

DIRECTORS' REPORT TO THE SHAREHOLDERS OF MAHINDRA AEROSTRUCTURES PRIVATE LIMITED

Your Directors present their Tenth 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	9,211.71	7,141.78
Profit / (Loss) before Depreciation, Finance Costs, and Taxation	736.55	(62.01)
Less: Depreciation & Amortization	1409.83	1,453.15
Profit / (Loss) before Finance Costs and Taxation	(673.28)	(1,515.16)
Less: Finance Costs	188.37	443.76
Profit / Loss before Exceptional Item	(861.65)	(1,958.92)
Less / Add: Exceptional Item	-	-
Profit / (Loss) before Tax	(861.65)	(1,958.92)
Less: Taxation	-	-
Profit / (Loss) for the year	(861.65)	(1,958.92)
Other Comprehensive Income, net of tax	16.14	(10.85)
Total Comprehensive Income for the Period	(845.51)	(1,969.77)
Balance of Profit / Loss for earlier years	(25,392.52)	(23,433.60)
Profit / Loss for the year	(861.65)	(1,958.92)
Balance of Profit carried forward	(26,254.17)	(25,392.52)
Net Worth	16,636.91	14,482.42

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

DIVIDEND

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

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

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AMOUNTS 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.

OPERATIONS

During the year, the Company maintained its growth trajectory and achieved positive EBITDA and cash profit on a turnover of Rs 92.11 Crores.

The Company 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. The Company 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, the Company also gained entry into the aircraft engine components domain during FY20, by winning a package from an aero-engines OEM. This contract enables the Company to further expand its capability in the Hard Metals category, and serial deliveries are expected to start from the 1st quarter of CY 21. The Company 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, the Company 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, the Company 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 the Company are yet to provide updated projections on their market outlook.

SHARE CAPITAL

The Authorised Share Capital of the Company was increased from Rs. 450 crores to Rs. 470 crores during the financial year under review.

During the same year under review, your Company issued, offered and allotted 3,00,00,000 Equity Shares of Rs.10/- each.

Consequently, the issued and paid up Equity Share Capital of the Company stood at Rs. 42,88,60,000/- as at the end of the financial year under review.

HOLDING COMPANY

Mahindra Aerospace Private Limited is your Holding Company.

SUBSIDIARIES, JOINT VENTURE AND ASSOCIATE COMPANIES

Your Company had no Subsidiaries, Associates and Joint Ventures as on 31st March, 2020.

BOARD OF DIRECTORS

The Composition of the Board of Directors of your Company, as at the end of the 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	Non - Executive	Non-Independent
2	Mr. Arvind Kumar Mehra (DIN: 01039769)	Managing Director	Executive	Non-Independent
3	Mr. Mukul Verma (DIN: 02428217)	Director	Non Executive	Non-Independent
4	Dr. Krishnamurthy Karthik (DIN: 07130799)	Whole Time Director	Executive	Non-Independent
5	Mr. Dhiraj Rajendran (DIN:06884408)	Director	Non - Executive	Non-Independent

Mrs. Rajyalakshmi Rao Meka ceased to be an Independent Director with effect from 29th March, 2020.

Mr. S P Shukla (DIN: 00007418) and Dr. Karthik Krishnamurthy (DIN: 07130799) 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 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 its own performance as well as performance of the Directors individually. Feedback was sought by way of a structured questionnaire covering various aspects of the Board's functioning and the evaluation was carried out based on responses received from Directors.

The performance evaluation of the Non-Independent Directors and the Board as a whole was carried out by the Board.

CODES OF CONDUCT

Your Company has adopted Code of Conduct for Corporate Governance (“the Code”) 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
Mr. Mukul Verma	2
Mr. Dhiraj Rajendran	4
Mr. Arvind Kumar Mehra	4
Dr. Karthik Krishnamurthy	4

GENERAL MEETINGS

Ninth Annual General Meeting of the Members of the Company 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 team, 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;

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- (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. Arvind Kumar Mehra is the Managing Director & CEO (with effect from 26th April, 2019)
2. Dr. Karthik Krishnamurthy is the Whole-time Director;
3. Mr. T Subrahmanya Sarma is the Chief Financial Officer;
4. Mr. V S Ramesh is the Company Secretary.

COMMITTEES OF THE BOARD:

There were no Committees of the Board during the year under review.

MEETING OF INDEPENDENT DIRECTORS

Since the Company was not required, being a wholly subsidiary company, to appoint Independent Director and with only one Independent Director, there was no meeting of Independent Directors during the year under review.

VIGIL MECHANISM

In accordance with section 177 of the Companies Act, 2013, your Company has established vigil mechanism for directors and employees to report genuine concerns. It provides for adequate safeguards against victimization of persons who use such mechanism and makes provision for direct access to the Chairman of the Board.

AUDITORS

STATUTORY AUDITORS

The Shareholders of the Company had, at their 7th Annual General Meeting held on 2nd August, 2017, appointed M/s. B S R & Co., LLP, Chartered Accountants, (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 12th Annual General Meeting to be held in the year 2022.

In view of the above, M/s. B S R & Co., LLP, Statutory Auditors, would continue to hold office till the conclusion of 12th Annual General Meeting to be held in the year 2022.

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

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 I**, 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 has made and maintained 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 Board pursuant to Section 143 (12) of the Companies Act 2013.

INTERNAL AUDITOR

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

COST AUDITOR

The provisions of the Companies Act, 2013 relating to Cost Audit 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.

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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 Aerostructures Private Limited.

The Remuneration Policies mentioned at (a) and (b) above are provided in **Annexure IIA and IIB** 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 provisions of Section 135 of the Companies Act, 2013, relating to Corporate Social Responsibility, were not applicable to your Company for the year under review.

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 has 313 employees on its 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

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

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

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

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

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

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.

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

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

PARTICULARS OF TRANSACTIONS WITH RELATED PARTIES

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

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 IV** 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 V** 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 has complied with the provisions relating to constitution of Internal Complaints Committee under The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

During the year under review, no complaint was received under the above said Act.

GENERAL

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

1. Issue of equity shares with differential rights as to dividend, voting or otherwise.
2. No Significant or material orders by Regulators or Courts or Tribunals which impact the going concern status and the Company's operations in future.
3. There were no Shares having voting rights not exercised directly by the employees and for the purchase of which or subscription to which loan was given by the Company.
4. Buy Back of Shares by the Company.

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

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

SUSTAINABILITY

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

ACKNOWLEDGEMENTS

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

For and on behalf of the Board

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

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

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

- Report of the Secretarial Auditors

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 Aerostructures 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 Aerostructures 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:

1. The Companies Act, 2013 (the Act) and the rules made thereunder, as may be applicable;
2. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment and Overseas Direct Investment (Not Applicable); and
3. 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 is not applicable.

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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.

