
As at March 31, 2019	-	-	-	-	-	-	-	-
As at March 31, 2020	-	-	-	-	-	-	-	-

Net block	As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
Property, plant and equipment	-	-	-
Intangible assets	-	-	-
Capital work in progress (Refer note 26)	-	-	-
Intangibles assets under development (Refer note 26)	-	-	-

Note 3A: Right of use assets

Rs in Lakhs

Particulars	Additions for year ended March 31, 2020	Depreciation on right-of-use asset	Net carrying amount as at March 31, 2020
Leasehold improvements	13.48	3.44	10.04

Interest on lease liabilities is Rs. 1.04 Lakhs for the year ended on March 31, 2020

Mahindra Aerospace Private Limited
Notes to Financial Statements for the year ended March 31, 2020

Note 4: Investments

Rs in Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Non-current		
At cost less provision for other than temporary impairment		
Unquoted equity shares		
Investment in wholly owned subsidiaries		
Mahindra Aerospace Australia PTY Ltd [102,238,500 (2019: 102,238,500) Equity Shares of AU \$ 1 each, 18,100,000 (2019: 18,100,000) Equity Shares of AU \$ 0.58 each & 15,116,000 (2019: NIL) Equity Shares of AU \$ 0.43 each]]	59,913.25	56,762.59
Less: Provision for diminution in value of investment	(59,913.25)	(30,946.68)
	-	25,815.91
Mahindra Aerostructures Pvt Ltd [428,860,000 (2019: 398,860,000) Equity Shares of Rs.10 each]	42,886.00	39,886.00
Less: Provision for diminution in value of investment	(14,886.00)	(12,086.00)
	28,000.00	27,800.00
	28,000.00	53,615.91
Current		
Quoted		
Investments in mutual fund carried at FVTPL		
ICICI Prudential Liquid Plan -Regular Growth [(2020: NIL) (2019: No. of Units 79,993.70 of Face Value Rs 100 each)]	-	221.12
	-	221.12
Total unquoted non-current investments	1,02,799.25	96,648.59
Aggregate provision for impairment in value of investments	(74,799.25)	(43,032.68)

Note 5: Other financial assets

Rs in Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Unsecured, considered good unless otherwise stated		
Current		
Security deposits to related party (Refer note 21)	3.60	3.60
Dues from related parties (Refer note 21)	-	109.88
Interest accrued on deposits	0.22	-
	3.82	113.48

These financial assets are carried at amortised cost unless otherwise stated.

Mahindra Aerospace Private Limited
Notes to Financial Statements for the year ended March 31, 2020

Note 6: Income tax assets (net)

Rs in Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
TDS receivable (Including MAT Credit) (net of provision for taxation Rs. 73.99 Lakhs (2019: Rs. 13.35 Lakhs))	51.11	105.17
	51.11	105.17

Note 7: Other non-current assets

Rs in Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Unsecured, considered good unless otherwise stated		
Balances with government authorities		
GST Credit Receivable	141.82	141.82
Less: Provision	(141.82)	(141.82)
	-	-
Other deposits	5.13	12.18
	5.13	12.18
	5.13	12.18

Note 8: Cash and cash equivalents

Rs in Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Balance with banks		
In current accounts	65.92	10.81
Cash on hand	0.28	0.33
	66.20	11.14

Note 8A: Bank balance other than cash and cash equivalents

Particulars	As at March 31, 2020	As at March 31, 2019
Bank Balances other than Cash and Cash Equivalents		
Fixed Deposits	122.45	-
	122.45	-

Note 9: Other current assets

Rs in Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Unsecured, considered good unless otherwise stated		
Balances with government authorities:		
GST credit receivable	36.72	67.25
Less: Provision	(36.72)	-
	-	67.25
Others (Also refer note 20)	9.42	15.37
Less: Provision for doubtful advances	-	(8.21)
	9.42	7.16
	9.42	74.41

Mahindra Aerospace Private Limited
Notes to Financial Statements for the year ended March 31, 2020

Note 10 - Share Capital

Rs in Lakhs

	Particulars	As at March 31, 2020		As at March 31, 2019	
		Nos	Amount	Nos	Amount
1	Authorised :				
	Equity shares of Rs.10 each	80,00,00,000	80,000.00	75,00,00,000	75,000.00
	5% Non-Cumulative Compulsorily Convertible Preference shares of Rs.10 each	1,50,00,000	1,500.00	1,50,00,000	1,500.00
	0.10% Cumulative Compulsorily Convertible Preference shares of Rs.10 each	19,00,00,000	19,000.00	19,00,00,000	19,000.00
	Total	1,00,50,00,000	1,00,500.00	95,50,00,000	95,500.00
2	Issued :				
	Equity shares of Rs 10 each :				
	Opening Balance	68,96,29,627	68,962.96	60,28,79,627	60,287.96
	Less: Unsubscribed shares (Refer below note 4A and 4B)	(10,00,020)	(100.00)	(4,40,00,000)	(4,400.00)
	Add: Issued during the year	6,25,00,000	6,250.00	13,07,50,000	13,075.00
	Closing balance	75,11,29,607	75,112.96	68,96,29,627	68,962.96
3	Subscribed and fully paid up :				
	Equity shares of Rs 10 each :				
	Opening Balance	68,96,29,627	68,962.96	55,88,79,627	55,887.96
	Add: Issued during the year	6,14,99,980	6,150.00	13,07,50,000	13,075.00
	Closing balance	75,11,29,607	75,112.96	68,96,29,627	68,962.96