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.;
2. Acts as prescribed under Direct Tax and Indirect Tax;
3. Stamp Acts and Registration Acts;
4. Labour Welfare Act; and
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. Karthik Krishnamurthy was re-appointed as Whole-Time Director for a period of 2 years w.e.f. March 29, 2019, Mr. Arvind Kumar Mehta was appointed as a Managing Director for a period of 3 years w.e.f. April 26, 2019 and Mrs. Rajyalakshmi Rao Meka retired as an Independent Director 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 6,50,00,000 equity shares of Rs.10 each on Rights basis.
- (ii) The members at their Annual General meeting held on July 26, 2019, inter-alia, granted their approval for the following:
 - (a) Amendment of Object Clause of Memorandum of Association of the Company; and
 - (b) Adoption of new set of Articles of Association of the Company.

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- (iii) The Committee of Directors vide their resolution dated September 9, 2019 passed by circulation approved allotment of 3,00,00,000 equity shares of Rs. 10 each for cash at par to Mahindra Aerospace Private Limited.

**For Siroya and BA Associates
Company Secretaries**

**Bhavyata Raval
Partner
ACS No.: 25734
CP No.: 21758
UDIN: A025734B000214098**

**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 Aerostructures 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: A025734B000214098
Date: May 8, 2020
Place: Mumbai

ANNEXURE II 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 Aerostructures 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 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 Board 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:

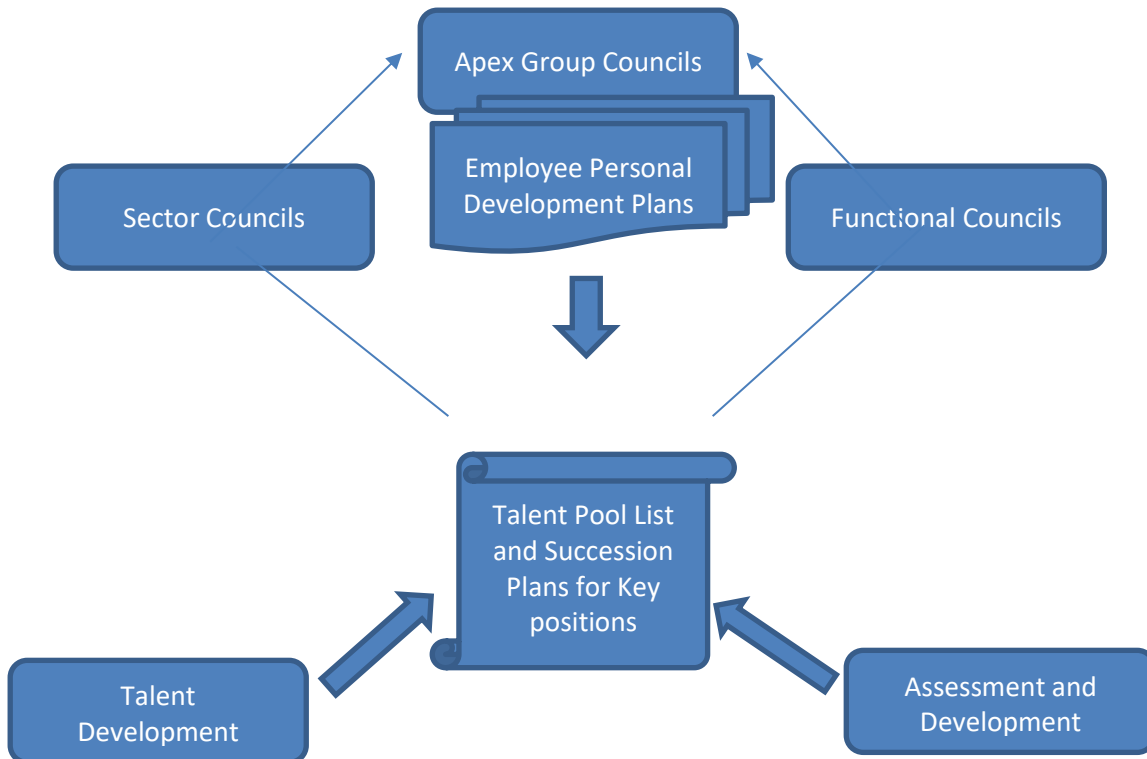
- a) **Experience** i.e. both long and short-term assignments. This has 70% weightage
- b) **Exposure** i.e. coaching and mentoring – 20% weightage
- c) **Education** i.e. learning and development initiatives – 10% weightage

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
Managing Director & CEO
DIN: 01039769
Place: New Delhi
Date: 8th May, 2020

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

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

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

Purpose

This Policy sets out the approach to compensation of Directors and Key Managerial Personnel in Mahindra Aerostructures 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 may be 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 position and level-based approach for compensation benchmarking with aerospace component manufacturing companies.

We have a CTC (Cost to Company) concept which includes a fixed component (guaranteed pay) and a variable component (performance pay). The percentage of the variable component increases with increasing hierarchy levels as employees at higher positions have a greater impact and influence on the Company's overall business result. 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 new employees other than KMPs and Senior Management Personnel will be decided by HR and approved by the Managing Director / Whole Time Director / Executive Director, based on factors such as relevant job experience, last compensation drawn, skill-set of the selected candidate, internal equity and related parameters.

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
Managing Director & CEO
DIN: 01039769
Place: New Delhi
Date: 8th May, 2020

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

ANNEXURE III 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:**

Though the activities/operations of the Company are not power intensive, necessary measures are taken to contain and bring about saving in power consumption, wherever practicable.

- (b) the steps taken by the Company for utilizing alternate sources of energy: During the year, the Company purchased Wind Energy to meet a portion of its requirements.
- (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) NIL
- iv) the expenditure incurred on Research and Development: NIL

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 31st March, 2019
Total Foreign Exchange earned	8,407.82	6,553.34
Total Foreign Exchange used	3,207.62	3,163.86

For and on behalf of the Board

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

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

ANNEXURE IV 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 Aerospace Pvt Limited	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.	3000.00	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

- 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.

MAHINDRA AEROSTRUCTURES PRIVATE LIMITED

- 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
Managing Director & CEO
DIN: 01039769
Place: New Delhi
Date: 8th May, 2020

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

ANNEXURE V 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:-	U35122MH2011PTC212744
ii)	Registration Date	27/01/2011
iii)	Name of the Company	Mahindra Aerostructures 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 2497 5081
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	Aerospace components & assemblies	30305	97.20

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 Aerospace Private Limited, Mahindra Towers, P K Kurne Chowk, Worli, Mumbai 400 018	U63033MH2008PTC179520	Holding Company	100	2(46)
2.	Mahindra and Mahindra Limited, Gateway Building, Apollo Bunder, Mumbai 400 001	L65990MH1945PLC004558	Ultimate Holding Company	-	2 (46)

Mahindra Aerostructures Private Limited

2. Non- Institutions									
a) Body Corp. (i) Indian (ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individual i) Individual shareholders holding nominal share capital upto Rs.1 lakh ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	-	-	-	-	-	-	-	-	-
Sub-total (B) (2):-	-	-	-	-	-	-	-	-	-
Total Public Shareholding (B)=(B)(1)+ (B)(2)	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	39,88,60,000	-	39,88,60,000	100	42,88,60,000	-	42,88,60,000	100	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 Aerospace Private Limited	39,88,59,992	100	0	42,88,59,992	100	0	100
2	Mahindra Aerospace Private Limited Jointly with Mr. Narayan Shankar	1	0	0	1	0	0	0
3	Mahindra Aerospace Private Limited Jointly with Mr. Feroze Baria	2	0	0	2	0	0	0
4	Mahindra Aerospace Private Limited Jointly with Mr. Rajesh Arora	2	0	0	2	0	0	0
5	Mahindra Aerospace Private Limited Jointly with Ms. Brijbala Batwal.	1	0	0	1	0	0	0
6	Mahindra Aerospace Private Limited Jointly with Mr. Sumeet Maheshwari	1	0	0	1	0	0	0

Mahindra Aerostructures Private Limited

7	Mahindra Aerospace Private Limited Jointly with Ms. Anita Halbe	1	0	0	1	0	0	0
	Total	39,88,60,000	100	0	42,88,60,000	100	0	0

* held as nominee of Mahindra Aerospace Private Limited for the purpose of compliance with the statutory provisions of Companies Act with regard to minimum number of members.

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

There is no change in the shareholding pattern during the year 2019 - 2020.

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
	Mahindra Aerospace Private Limited				
	At the beginning of the year	39,88,60,000	100		
	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.): Increase: Allotment of 3,00,00,000 equity shares on 11 th September, 2019			42,88,60,000	100
	At the end of the year (or on the date of separation, if separated during the year)			42,88,60,000	100

(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				
	At the beginning of the year	-	-	-	-
	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)	-	-	-	-

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For Each of the Directors and KMP	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
		-	-	-	-
	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.):	-	-	-	-
	At the end of the year	-	-	-	-

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	Total Indebtedness
Indebtedness at the beginning of the financial year - 01-04-2019				
i) Principal Amount	3,487.48	-	-	3,487.48
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	19.68	-	-	19.68
Total (i+ii+iii)	3,507.16	-	-	3,507.16
Change in Indebtedness during the financial year				
• Addition	-	-	-	-
• Reduction	2922.42	-	-	2922.42
Net change	(2922.42)	-	-	(2922.42)
Indebtedness at the end of the financial year - 31-03-2020				
i) Principal Amount	565.06	-	-	565.06
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	0.59	-	-	0.59
Total (i+ii+iii)	565.65	-	-	565.65

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. Arvind Kumar Mehra (Managing Director from 26 th April, 2019 to 31 st March, 2020)	Dr. Karthik Krishnamurthy Whole-Time Director	Total amount
1.	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	143.15	58.85	202.00
	(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 Scheme	30.14	17.02	47.16
	Total (A)	173.29	75.87	249.16
	Ceiling as per the Act	As per Schedule V to the Companies Act, 2013.		

B. Remuneration to other directors:

Rs. in Lakhs

Particulars of Remuneration	Name of Directors		Total Amount
	Mrs. Rajyalakshmi Rao Meka (ID)		
Independent Directors		0.80	0.80
• Fee for attending board/committee meetings			
• Commission		-	-
• Others, please specify		-	-
Total (1)		0.80	0.80
Other Non-Executive Directors		-	-
• Fee for attending board/committee meetings		-	-
• Commission		-	-
• Others, please specify		-	-
Total (2)		-	-
Total B = (1+2)		0.80	0.80
Total Managerial Remuneration		0.80	0.80
Overall Ceiling as per the Act			Rs. 1 Lakh per meeting in accordance with Companies Act, 2013.

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	47.71	-	47.71
	(b) Value of perquisites u/s	-	-	-
	(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 Scheme	12.55	1.15	1.15 12.55
	Total	60.26	1.15	61.41

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	-	-	-	-	-	-

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
Managing Director & CEO
DIN: 01039769
Place: New Delhi
Date: 8th May, 2020

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

INDEPENDENT AUDITORS' REPORT

To the Members of Mahindra Aerostructures Private Limited

Report on the Audit of the Ind AS Financial Statements

Opinion

We have audited the Ind AS financial statements of Mahindra Aerostructures 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 Aerostructures 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 Aerostructures 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 Aerostructures 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 30 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 **BSR & Co. LLP**
Chartered Accountants
Firm's Registration No. 101248W/W-100022

Sanjay Sharma
Partner
Membership No. 063980
UDIN: 20063980AAAACF1207

Place: Bangalore
Date: 08 May 2020

INDEPENDENT AUDITORS' REPORT (Continued)

Mahindra Aerostructures 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. Pursuant to the programme, property, plant and equipment were physically verified during the year and no material discrepancies were noticed on such verification. The discrepancies noticed on such verification have been properly adjusted in the books of account.
 - (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, with respect to immovable property taken on lease, the lease agreement are in the name of the Company.
- (ii) The inventory, except goods-in-transit, has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. The discrepancies noticed on verification between the physical stock and the book records were not material and have been properly dealt with in the books of account
- (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) In our opinion and according to the information and explanations given to us, the Company has not granted any loans or made investments, to parties covered under the register of sections 185 and 186 of the Act. Accordingly, paragraph 3(iv) of the Order is not applicable to the Company.
- (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. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.
- (vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013 in respect of certain products manufactured by the Company. We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under Section 148(1) of the Act in respect of its manufactured goods and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not carried out a detailed examination of the records with a view to determine whether these are accurate or complete.

INDEPENDENT AUDITORS' REPORT (Continued)

Mahindra Aerostructures Private Limited

Annexure A to the Independent Auditor's Report

- (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 Provident fund, Employees' State Insurance, Income-tax, Goods and Service tax, duty of Customs, Cess 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 duty of excise, sales tax, service tax and value added taxes.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident fund, Employees' State Insurance, Income-tax, Goods and Service tax, duty of Customs, 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
Custom duty	Custom Duty and Penalty	2,598.85 (232.14) *	2014-15	Custom, Excise and Service Tax Appellate Tribunal
Custom duty	Custom Duty (excluding interest)	41.36 (45.33) *	2014-15	Joint Commissioner of Customs
Income Tax Act 1961	Income Tax	99.88**	AY 2012-13	Income-tax Appellate Tribunal, Mumbai
Income Tax Act 1961	Income Tax	61.24**	AY 2013-14	Commissioner of Income Tax (Appeals)
Income Tax Act 1961	Income Tax	644.15**	AY 2014-15	Commissioner of Income Tax (Appeals)

*The amount in parenthesis represent the payment made under protest.

** Represents the additions made to the taxable income of the Company by the tax authorities which have been disputed by the Company. No demand has been raised by the tax authorities as any additions to the income will be adjusted against the brought forward losses and unabsorbed depreciation. The Company has decided to opt for dispute resolution scheme under the Vivad Se Vishwas Act, 2020 ('the VSV Act').

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institution and banks. The Company did not have any outstanding loans or borrowings from government and there are no dues to debenture holders during the year.