Notes:

- Out of the total equity shares, 674,370,306 (2019: 612,870,326) equity shares are held by Mahindra and Mahindra Ltd., the holding company, including shares held jointly with nominees.
- Details of shareholders holding more than 5% equity shares in the Company:

Name of the Shareholder	As at March 31, 2020		As at March 31, 2019	
	Nos	%	Nos	%
Mahindra and Mahindra Limited and its nominees*	67,43,70,306	89.78%	61,28,70,326	88.87%
Kotak Mahindra Trustee Limited (Trustee of Kotak India Growth Fund II)	5,54,78,722	7.39%	5,54,78,722	8.04%

* Includes 8 shares (2019: 8 shares) held by nominees jointly with Mahindra and Mahindra Limited

- Rights, preferences and restrictions attached to shares:

a) Equity Shares:

The company has one class of equity shares having a par value of Rs. 10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

b) 5% Non-Cumulative Compulsorily Convertible Preference shares (compound financial instruments):

50,00,000, 5% Non-Cumulative Compulsorily Convertible Preference shares (NCCCPS) of Rs.10 each were issued in March 2015 to the holding Company, Mahindra & Mahindra Ltd. The NCCCPS holders will not be entitled to any of the rights and privileges available to the members of the company including the right to receive notices of or to attend and vote at General Meetings or to receive annual reports of the company. The NCCCPS holders shall not have the rights of participation in surplus assets and profits, on winding up which may remain after the entire capital has been repaid. The NCCCPS of Rs. 10 each shall have a preferential right to payment of dividend and repayment, in the case of winding up or repayment of capital. The NCCCPS are convertible into equity shares within a period of 3 years at a price to be determined as per terms of the issue.

During the year ended 31 March 2018, the company had extended the tenure of preference shares for the period of 3 years. The preference shares shall be compulsorily convertible into equity shares on or before March 30, 2021 at a price/rate which is discount of 18% to the price at which the above mentioned next round of funding happens. The IRR discount of 18% shall be adjusted to the extent of the dividend paid to the NCCCPS holders. In the event of equity infusion does not happen on or before March 30, 2021, then these NCCCPS shall be compulsorily converted into equity shares at par on March 30, 2021.

The other terms of the issue of these NCCCPS shall remain same.

Mahindra Aerospace Private Limited
Notes to Financial Statements for the year ended March 31, 2020

4A) During the preceding previous year ended 31 March 2018, the company has made a rights issue offer of 44,000,000 equity shares of Rs. 10 each for cash at par. The offer period was initially from 22 February 2018 to 12 March 2018 (both days inclusive) and further extended till 27 March 2018. After the expiry of the time specified in this offer as aforesaid, or on receipt of intimation declining the said offer, the Board of Directors may offer such shares to the other existing shareholder of the Company.

During the previous year ended 31 March 2019, the Board of Directors in their meeting held on 3 May 2018, approved the cancellation of the said unsubscribed shares.

4B) During current year the company has made a rights issue offer of 62,500,000 equity shares of Rs. 10 each for cash at par. The offer period was from 26 August 2019 to 03 September 2019 (both days inclusive). After the expiry of the time specified in this offer as aforesaid, or on receipt of intimation declining the said offer, the Board of Directors may offer such shares to the other existing shareholder of the Company.

The Board of Directors in their meeting held on 09 September 2019, approved the cancellation of the said unsubscribed shares.

5) The Company has not allotted any fully paid equity shares by way of bonus shares nor has bought back any class of equity shares during the period of five years immediately preceding the balance sheet date nor has issued shares for consideration other than cash.

Note 11: Other equity

A) Securities premium		Rs in Lakhs
	Particulars	Amount
	At April 1, 2018	31,243.98
	Additions during the year	-
	At March 31, 2019	31,243.98
	Additions during the year	-
	At March 31, 2020	31,243.98

Security premium account is used to record the premium on issue of equity shares. The reserve will be utilized in accordance with the provisions of the Companies Act, 2013

B) Retained earnings		Rs in Lakhs
	Particulars	Amount
	At April 1, 2018	(28,851.17)
	Loss for the year	(17,974.58)
	At March 31, 2019	(46,825.75)
	Loss for the year	(31,937.70)
	At March 31, 2020	(78,763.45)

C) Other comprehensive income		Rs in Lakhs
	Particulars	Amount
	At April 1, 2018	(0.23)
	Re-measurement gain / (loss) on defined benefit plans	0.60
	At March 31, 2019	0.37
	Re-measurement gain / (loss) on defined benefit plans	0.81
	At March 31, 2020	1.18

D) Equity components of 5% Non-Cumulative Compulsorily Convertible Preference shares

		Rs in Lakhs
	Particulars	Amount
	At April 1, 2018	153.47
	Additions during the year	-
	At March 31, 2019	153.47
	Additions during the year	-
	At March 31, 2020	153.47

Total other equity

At April 1, 2018	2,546.05
At March 31, 2019	(15,427.93)
At March 31, 2020	(47,364.82)

Mahindra Aerospace Private Limited
Notes to Financial Statements for the year ended March 31, 2020

Note 12: Borrowings

Rs in Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Non Current		
5% Non-cumulative compulsorily convertible preference shares	-	500.00
	-	500.00
Current		
5% Non-cumulative compulsorily convertible preference shares	500.00	-
	500.00	-

Note: For repayment terms and interest: Refer note 10 (3)(b).