INDEPENDENT AUDITORS' REPORT (Continued)

Mahindra Aerostructures Private Limited

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

- (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. In our opinion and according to the information and explanations given to us, the term loans have been applied for the purpose for which they were obtained.
- (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.
- (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 **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No. 101248W/W-100022

Sanjay Sharma
Partner
Membership No. 063980
UDIN: 20063980AAAACF1207

Place: Bangalore
Date: 08 May 2020

INDEPENDENT AUDITORS' REPORT (Continued)

Mahindra Aerostructures Private Limited

Annexure B to the Independent Auditors' report on the Ind AS financial statements of Mahindra Aerostructures 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 Aerostructures 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 Aerostructures Private Limited

Annexure B to the Independent Auditors' report on the Ind AS financial statements of Mahindra Aerostructures 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: 20063980AAAACF1207

Place: Bangalore

Date: 08 May 2020

Mahindra Aerostructures Private Limited

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

Balance Sheet
Rs. In lakhs

Particulars	Note	Rs. In lakhs	
		As at March 31, 2020	As at March 31, 2019
Assets			
Non-current assets			
Property, plant and equipment	3	11,861.34	12,872.05
Capital work in progress	3	247.76	287.00
Intangible assets	3	74.83	89.32
Right of use assets	3A	38.22	-
Financial assets			
Other financial assets	10	36.23	36.47
Income tax assets (net)	4	19.00	36.67
Other non-current assets	5	1,186.02	1,174.37
Total non-current assets		13,463.40	14,495.88
Current assets			
Inventories	6	2,186.08	2,437.50
Financial assets			
Trade receivables	7	1,927.36	1,658.29
Cash and cash equivalents	8	117.42	149.74
Bank balance other than cash and cash equivalents	9	4.70	1.15
Other financial assets	10	9.94	72.84
Other current assets	11	1,018.59	1,091.41
Total current assets		5,264.09	5,410.93
Total assets		18,727.49	19,906.81
Equity and liabilities			
Equity			
Equity share capital	12	42,886.00	39,886.00
Other equity	13	(26,249.09)	(25,403.58)
Total equity		16,636.91	14,482.42
Non-current liabilities			
Financial liabilities			
Borrowings	14	-	29.32
Lease liabilities		36.25	-
Provisions	16	72.58	68.97
Other non-current liabilities		20.64	17.28
Total non-current liabilities		129.47	115.57
Current liabilities			
Financial liabilities			
Borrowings	14	565.06	1,135.48
Lease liabilities		3.42	-
Trade payable	17		
Total outstanding dues of Micro Enterprises and Small Enterprises		16.86	20.27
Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises		870.89	1,341.16
Other financial liabilities	15	16.75	2,412.95
Other current liabilities	18	439.59	354.79
Provisions	16	48.54	44.17
Total current liabilities		1,961.11	5,308.82
Total equity and liabilities		18,727.49	19,906.81
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 Aerostructures Private Limited	
(Firm's registration No. 101248W/W-100022)		CIN No. U35122MH2011PTC212744	
Sanjay Sharma		Dr. Karthik Krishnamurthy	Mr. Arvind Mehra
Partner		Wholetime Director	Managing Director
Membership No. 063980		DIN No.07130799	DIN No.01039769
UDIN: 20063980AAAACF1207			
Place: Bangalore		Mr. T. Subrahmanya Sarma	Mr. V.S. Ramesh
Date: May 08, 2020		Chief Financial Officer	Company Secretary
		Place: Mumbai	
		Date: May 08, 2020	

Mahindra Aerostructures 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
Revenue from operations	19	9,085.99	6,984.29
Other income	20	125.72	157.49
Total income		9,211.71	7,141.78
Expenses			
Cost of materials consumed	21	2,555.25	1,792.33
Purchase of stock-in-trade		481.08	740.24
Changes in inventories of finished goods and work-in-progress	22	(43.76)	(400.94)
Employee benefits expense	23	2,977.29	2,487.42
Finance costs	24	188.37	443.76
Depreciation and amortization expense	25	1,409.83	1,453.15
Other expenses	26	2,505.30	2,584.74
Total expenses		10,073.36	9,100.70
Loss before tax		(861.65)	(1,958.92)
Tax expense:			
Current tax		-	-
Deferred tax		-	-
Loss for the year		(861.65)	(1,958.92)
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss:			
Re-measurement gain/(loss) on defined benefit plans		16.14	(10.85)
Other comprehensive income for the year, net of tax		16.14	(10.85)
Total comprehensive income for the year		(845.51)	(1,969.77)
Earnings per equity share:			
Basic	32	(0.21)	(0.51)
Diluted	32	(0.21)	(0.51)
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 Mahindra Aerostructures Private Limited CIN No. U35122MH2011PTC212744</i>	
Sanjay Sharma Partner Membership No. 063980 UDIN: 20063980AAAACF1207		Dr. Karthik Krishnamurthy Wholtime Director DIN No.07130799	Mr. Arvind Mehra Managing Director DIN No.01039769
		Mr. T. Subrahmanya Sarma Chief Financial Officer Place: Mumbai Date: May 08, 2020	Mr. V.S. Ramesh Company Secretary Date: May 08, 2020
Place: Bangalore Date: May 08, 2020			

Mahindra Aerostructures Private Limited

Regd. Office: Mahindra Towers, P.K.Kurke 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		(861.65)		(1,958.92)
<u>Adjustments for:</u>				
Depreciation and amortisation expense	1,409.83		1,453.15	
Finance costs	188.37		443.76	
Interest income	(11.19)		(6.55)	
Loss on sale of property plant and equipment	-		3.35	
Provision for doubtful incentive under government scheme	55.84		-	
Property plant and equipment written off	3.48		(59.91)	
Gain on sale of Mutual funds	-		24.60	
Net unrealised exchange (gain) / loss	(49.88)	1,596.45		1,858.40
Operating gain / (loss) before working capital changes		734.80		(100.52)
<u>Changes in working capital:</u>				
<u>Adjustments for (increase) / decrease in operating assets:</u>				
Inventories	251.42		(790.33)	
Trade receivables	(195.79)		360.36	
Current financial and other current assets	79.98		(590.26)	
Non-current financial and other non-current assets	0.24		(18.29)	
<u>Adjustments for increase / (decrease) in operating liabilities:</u>				
Trade payables	(484.49)		(34.37)	
Current financial and other current liabilities	84.80		344.09	
Non-current financial liabilities	-		-	
Other non-current liabilities	3.36		4.99	
Provisions	24.12		25.02	
		(236.36)		(698.79)
Cash generated from/ (used in) operations		498.44		(799.31)
Net income tax refunds		17.67		8.40
Net cash generated from / (used in) operating activities (A)		516.11		(790.91)
B. Cash flow from investing activities:				
Payment to acquire property, plant and equipment, including capital advances, for acquiring right-of-use assets	(455.85)		(1,087.61)	
Proceeds from sale of property, plant and equipment	-		11.01	
Purchase of investments	-		(2,800.00)	
Proceeds from sale of Investments	-		2,859.91	
Bank deposits (addition) / matured	(3.55)		44.43	
Interest income received	11.09		6.53	
Net cash used in investing activities (B)		(448.31)		(965.73)
C. Cash flow from financing activities:				
Proceeds from issue of equity shares	3,000.00		7,650.00	
Repayment of borrowings	(3,759.13)		(9,432.75)	
Proceeds from borrowings	839.39		3,855.91	
Repayment of lease liabilities	39.67		-	
Finance costs	(207.46)		(459.21)	
Net cash (used in) / from financing activities (C)		(87.53)		1,613.95
Net decrease in cash and cash equivalents (A+B+C)		(19.73)		(142.69)
Effect of exchange differences on restatement of foreign currency cash and cash equivalent		(12.59)		(10.14)
Cash and cash equivalents at the beginning of the year		149.74		302.57
Cash and cash equivalents at the end of the year		117.42		149.74
[Refer Note No. 8]				
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		For and on behalf of the Board of Directors of		
Chartered Accountants		Mahindra Aerostructures Private Limited		
(Firm's registration No. 101248W/W-100022)		CIN No. U35122MH2011PTC212744		
Sanjay Sharma		Dr. Karthik Krishnamurthy	Mr. Arvind Mehra	
Partner		Wholetime Director	Managing Director	
Membership No. 063980		DIN No.07130799	DIN No.01039769	
UDIN: 20063980AAAACF1207				
		Mr. T. Subrahmanya Sarma	Mr. V.S. Ramesh	
		Chief Financial Officer	Company Secretary	
Place: Bangalore		Place: Mumbai		
Date: May 08, 2020		Date: May 08, 2020		