Note 13: Trade payable

Rs in Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Trade payables		
Dues to micro and small enterprises (Refer note 25)	-	-
Dues to related parties (Refer note 21)	5.79	91.71
Due to others	3.11	16.69
	8.90	108.40

Note 14: Other current liabilities

Rs in Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Statutory dues (withholding taxes, goods and service tax, etc.)	0.19	9.77
Others	0.21	0.21
	0.40	9.98

Mahindra Aerospace Private Limited
Notes to Financial Statements for the year ended March 31, 2020

Note 15: Other income

Rs in Lakhs

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Income from management services*	-	195.11
Profit on sale of mutual funds	6.25	29.87
Fair value gain on financial instruments at FVTPL	-	5.91
Interest income on bank deposits	9.96	7.26
	16.21	238.15

* Represents the income earned from subsidiary companies on cost plus mark up on services rendered.

Note 16: Employee benefits expense

Rs in Lakhs

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Salaries, wages and bonus**	-	41.09
Contribution to provident and other funds	-	1.34
	-	42.43

**Net of reimbursement received from subsidiary companies amounting to Rs 53.49 Lakhs (2019: 25.30 Lakhs).

Note 17: Finance costs

Rs in Lakhs

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest expense on lease liabilities	1.04	4.47
	1.04	4.47

Note 18: Depreciation

Rs in Lakhs

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Depreciation on right-of-use asset	3.44	-
	3.44	-

Mahindra Aerospace Private Limited
Notes to Financial Statements for the year ended March 31, 2020

Note 19: Other expenses

Rs in Lakhs

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Rent	-	3.60
Rates and taxes	56.40	14.69
Insurance	-	0.18
Legal and other professional charges	15.90	182.74
Travelling & Conveyance	3.89	0.28
Auditors' remuneration (refer note below)	6.43	5.50
Directors' sitting fees	1.60	1.20
Loss on foreign exchange translation, (net)	0.71	1.66
Provision for diminution of Investments (refer note 27)	31,766.57	17,950.15
Provision for doubtful Goods service tax credit receivable	36.72	-
Bank charges	0.31	0.36
Other miscellaneous expenses	0.26	0.78
	31,888.79	18,161.14

#Total expenses disclosed are net of reimbursement received from subsidiary companies amounting to Rs NIL (2019: 218.62 Lakhs).

Note:

Rs in Lakhs

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Auditors' remuneration includes:		
Statutory audit	3.00	3.00
Other services and certifications	3.00	2.50
Reimbursement of expenses	0.43	-
	6.43	5.50

Mahindra Aerospace Private Limited
Notes to Financial Statements for the year ended March 31, 2020

Note 20: Employee benefits

(a) Defined Contribution Plan:

The Company's contribution to Provident Fund and others aggregating Rs. NIL (2019: Rs. 1.13 Lakhs) has been recognised in the Statement of Profit or Loss under the head employee benefits expense.

(b) Defined Benefit Plans:

Gratuity

The Company operates a gratuity plan covering qualifying employees. The benefit payable is calculated as per the Payment of Gratuity Act, 1972. 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 group gratuity scheme administered by the Life Insurance Corporation of India through its Gratuity Trust Fund. However, during the year, the company did not had any eligible employees to whom the gratuity was payable and accordingly, no actuarial valuation was carried out. The receivable from the Gratuity trust of the Company has been recognised in these financial statements under Note 9, as the Company has right to recover the surplus available in the trust.

Particulars	Rs in Lakhs	
	Funded Plan	
	Gratuity	
	31-Mar-20	31-Mar-19
I. Expense recognised in the Statement of Profit and Loss for the year		
Current service cost	-	0.18
Net Interest cost	-	0.03
	-	0.21
II. Recognised in comprehensive income for the year		
Return on plan assets	-	(0.27)
Actuarial (Gain)/Loss on account of :		
- Demographic Assumptions	-	0.01
- Financial Assumptions	(0.81)	-
- Experience Adjustments	-	(0.34)
	(0.81)	(0.60)
III. Change in the obligation during the year ended		
1. Present value of defined benefit obligation at the beginning of the year	1.44	7.97
2. Acquisitions/Divestures/Transfer (transfer of employees to MASPL)	-	(6.97)
3. Current Service Cost	-	0.18
4. Interest cost	-	0.59
5. Recognised in Other Comprehensive Income		
- Actuarial Gain (Loss)	(0.81)	(0.33)
6. Benefit paid	(1.22)	-
Present value of defined benefit obligation at the end of the year	(0.59)	1.44
IV. Change in fair value of assets during the year ended		
1. Fair value of plan assets at the beginning of the year	8.35	7.52
2. Interest income	-	0.56
3. Recognised in Other Comprehensive Income		
- Return on plan assets	-	0.27
4. Contributions by employer	-	-
5. Benefit paid	(1.22)	-
Fair value of plan assets at the end of the year	7.13	8.35
V. Net (Asset)/Liability recognised in the Balance Sheet		
- Present value of defined benefit obligation	(0.59)	1.44
- Fair value of plan assets	7.13	8.35
Net (Asset)/ liability	(7.72)	(6.91)
Current portion of the above	(7.72)	(6.91)
Non current portion of the above	-	-

Plan Assets:

The details with respect to the investment made by Fund manager (Life Insurance Corporation) into major categories of plan assets have not been disclosed, as the same has not been provided by the Fund manager to the Company.

Actuarial Assumptions:

The principal assumptions used in determining defined benefit obligations and fair value of asset for gratuity and leave encashment are:

Particulars	31-Mar-19
Discount rate	7.43%
Future salary increases	8.00%
Attrition rate	5.00%
Estimated rate of return on plan assets	7.43%
Mortality	Indian Assured Lives Mortality (2006-08) (Ultimate)

Since the company has no employees on rolls as on 31st March 2020, the sensitivity analysis and other related disclosures are not provided.

Mahindra Aerospace Private Limited
Notes to Financial Statements for the year ended March 31, 2020

Note 21: Related Party Information

i) Related parties where control exists along with nature of relationship

Name of the party	Nature of Relationship
Mahindra & Mahindra Ltd.	Holding Company
Mahindra Aerostructures Private Limited	Subsidiary
Mahindra Aerospace Australia Pty Ltd	Subsidiary
GippsAero Pty Ltd	Step Down Subsidiary
Mahindra Aerospace Private Limited Employees Group Gratuity Assurance Scheme	Employee Gratuity Trust

ii) Related parties under Ind AS 24 and as per Companies Act, 2013

Key management personnel

Mr. S. P. Shukla	Managing Director
Mr. Arvind Kumar Mehra	Chief Executive Officer & Executive Director
Mr. V S Parthasarathy	Non-executive director (until 2 August 2018)
Mr. Nikhil Sohoni	Non-executive director (w.e.f. 4 August 2018)
Mr. Sudhir Yagnik	Non-executive director (until 3 August 2018)
Mr. Mukul Verma	Non-executive director (w.e.f 4 August 2018)
Mr. S.Ramakrishna	Non-executive director (until 31 October 2018)
Mr. K. V. Ramakrishna	Non-executive director
Mr. Dhiraj Rajendran	Non-executive director
Dr. Devi Singh	Independent director (until 29 March 2020)
Ms. Rajyalakshmi Rao Meka	Independent director (until 29 March 2020)
Mr. T. S. Sarma	Chief Financial Officer
Mr. V.S. Ramesh	Company Secretary

Other parties with whom transaction have taken place during the year:

Name of Related Party	Nature of Relationship
Mahindra Integrated Business Solution Private Limited	Fellow Subsidiary

iii) Details of the transactions with the related parties

Rs in Lakhs

Particulars	2019-20	2018-19
I. Transactions with Group entities		
Services Received (included under note 19 Other expense)		
Mahindra & Mahindra Ltd	6.66	333.48
Mahindra Integrated Business Solution Private Limited	0.20	0.60
	6.86	334.08
Reimbursement of expenses made to:		
Mahindra & Mahindra Ltd	-	4.54
Mahindra Aerostructures Private Limited	-	51.23
	-	55.77
Services rendered		
Mahindra Aerostructures Private Limited	-	98.62
GippsAero Pty Ltd	-	96.49
	-	195.11
Rent expenses		
Mahindra Aerostructures Private Limited	3.81	3.60
	3.81	3.60
Reimbursement of expenses received		
Mahindra Aerostructures Private Limited	53.49	109.84
GippsAero Pty Ltd	-	134.08
	53.49	243.92
Expenses paid		
Mahindra Aerospace Private Limited Employees Group Gratuity Assurance Scheme	1.50	-
	1.50	-
Investment in equity		
Mahindra Aerospace Australia Pty Ltd	3,150.65	5,298.36
Mahindra Aerostructures Private Limited	3,000.00	7,650.00
	6,150.65	12,948.36

Mahindra Aerospace Private Limited
Notes to Financial Statements for the year ended March 31, 2020

Particulars	2019-20	2018-19
Shares issued		
Mahindra & Mahindra Ltd	6,150.00	13,075.00
	6,150.00	13,075.00
II. Transactions with key managerial personnel		
Salary and perquisites		
Mr. S. P. Shukla	53.49	34.25
Mr. Arvind Kumar Mehra	-	168.00
Mr. T. S. Sarma	-	9.06
Sitting fees	1.60	1.20

Rs in Lakhs

(iv) Details of balances receivable from and payable to related parties are as follows:

Particulars	As at March 31, 2020	As at March 31, 2019
Trade payables		
Mahindra & Mahindra Ltd	3.05	36.38
Mahindra Aerostructures Pvt Ltd	2.74	55.33
	5.79	91.71
Other financial assets		
Mahindra Aerostructures Pvt Ltd	-	60.64
GippsAero Pty Ltd	-	49.24
	-	109.88
Security deposits (Asset)		
Mahindra Aerostructures Pvt Ltd	3.60	3.60
	3.60	3.60

Notes:

1. Corporate Guarantees issued in respect of borrowings availed by subsidiary company (Mahindra Aerostructures Private Limited) - Rs. 9,500 Lakhs (2019: Rs. 9,500 Lakhs)

Terms and conditions of transactions with related parties

The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash.