Mahindra Aerostructures 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
As at April 1, 2018	32,236.00
Add: changes in equity shares	7,650.00
As at March 31, 2019	39,886.00
Add: changes in equity shares	3,000.00
As at March 31, 2020	42,886.00

b. Other equity			Rs. In lakhs
Particulars	Retained Earnings	Other comprehensive income	Total
As at April 1, 2018	(23,433.60)	(0.21)	(23,433.81)
Loss for the period	(1,958.92)	-	(1,958.92)
Re-measurement gain/(loss) on defined benefit plans	-	(10.85)	(10.85)
Total comprehensive income	(1,958.92)	(10.85)	(1,969.77)
As at March 31, 2019	(25,392.52)	(11.06)	(25,403.58)
As at April 1, 2019	(25,392.52)	(11.06)	(25,403.58)
Loss for the period	(861.65)	-	(861.65)
Re-measurement gain/(loss) on defined benefit plans	-	16.14	16.14
Total comprehensive income	(861.65)	16.14	(845.51)
As at March 31, 2020	(26,254.17)	5.08	(26,249.09)

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 Aerostructures Private Limited

CIN No. U35122MH2011PTC212744

Sanjay Sharma

Partner

Membership No. 063980

UDIN: 20063980AAAACF1207

Dr. Karthik Krishnamurthy

Wholetime Director

DIN No.07130799

Mr. Arvind Mehra

Managing Director

DIN No.01039769

Mr. T. Subrahmanya Sarma

Chief Financial Officer

Mr. V.S.Ramesh

Company Secretary

Place: Bangalore

Date: May 08, 2020

Place: Mumbai

Date: May 08, 2020

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

1. Corporate Information

Mahindra Aerostructures Private Limited (the 'Company') is a company domiciled in India, with its registered office situated at Mahindra Towers, P.K Kurne Chowk, Worli, Mumbai – 400 018. The Company was incorporated on January 27, 2011 under the provisions of the Indian Companies Act, 1956. The Company is primarily involved in the business of manufacture and sale of aircraft components, assemblies and Aerostructures.

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
Net defined benefit (asset)/ liability	Fair value of plan assets less present value of defined benefit obligations

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.

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

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

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 27 – measurement of defined benefit obligations: key actuarial assumptions; key actuarial assumptions;

Note 30 - recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources;

Note 36 - 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 7, 8 and 10 - 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 29 - 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
Buildings – Roads, Compound Wall*	5 years to 30 years
Plant and Machinery*	2 years, 5 years, 10 years, 15years
Production and Assembly Tools	3 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 Aerostructures 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
Compute 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.

d) 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.

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.

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

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.

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.

e) Inventories

Inventories are valued at the lower of cost (including prime cost, non-refundable taxes and duties and other overheads incurred in bringing the inventories to their present location and condition) and estimated net realisable value, after providing for obsolescence, where appropriate. The comparison of cost and net realisable value is made on an item-by-item basis. The net realisable value of materials in process is determined with reference to the selling prices of related finished goods. Raw materials, packing materials and other supplies held for use in production of inventories are not written down below cost except in cases where material prices have declined, and it is estimated that the cost of the finished products will exceed their net realisable value.

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

The provision for inventory obsolescence is assessed regularly based on estimated usage and shelf life of products.

Raw materials and stores and spares are valued at cost computed on moving weighted average basis. The cost includes purchase price, inward freight and other incidental expenses net of refundable duties, levies and taxes, where applicable.

Stock-in-trade is valued at the lower of net realisable value and cost (including prime cost, non-refundable taxes and duties and other overheads incurred in bringing the inventories to their present location and condition), computed on a moving weighted average basis.

Finished goods and work in progress: cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity. Finished goods are valued at cost or net realisable value whichever is lower.

f) 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.

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

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.

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.

g) 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 Company has adopted Ind AS 115 using the cumulative effect method. The effect of initially applying this standard is recognised at the date of initial application (i.e. April 1, 2018). 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.

Contract assets are recognised when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled receivables (only act of invoicing is pending) when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms.

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

Unearned and deferred revenue (“contract liability”) is recognised when there is billings in excess of revenues.

In accordance with Ind AS 37, the Company recognises an onerous contract provision when the unavoidable costs of meeting the obligations under a contract exceed the economic benefits to be received.

Contracts are subject to modification to account for changes in contract specification and requirements. The Company reviews modification to contract in conjunction with the original contract, basis which the transaction price could be allocated to a new performance obligation, or transaction price of an existing obligation could undergo a change. In the event transaction price is revised for existing obligation a cumulative adjustment is accounted for.

Product development income is recognized once the first articles are approved by the customers or achievement of mile stones as per customer contract.

Job work Income: Revenue from the rendering of services is recognised upon the delivery of service to the customers. In contracts involving the rendering of services, revenue is recognised pro-rata over the period contract as and when services are rendered.

h) 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.

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.

Mahindra Aerostructures Private Limited
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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.

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

m) 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.

n) 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 Director - Operations.

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".

o) 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.

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

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.

p) 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.

q) 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.

r) 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.

s) 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.