Mahindra Aerospace Private Limited
Notes to Financial Statements for the year ended March 31, 2020

Note 22: Financial instruments - fair values and risk management

A Accounting classification and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities as at 31 March 2020, including their levels in the fair value hierarchy.

Particulars	Note	Carrying amount				Total carrying amount	Rs in Lakhs Fair value			
		FVTPL	FVOCI	Other financial assets - amortised cost	Other financial liabilities		Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value										
Cash and cash equivalents	8	-	-	66.20	-	66.20	-	-	-	-
Investments in mutual fund	4	-	-	-	-	-	-	-	-	-
Security deposits	5	-	-	3.60	-	3.60	-	-	-	-
Dues from related parties	5	-	-	-	-	-	-	-	-	-
Fixed Deposits				122.45		122.45				
Interest accrued on deposits				0.22		0.22				
		-	-	192.47	-	192.47	-	-	-	-
Financial liabilities not measured at fair value										
Borrowings (NCCPS)	12	-	-	-	-	-	-	-	-	-
Trade payables	14	-	-	-	8.90	8.90	-	-	-	-
CCCPS	12	-	-	-	-	-	-	-	-	-
		-	-	-	8.90	8.90	-	-	-	-

The following table shows the carrying amounts and fair values of financial assets and financial liabilities as at 31 March 2019, including their levels in the fair value hierarchy.

Particulars	Note	Carrying amount				Total carrying amount	Rs in Lakhs Fair value			
		FVTPL	FVOCI	Other financial assets - amortised cost	Other financial liabilities		Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value										
Cash and cash equivalents	8	-	-	11.14	-	11.14	-	-	-	-
Investments in mutual fund	4	221.12	-	-	-	221.12	221.12	-	-	221.12
Security deposits	5	-	-	3.60	-	3.60	-	-	-	-
Dues from related parties	5	-	-	109.88	-	109.88	-	-	-	-
		221.12	-	124.62	-	345.74	221.12	-	-	221.12
Financial liabilities not measured at fair value										
Borrowings (NCCPS)	12	-	-	-	500.00	500.00	-	-	-	-
Trade payables	14	-	-	-	108.40	108.40	-	-	-	-
CCCPS	12	-	-	-	-	-	-	-	-	-
		-	-	-	608.40	608.40	-	-	-	-

The fair value of cash and cash equivalents, bank balance other than cash and cash equivalents, borrowings, trade payables, other current financial assets and liabilities approximate their carrying amount largely due to the short-term nature of these instruments. The Company's long-term debt has been contracted at market rates of interest. Accordingly, the carrying value of such long-term debt approximates fair value.

Investment in equity shares of subsidiaries are not appearing as financial asset in the table above being investment in subsidiaries accounted under Ind AS 27, Separate Financial Statements which is scoped out under Ind AS 109.

There have been no transfers among Level 1, Level 2 and Level 3 during the period.

Mahindra Aerospace Private Limited
Notes to Financial Statements for the year ended March 31, 2020

B Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the risk management framework. The Company's management oversees how management monitors compliance with the risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

C Financial risk management objectives and policies

The Company's principal financial liabilities comprise NCCPs, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include investments, other receivables, deposits and cash and cash equivalents that derive directly from its operations.

The Company is exposed to the following risks from its use of financial instruments:

- Market risk
- Credit risk
- Liquidity risk

The note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

(i) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings. The sensitivity analyses in the following sections relate to the position as at 31 March 2020 and 31 March 2019. The sensitivity analyses have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and derivatives and the proportion of financial instruments in foreign currencies. The analyses exclude the impact of movement in market variables on: the carrying values of gratuity and other post retirement obligations and provisions.

The following assumptions have been made in calculating the sensitivity analyses:

The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31 March 2020 and 31 March 2019.

a. Interest rate risk

The company doesn't have borrowings. Hence interest rate risk is not applicable.

b. Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's does not have any exposure to the risk of changes in foreign exchange rates as there are no operations being carried out (revenue or expense is denominated in a foreign currency) by the company.

c. Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD and AUD exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives and embedded derivatives. The Company's exposure to foreign currency changes for all other currencies is not material.

Particulars	31-Mar-20		31-Mar-19		Rs in lakhs
	Increase /decrease in basis points	Effect of profit before tax-Rs	Increase /decrease in basis points	Effect of profit before tax-Rs	
AUD	+50	-	+50	0.50	
USD	+50	-	+50	-	
AUD	-50	-	-50	(0.50)	
USD	-50	-	-50	-	

The movement in the pre-tax effect is a result of a change in the fair value of monetary assets and liabilities denominated in US dollars, where the functional currency of the entity is a currency other than US dollars.

(ii) Credit risk

Company does not have any operations and hence credit risk is not applicable.

Financial Instrument and Cash Deposit

Credit risk from balances with banks and financial institutions is managed by the Company's operation department in accordance with the Company's policy. Investments of surplus funds are made only with approved Banks within the limits assigned. These limits are reviewed by the Company's Board of Directors as and when required. The limits are set to minimise the concentration of risks and therefore mitigate financial loss and potential failure to make payments. The Company's maximum exposure to credit risk for the components of the statement of financial position at 31st March 2020 and 2019 is the carrying amounts.

Mahindra Aerospace Private Limited
Notes to Financial Statements for the year ended March 31, 2020

iii Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company has an appropriate liquidity risk management framework for the management of short, medium and long term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate cash reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The table below summarises the maturity profile of the company's financial liabilities based on contractual undiscounted payments.

	Rs in lakhs					
	On demand	Less than 1 year	1 to 2 Year	2 to 5 year	More than 5 Years	Total
Year ended '31 March 2020						
Borrowings (NCCPS)	-	500.00	-	-	-	500.00
Trade payables	-	8.90	-	-	-	8.90
	-	508.90	-	-	-	508.90
Year ended '31 March 2019						
Borrowings (NCCPS)	-	-	500.00	-	-	500.00
Trade payables	-	108.40	-	-	-	108.40
	-	108.40	500.00	-	-	608.40

D Capital management:

The Company's capital management objectives are:

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

The Company monitors capital on the basis of the carrying amount of equity and profit and loss account as presented on the face of the statement of financial position.

The Company sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. The Company is not subject to externally enforced capital regulation. The Company's capital requirements are substantially met through the issue of equity to the holding companies.

There is no change in the overall capital risk management strategy of the Company compared to last year.

23. Contingent liabilities:

- (a) Corporate Guarantees issued in respect of borrowings availed by subsidiary company – Rs. 9,500 Lakhs (2019: Rs. 9,500 Lakhs)
- (b) The Company has committed financial support to GippsAero Pty Ltd and Mahindra Aerospace Australia Pty Ltd (collectively, the 'GippsAero Group'), for 12 months from the signing of their 31 March 2020 audited financial statements, stating that the Company will not call in any amounts provided to the GippsAero Group prior to the expiration of the period of support, other than as required in the normal course of business or as required by appropriate and applicable exchange control or other Indian regulatory requirements. The Company will provide an appropriate level of support to GippsAero Group to meet its liabilities and obligations as and when they fall due set out in budgeted forecasts under the approved business plan for the period of support and that are incurred in the normal course of business.
- (c) Service tax matters under appeal Rs. Nil (2019: Rs. 98.96 Lakhs). The Company during the year has opted Sabka Vishwas - (Legacy Dispute Resolution) Scheme 2019, a one time amnesty scheme for central taxes, which provided that eligible persons shall declare the tax dues and pay the same in accordance with the provisions of the Scheme. It further provided for certain immunities including penalty, interest or any other proceedings under the Central Excise Act, 1944 or Chapter V of the Finance Act, 1944 to those persons who pay the declared tax dues. Pursuant to the scheme the Company has paid Rs. 49.48 Lakhs towards the service tax matter under litigation, the Company yet to receive discharge certificate for designated authorities
- (d) Income tax matters under appeal Rs. Nil (2019: Rs. 88.00 Lakhs). The Company during the year decided to opt for Vivad se Viswas Act 2020, a one time amnesty scheme for direct taxes, which provided that eligible persons shall declare the tax dues and pay the same in accordance with the provisions of the Scheme. It further provided for certain immunities including penalty, interest or any other proceedings under the Income Tax Act, 1961 to those persons who pay the declared tax dues. Pursuant to the scheme the Company has created a provision of Rs. 54.89 Lacs towards the Income tax matter under litigation.
- (e) In February 2019, Supreme Court of India in its judgement clarified that certain special allowances should be considered to measure obligation under Employees Provident Fund Act, 1952. The Company has been legally advised that there are interpretive challenges on the application of judgement retrospectively and as such does not consider there any probable obligations for past periods. Accordingly, based on legal advice the company has made provision for provident fund contribution from the date of Supreme court order. The probable obligation for past periods amounting to Rs. 0.30 Lakhs has been considered by the Company as contingent liability.
- (f) The estimated amount of contracts remaining to be executed on Capital account and not provided for Rs. Nil (2019: Rs. Nil)

Note: The Company is contesting the demands and the management believes that its position will likely be upheld in the various appellate authorities/courts and the ultimate outcome will not have a material adverse effect on the Company's financial position and results of operations.

Mahindra Aerospace Private Limited
Notes to Financial Statements for the year ended March 31, 2020

24. Earnings per share

Basic earnings per share amounts are calculated by dividing the profit/(loss) for the year attributable to equity holders by the weighted average number of Equity Shares outstanding during the year.