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

Note 3: Property, plant and equipment

Particulars	Tangible assets								Intangible assets	
	Factory Buildings	Plant & Machinery	Electrical Installations	Office Equipments	Computers	Furniture and Fixtures	Vehicles	Total	Computer software	Total
Cost										
As at April 1, 2018	6,591.12	9,286.15	1,388.29	235.44	233.91	319.86	51.42	18,106.19	393.83	393.83
Additions	-	736.33	21.21	22.96	28.43	23.15	-	832.08	35.63	35.63
Disposals	-	-	-	-	-	-	18.60	18.60	-	-
As at March 31, 2019	6,591.12	10,022.48	1,409.50	258.40	262.34	343.01	32.82	18,919.67	429.46	429.46
Additions	11.83	227.50	1.27	35.68	44.61	25.15	-	346.04	37.48	37.48
Disposals	-	20.24	-	32.92	9.19	3.45	-	65.80	0.19	0.19
As at March 31, 2020	6,602.95	10,229.74	1,410.77	261.16	297.76	364.71	32.82	19,199.91	466.75	466.75
Accumulated Depreciation and Amortisation										
As at April 1, 2018	984.30	2,732.26	493.76	159.71	174.24	96.04	18.56	4,658.87	279.98	279.98
Charge for the year	247.27	891.18	132.78	43.84	35.62	34.77	7.53	1,392.99	60.16	60.16
Disposals	-	-	-	-	-	-	4.24	4.24	-	-
As at March 31, 2019	1,231.57	3,623.44	626.54	203.55	209.86	130.81	21.85	6,047.62	340.14	340.14
Charge for the year	241.26	886.95	136.19	20.28	27.64	37.05	3.90	1,353.27	51.97	51.97
Disposals	-	18.85	-	32.66	8.81	2.00	-	62.32	0.19	0.19
As at March 31, 2020	1,472.83	4,491.54	762.73	191.17	228.69	165.86	25.75	7,338.57	391.92	391.92
Net block										
As at April 1, 2018	5,606.82	6,553.89	894.53	75.73	59.67	223.82	32.86	13,447.32	113.85	113.85
As at March 31, 2019	5,359.55	6,399.04	782.96	54.85	52.48	212.20	10.97	12,872.05	89.32	89.32
As at March 31, 2020	5,130.12	5,738.20	648.04	69.99	69.07	198.85	7.07	11,861.34	74.83	74.83

Capital work in progress

Particulars	As at April 1, 2019	Additions	Capitalised during the year	As at March 31, 2020
Capital work in progress	287.00	344.28	383.52	247.76

Net block	As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
Property, plant and equipment	11,861.34	12,872.05	13,447.32
Capital work in progress (Refer note 33)	247.76	287.00	852.48
Intangible assets	74.83	89.32	113.85

Note:

1. First charge by way of equitable mortgage of the immovable property comprising land with building and other structures (existing and to be constructed) and first charge by way of hypothecation on all movable fixed assets (both present and future) is created in favour of Axis Bank Limited for the Credit facilities availed by the Company.
2. Plant and machinery includes certain equipment covered under a 'technical seizure order' issued by the Directorate of Revenue Intelligence (DRI). Gross block and net block value of these equipment as on March 31 2020 are Rs. 2,605.67 lakhs and Rs. 1,107.17 lakhs respectively (2019: 2,605.67 and 1,354.65 Gross block and net block respectively).

Note 3A: Right of use assets

Particulars	Additions for year ended March 31, 2020	Depreciation on right-of-use asset	Net carrying amount as at March 31, 2020
Leasehold improvements (Rs in Lakhs)	42.81	4.59	38.22

Interest on lease liabilities is 3.42 Lakhs for the year ended on March 31, 2020

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

Note 4: Income tax assets (net)

Rs. In lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
TDS receivable (net of provision for taxation Rs. NIL Lakhs (2019: Rs. NIL Lakhs))	19.00	36.67
	19.00	36.67

Note 5: 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	1,258.81	1,258.81
Less: Provision	(1,258.81)	(1,258.81)
	-	-
Customs deposit	277.47	277.47
Capital advances	25.58	13.93
Consideration paid for lease land [Refer Note No 30 (a)]	870.51	870.51
Other deposits	12.46	12.46
	1,186.02	1,174.37

Note 6: Inventories

Rs. In lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
(at the lower of cost and net realisable value)		
Raw materials [Includes in transit Rs. 51.84 lakhs; (2019: Nil)]	621.67	994.21
Work in progress	305.99	344.63
Finished goods [Includes in transit Rs. 19.27 lakhs; (2019: Rs. 87.42 lakhs)]	805.18	722.78
Stores and spares	453.24	375.88
	2,186.08	2,437.50

Note: The above Inventory is net of, provision of Rs. 234.99 Lakhs (2019: Rs. 286.24 Lakhs) towards obsolescence. During the year the Company has recognised provision of Rs. 73.30 Lakhs and has utilized opening provision of Rs.124.55. Accordingly the resultant impact of Rs 51.25 Lakhs has been recognised in cost of material consumed

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

Note 7: Trade receivables

Rs. In lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Unsecured, considered good		
Due from related party (Refer note 28)	-	64.17
From others	1,927.36	1,594.12
	1,927.36	1,658.29

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

The carrying amount of trade receivables approximates their fair value. The Company's exposure to credit and currency risks, and impairment allowances related to trade receivables is disclosed in Note 29

Age of Receivables	As at March 31, 2020	As at March 31, 2019
With in the Credit Period	1,809.31	1,279.26
Upto 6 months past due	118.05	375.71
More than 6 months past due	-	3.32
	1,927.36	1,658.29

Note 8: Cash and cash equivalents

Rs. In lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Balance with banks		
– On Current Accounts	40.97	38.07
– On EEFC Accounts	76.07	111.61
Cash on hand	0.38	0.06
	117.42	149.74

Note 9: Bank balance other than cash and cash equivalents

Rs. In lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Restricted Cash and bank balances - current		
Earmarked deposit accounts with bank*	4.70	1.15
	4.70	1.15

* Fixed deposit is lien with bank for Bank Guarantee/letter of credit.

Note 10: Other financial assets

Rs. In lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Unsecured, considered good unless and otherwise stated		
Non - current		
Security deposits	36.23	36.47
	36.23	36.47
Current		
Security deposits	7.00	7.00
Dues from related parties (Refer note 28)	2.74	55.33
Interest accrued on deposit	0.20	0.10
Derivative asset carried at fair value	-	1.36
Others	-	9.05
	9.94	72.84

These financial assets are carried at amortised cost unless otherwise stated.
The Company's exposure to currency and liquidity risk are disclosed in note 29.