Sr. No.	Particulars	Rs in Lakhs	
		March 2020	March 2019
(a)	Earnings attributable to equity shareholders	(31,937.70)	(17,974.58)
(b)	Weighted average number of equity shares outstanding during the year	72,41,70,711.66	66,27,63,188.64
(C)	Basic Earnings per share (Rs.)	(4.41)	(2.71)
(D)	Diluted Earnings per share (Rs.)	(4.41)	(2.71)

Weighted average no of shares (basic & diluted)

Sr. No.	Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
(a)	Opening Balance	68,96,29,627	55,88,79,627
(b)	Effect of fresh issue of shares	3,45,41,085	10,38,83,562
(c)	Weighted average no of shares	72,41,70,712	66,27,63,189

The weighted average number of ordinary shares for the purpose of diluted earnings per share reconciles to the weighted average number of equity shares used in the calculation of basic earnings/(loss) per share as follows:

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Weighted average number of equity shares used in the calculation of Basic EPS	72,41,70,712	66,27,63,189
Add: Effect of potential equity shares	-	-
Weighted average number of equity	72,41,70,712	66,27,63,189

Mahindra Aerospace Private Limited
Notes to Financial Statements for the year ended March 31, 2020

25. Dues to micro and small enterprises

There are no micro and small enterprises to which the Company owes dues, which are outstanding for more than 45 days as at 31 March, 2020. This information as required under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

26. NM5 Project

During November 2008, erstwhile M/S. Plexion Technologies India Pvt. Ltd., which was later on merged with Mahindra Engineering Services Limited (MESL), had entered into a Collaboration Agreement with Council of Scientific Industrial Research (CSIR), represented by National Aerospace Laboratories (NAL) for Joint Development, Commercial Production and Marketing of a 4-Seater Aircraft (NM 5 Project). By virtue of a Deed of Assignment dated 28th May, 2008, signed between MESL, the Company and Council of Scientific Industrial Research (CSIR), the rights, obligations and benefits of MESL under the said Collaboration Agreement was assigned to the Company by MESL and duly affirmed by CSIR. As per the Collaboration Agreement, the Company jointly owns the Intellectual Property Rights arising from joint development of the aircraft. Such Intellectual Property Rights arising from joint development of the aircraft will be a jointly held intangible asset. The Company has built a prototype of the aircraft which has carried out a successful test flight.

The Company had so far incurred an expenditure of Rs. 274.63 Lakhs (till 2019 : Rs. 274.63 Lakhs) on tools and jigs and Rs. 2,098.63 Lakhs (till 2019 : Rs. 2,098.63 Lakhs) towards the design & development and building one prototype aircraft and these are included under 'Capital work in progress' and 'Intangible assets under development' respectively.

The Management has evaluated the carrying value of above mentioned assets based on the projections of the project and recognized a cumulative impairment of Rs. 2,373.26 Lakhs (till 2019: Rs. 2,373.26 Lakhs)

27. The Company's Management assesses the operations of the subsidiaries, including the future projections, to identify indications of diminution, other than temporary, in the value of the investments recorded in the books of account. The Company based on market conditions and business projections, assessed the recoverable amount for investment in Mahindra Aerospace Australia PTY Ltd (wholly owned subsidiary in Australia) and Mahindra Aerostructures Limited, which individually represents cash generating unit (CGU).

Accordingly during the year ended March 31, 2020, the Company established a provision of Rs. 28,966.67 Lakhs (previous year Rs 9,059.15 Lakhs) for diminution in value of investment in Mahindra Aerospace Australia PTY Ltd, and Rs 2,800 Lakhs (previous year Rs 8,891 Lakhs) in value of investment in Mahindra Aerostructures Private Limited, both being 100% subsidiary of the company.

28. Segment Reporting:

The Chief Operating Decision Maker (CODM) evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by industry classes. Accordingly, segment information has been presented for industry classes.

The operating segment of the Company is identified to be " design, development and manufacturing of aircrafts and Aerostructures" as the CODM reviews business performance at an overall Company level as one segment.

Mahindra Aerospace Private Limited
Notes to Financial Statements for the year ended March 31, 2020

Note 29 - Income taxes

The Company has carried out its deferred tax computation in accordance with Ind AS 12 'Income Taxes' notified under the Companies (Indian Accounting Standards) Rules, 2015.

Significant components & classification of deferred tax assets and liabilities are as follows:

Particulars	As at March 31, 2020	As at March 31, 2019
Deferred tax liabilities		
Related to depreciation of fixed assets	1.54	1.82
Total deferred tax liability (a)	1.54	1.82
Deferred tax assets		
Provision for diminution of Investments	19,447.81	11,188.50
Provision for service tax credit and others	36.87	39.01
Provision for goods and service tax input credit	9.55	-
Carry forward losses	1.16	1.16
Others	0.23	0.23
Total deferred tax assets (b)	19,495.62	11,228.90
Net deferred tax assets/ (liabilities) (b-a)	19,494.08	11,227.08

Having regard to the accumulated losses, the Company has not recognised the net deferred tax assets in the absence of reasonable certainty at this stage that there will be sufficient future taxable income available to realize such assets.

(a) Amount recognised in statement of profit and loss

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Current Tax	5.75	11.20
Deferred tax	-	-

(b) Reconciliation of effective tax rate

Particulars	As at March 31, 2020		As at March 31, 2019	
Profit / (loss) before tax		(31,877.06)		(17,969.89)
Income tax expense calculated at domestic tax rates applicable to profits	26.00%	(8,288.04)	26.00%	(4,672.17)
Tax effects of:				
Permanent difference	-0.07%	21.05	-0.11%	19.64
Carry forward losses lapsed during the year	0.00%	-	-0.36%	65.31
Change in tax rate impact	0.00%	-	0.36%	(63.84)
Others	0.00%	(0.02)	-25.88%	4,651.05
Deferred tax asset not recognised in statement of profit and loss		(8,267.00)		(6,925.55)
Income tax expense		5.75		11.20
Effective tax rate		25.92%		38.48%

(c) Tax losses

Particulars	March 31, 2020	Expiry date	March 31, 2019	Expiry date
Loss from business	4.47	31 March 2025	4.47	31 March 2025
Total	4.47		4.47	
Potential tax benefit	1.16		1.16	

Mahindra Aerospace Private Limited
Notes to Financial Statements for the year ended March 31, 2020

30. The Company has incurred significant losses in current and earlier years. Basis the continued financial support provided by the shareholders, the use of going concern assumption has been considered appropriate in preparation of financial statements of the company.

31. During the year ended 31 March 2020, no material foreseeable loss (2019: Nil) was incurred for any long-term contract including derivative contracts.

As per our report of even date attached

For B S R & Co. LLP
Chartered Accountants
(Firm's registration No. 101248W/W-100022)

For and on behalf of the Board of Directors of
Mahindra Aerospace Private Limited
CIN No. U63033MH2008PTC179520

Sanjay Sharma
Partner
Membership No.063980
UDIN:20063980AAAACE4920

Mr. Arvind Mehra
Wholetime Director
DIN No. 01039769

Mr. S.P.Shukla
Managing Director
DIN No. 00007418

Place: Bangalore
Date: May 8, 2020

Mr. T. Subrahmanya Sarma
Chief Financial Officer
Place: Mumbai
Date: May 8, 2020

Mr. V.S. Ramesh
Company Secretary

Mahindra Aerospace Pvt Ltd

Form AOC 1

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

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

Rs.In Lakhs

PART A - SUBSIDIARIES

Name of the subsidiary	Mahindra Aerostructures Pvt Ltd	Mahindra Aerospace Australia Pty Ltd	Gipps Aero Pty Ltd	Airvan Flight Services Pty Ltd	GA8 Airvan Pty Ltd	GA200 Pty Ltd	Nomad TC Pty Ltd	Airvan 10 Pty Ltd
Reporting period for the subsidiary concerned, if different from the holding company's reporting period	31st Mar '20	31st Mar '20	31st Mar '20	31st Mar '20	31st Mar '20	31st Mar '20	31st Mar '20	31st Mar '20
Reporting currency	Rupees	AUD	AUD	AUD	AUD	AUD	AUD	AUD
Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	1	AUD=Rs.46.63	AUD=Rs.46.63	AUD=Rs.46.63	AUD=Rs.46.63	AUD=Rs.46.63	AUD=Rs.46.63	AUD=Rs.46.63
Share capital	42,886.00	55,599.92	48,727.37	4.08	4.08	4.08	10.12	4.08
Reserves & Surplus	(26,249.09)	(55,508.28)	(51,572.81)	(4.08)	(4.08)	(4.08)	(10.12)	-4.08
Total assets	18,727.49	102.67	3,550.83	0.16	0.16	0.16	0.16	0.17
Total Liabilities	2,090.58	11.03	6,396.27	0.16	0.16	0.16	0.16	0.16
Investments	-	-	-	-	-	-	-	-
Turnover	9,211.71	3.90	5,261.31	-	-	-	-	-
Profit before taxation	(861.65)	(26,847.91)	(10,690.49)	(0.16)	(0.16)	(0.16)	(0.16)	(0.16)
Provision for taxation	-	-	-	-	-	-	-	-
Profit after taxation	(861.65)	(26,847.91)	(10,690.49)	(0.16)	(0.16)	(0.16)	(0.16)	(0.16)
Other comprehensive income	16.14	-	-	-	-	-	-	-
Total comprehensive income for the year	(845.51)	(26,847.91)	(10,690.49)	(0.16)	(0.16)	(0.16)	(0.16)	(0.16)
Proposed Dividend	-	-	-	-	-	-	-	-
% of shareholding	100%	100%	100%	100%	100%	100%	100%	100%

Additional Information:

- 1) Names of subsidiaries which are yet to commence operations: Nil
- 2) Names of subsidiaries which have been liquidated or sold during the year: Nil

For and on behalf of the Board of Directors
For Mahindra Aerospace Private Ltd.

PART B - ASSOCIATES and JOINT VENTURES :

None

- 1) Names of associates or joint ventures which are yet to commence operations : Nil
- 2) Names of associates or joint ventures which have been liquidated or sold during the year: Nil

Mr. Arvind Mehra
Wholtime Director

Mr. S .P. Shukla
Managing Director

Mr. T.Subrahmanya Sarma
CFO

Mr. V.S.Ramesh
Company Secretary

Mumbai, May 8, 2020