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

Note 11: Other current assets

Rs. In lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Unsecured, considered good unless and otherwise stated		
Balances with government authorities:		
GST credit receivable	428.23	527.36
Foreign VAT receivable	134.68	150.52
MEIS benefit receivable	191.71	94.55
Duty drawback receivable	62.05	29.39
Less: Provision for Duty drawback receivable	(55.84)	-
	760.83	801.82
GST Refund receivable	4.52	160.21
Advance to suppliers	231.97	71.56
Advances to employees	1.65	7.45
Prepaid expenses	19.62	50.37
	1,018.59	1,091.41

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

Note 12 - 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)	47,00,00,000	47,000.00	45,00,00,000	45,000.00	
Total	47,00,00,000	47,000.00	45,00,00,000	45,000.00	
2 Issued: Equity: (Equity shares of Rs 10 each)					
Opening balance	39,88,60,000	39,886.00	36,58,60,000	36,586.00	
Less: Unsubscribed shares (Refer below note 4)	-	-	(4,35,00,000)	(4,350.00)	
Add: Issued during the year	3,00,00,000	3,000.00	7,65,00,000	7,650.00	
Closing balance	42,88,60,000	42,886.00	39,88,60,000	39,886.00	
3 Subscribed and fully paid up: Equity: (Equity shares of Rs 10 each)					
Opening balance	39,88,60,000	39,886.00	32,23,60,000	32,236.00	
Add: Issued during the year	3,00,00,000	3,000.00	7,65,00,000	7,650.00	
Closing balance	42,88,60,000	42,886.00	39,88,60,000	39,886.00	
Total	42,88,60,000	42,886.00	39,88,60,000	39,886.00	

Notes:

1) The above 428,860,000 (2019: 398,860,000) shares are held by Mahindra Aerospace Private Limited, the holding company, including shares held jointly with nominees.

2) Details of shareholders holding more than 5% shares in the Company:

Name of the shareholder	As at March 31, 2020		As at March 31, 2019	
	Nos	%	Nos	%
Mahindra Aerospace Private Limited and its nominees*	42,88,60,000	100.00%	39,88,60,000	100.00%

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

3) Rights, preferences and restrictions attached to 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.

4) During the year ended 31 March 2018, the company made an rights issue offer of 43,500,000 equity shares of Rs. 10 each for cash at par. The offer period was 26 February 2018 to 26 March 2018 (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. During the previous year ended 31 March 2019, the Board of Directors 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 13: Other equity

Particulars	Rs. In lakhs		
	Retained earnings	Other comprehensive income	Total
As at April 1, 2018	(23,433.60)	(0.21)	(23,433.81)
Re-measurement gain/(loss) on defined benefit plans	-	(10.85)	(10.85)
Loss for the year	(1,958.92)	-	(1,958.92)
As at March 31, 2019	(25,392.52)	(11.06)	(25,403.58)
Re-measurement gain/(loss) on defined benefit plans	-	16.14	16.14
Loss for the year	(861.65)	-	(861.65)
As at March 31, 2020	(26,254.17)	5.08	(26,249.09)
Total other equity			
As at April 1, 2018	(23,433.60)	(0.21)	(23,433.81)
As at March 31, 2019	(25,392.52)	(11.06)	(25,403.58)
As at March 31, 2020	(26,254.17)	5.08	(26,249.09)

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

Note 14: Borrowings

Rs. In lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Carried at Amortised Cost		
Non-current		
Term loan from bank (Refer note 1 below)	-	29.32
	-	29.32
Current [repayable on demand (Refer note 2 below)]		
Working capital demand loan	-	1,135.48
Export credit facility	565.06	-
	565.06	1,135.48

Notes:

Note 1

A) The term loan is secured by:

- First charge by way of equitable mortgage of the immovable property comprising leasehold land with building and other structures (existing and to be constructed).
- First charge by way of hypothecation of (a) entire current assets, present and future, including stocks of raw materials, semi finished goods, finished goods, stores, spares, book debts and other current assets and (b) all the movable fixed assets present and future.
- The loan is guaranteed by Mahindra Aerospace Private limited, the holding Company.

B) Repayment and other terms of the term loan:

The term loan carries interest of 1 year MCLR + 1.25% p.a. The Loan is repayable in 23 quarterly installments from November 2014. The loan was preclosed on 04 March 2020.

Note 2

A) Loans repayable on demand is secured by:

- First Pari-passu charge on current assets of the company.

B) Repayment and other terms :

The Working capital demand loan carries interest of 6 months MCLR.

The Export credit facility loan carries interest of 6 months LIBOR + 100 bps

Net debt reconciliation:

Rs. In lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Cash and cash equivalents	117.42	149.74
Current borrowings	(565.06)	(1,135.48)
Non-Current borrowings	-	(29.32)
Current maturities of long-term loans	-	(2,320.00)
Net debt	(447.64)	(3,335.06)

Note 15: Other financial liabilities

Rs. In lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Current		
Current maturities of long-term loans	-	2,320.00
Interest accrued but not due on borrowings	0.59	19.68
Security deposits - Dues to related parties (Refer note 28)	3.60	3.60
Capital creditors*	12.56	69.67
	16.75	2,412.95

*Includes Dues to micro and small enterprises (Refer Note No. 31)- Rs. 8.83 Lacs (2019: Rs.42.35 Lacs)

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

Note 16: Provisions

Rs. In lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Provision for employee benefits		
Non-current		
Gratuity (Refer note 27)	-	8.53
Compensated absences	72.58	60.44
	72.58	68.97
Current		
Gratuity (Refer note 27)	33.22	28.94
Compensated absences	15.32	15.23
	48.54	44.17

Note 17: Trade payables

Rs. In lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Current		
Dues to micro and small enterprises (Refer note 31)	16.86	20.27
Dues to related parties (Refer note 28)	31.20	156.10
Dues to others	839.69	1,185.06
	887.75	1,361.43

Note 18: Other current liabilities

Rs. In lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Statutory dues (contributions to provident fund, employee state insurance, withholding taxes, goods and service tax, etc.)	61.25	42.23
Payables to employees	310.99	310.97
Advance received from customers	64.99	-
Others	2.36	1.59
	439.59	354.79

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

Note 19: Revenue from operations

Particulars	Rs. In lakhs	
	For the year ended March 31, 2020	For the year ended March 31, 2019
Sale of products		
- Manufactured products	7,772.12	5,113.14
- Traded goods	616.27	931.91
Sale of services		
Job work income	245.92	365.84
Product development income	138.02	169.26
Other operating revenues		
Duty drawback and other incentive	295.92	386.78
Scrap sales	17.74	17.36
	9,085.99	6,984.29

Note 20: Other income

Particulars	Rs. In lakhs	
	For the year ended March 31, 2020	For the year ended March 31, 2019
Operating lease rental income	3.81	3.60
Gain on foreign exchange translation, (net)	105.79	83.10
Profit on sale of mutual funds units	-	59.91
Interest income on		
Bank deposits	9.50	4.85
Income tax refund	1.69	1.70
Other miscellaneous income	4.93	4.33
	125.72	157.49

Note 21: Cost of materials consumed

Particulars	Rs. In lakhs	
	For the year ended March 31, 2020	For the year ended March 31, 2019
Inventory at the beginning of the year	994.21	715.12
Add: Purchases	2,182.71	2,071.42
Less: Inventory at the end of the year	621.67	994.21
	2,555.25	1,792.33

Note 22: Changes in Inventories of finished goods and work-in-progress

Particulars	Rs. In lakhs	
	For the year ended March 31, 2020	For the year ended March 31, 2019
At the beginning of the year		
Work-in progress	344.63	129.53
Finished progress	722.78	536.94
	1,067.41	666.47
At the end of the year		
Work-in progress	305.99	344.63
Finished goods	805.18	722.78
	1,111.17	1,067.41
Net (increase)/decrease	(43.76)	(400.94)

Note 23: Employee benefits expense

Particulars	Rs. In lakhs	
	For the year ended March 31, 2020	For the year ended March 31, 2019
Salaries, wages and bonus	2,541.90	2,101.55
Contribution to provident and other funds	140.11	110.01
Staff welfare expenses	295.28	275.86
	2,977.29	2,487.42

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

Note 24: Finance costs

Particulars	Rs. In lakhs	
	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest expense at amortised costs		
on loans	181.43	433.78
on lease liabilities	3.52	-
on others	3.42	9.98
	188.37	443.76

Note 25: Depreciation and amortisation expense

Particulars	Rs. In lakhs	
	For the year ended March 31, 2020	For the year ended March 31, 2019
Depreciation of tangible assets	1,353.27	1,392.99
Amortisation of intangible assets	51.97	60.16
Depreciation on right-of-use asset	4.59	-
	1,409.83	1,453.15

Refer Notes 3 & 3A

Note 26: Other expenses

Particulars	Rs. In lakhs	
	For the year ended March 31, 2020	For the year ended March 31, 2019
Consumption of stores and spares	394.58	322.59
Power and fuel	396.68	356.62
Rent	9.45	8.82
Repairs and maintenance:		
- Plant and equipment	86.07	126.54
- Buildings	3.37	5.68
- Others	60.28	52.35
Insurance	68.79	74.40
Rates and taxes	19.24	62.58
Auditors remuneration (refer note below)	9.30	5.28
Directors sitting fee	0.80	0.80
Legal and other professional charges	560.79	580.40
Travelling and conveyance	146.25	184.83
Bank charges	57.50	35.23
Business promotion expenses	63.08	216.26
Freight outwards	158.00	143.42
Information technology expenses	132.65	148.87
Loss on sale of property, plant and equipment, (net)	-	3.35
Property, plant and equipment written off	3.48	-
Provision for doubtful incentive under government scheme	55.84	-
Office and administrative expenses	115.38	108.72
Testing and calibration charges	54.95	59.46
Other miscellaneous expenses	108.82	88.54
	2,505.30	2,584.74

Note:

Particulars	Rs. In lakhs	
	For the year ended March 31, 2020	For the year ended March 31, 2019
Auditors' remuneration includes:		
Statutory audit	4.50	4.50
Other services and certifications	4.28	0.75
Reimbursement of expenses	0.52	0.03
	9.30	5.28

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

Note 27: Employee benefits

(a) Defined Contribution Plan

The Company's contribution to Provident Fund and others aggregating Rs. 99.23 lakhs (2019 : Rs. 84.32 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 is payable 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.

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	36.83	25.23
Net interest cost	1.59	0.46
	38.42	25.69
II. Recognised in other comprehensive income for the year		
Return on Plan Assets	(1.64)	(0.02)
Actuarial (Gain)/Loss on account of :		
- Demographic Assumptions	(1.40)	19.93
- Financial Assumptions	(14.97)	(15.62)
- Experience Adjustments	1.87	6.56
	(16.14)	10.85
Total	22.28	36.54
III. Change in the obligation during the year ended		
1. Present value of defined benefit obligation at the beginning of the year	115.76	76.73
2. Acquisitions/Divestures/Transfer (transfer of employees from MAPL)	-	6.96
3. Current Service Cost	36.83	25.23
4. Interest Cost	7.41	5.55
5. Recognised in Other Comprehensive Income		
- Actuarial (Gain) / Loss	(14.50)	10.87
6. Benefit paid	(6.61)	(9.58)
Present value of defined benefit obligation at the end of the year	138.89	115.76
IV. Change in fair value of assets during the year ended		
1. Fair value of plan assets at the beginning of the year	78.29	58.88
2. Interest income	5.82	5.09
3. Recognised in Other Comprehensive Income		
- Return on plan assets	1.64	0.02
4. Contributions by employer	26.53	23.88
5. Benefit paid	(6.61)	(9.58)
Fair value of plan assets at the end of the year	105.67	78.29
V. Net Liability/(Asset) recognised in the Balance Sheet		
- Present value of defined benefit obligation	138.89	115.76
- Fair value of plan assets	105.67	78.29
Net liability	33.22	37.47
Current portion of the above	33.22	28.94
Non current portion of the above	-	8.53

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

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-20	31-Mar-19
Discount rate	6.59%	7.71%
Future salary increases	6.00%	8.00%
Attrition rate	11.12%	9.02%
Estimated rate of return on plan assets	6.59%	7.71%
Mortality	Indian Assured Lives Mortality (2012-14) (Ultimate)	Indian Assured Lives Mortality (2006-08) (Ultimate)

A quantitative Sensitivity analysis for significant assumption as at 31 March 2020 are as below

Assumptions	Gratuity						
	Discount Rate		Further Salary Increase		Attrition		Mortality
Sensitivity Level	1% Increase	1% Decrease	1% Increase	1% Decrease	1% Increase	1% Decrease	10% Up
Impact on defined benefit obligation - Gratuity (Rs.in Lakhs)	(13.26)	15.74	15.31	(13.10)	(0.64)	0.62	0.0043
Percentage change	-9.55%	11.33%	11.02%	-9.43%	-0.46%	0.45%	0.00%

A quantitative Sensitivity analysis for significant assumption as at 31 March 2019 are as below

Assumptions	Gratuity						
	Discount Rate		Further Salary Increase		Attrition		Mortality
Sensitivity Level	1% Increase	1% Decrease	1% Increase	1% Decrease	1% Increase	1% Decrease	10% Up
Impact on defined benefit obligation - Gratuity (Rs.in Lakhs)	(13.30)	16.06	15.62	(13.16)	(2.03)	2.27	(0.04)
Percentage change	-11.49%	13.87%	13.49%	-11.37%	-1.75%	1.96%	0.04%

The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The following payments are expected contributions by the Company to the defined benefit plan in future years:

Particulars	Rs. In lakhs	
	31-Mar-20	31-Mar-19
Within the next 12 months	5.86	3.32
Between 2 and 5 years	24.53	14.07
Between 6 and 10 years	23.19	14.23

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

Note 28: Related Party transactions

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

Name of Related Party Company	Nature of Relationship
Mahindra & Mahindra Limited	Ultimate holding company
Mahindra Aerospace Private Limited	Holding company

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

Key management personnel (KMP)

Mr. Arvind Kumar Mehra	Managing Director & CEO (w.e.f 26th April 2019)
Dr. Karthik Krishnamurthy	Chief Operating Officer and Wholtime Director
Mr. T S Sarma	Chief Financial Officer
Mr. V.S. Ramesh	Company Secretary
Mr. S. P. Shukla	Non-executive director
Mr. Sudhir Yagnik	Non-executive director (until 03 August 2018)
Mr. Mukul Verma	Non-executive director (w.e.f 04 August 2018)
Mr. Dhiraj Rajendran	Non-executive director
Ms. Rajyalakshmi Rao Meka	Independent director (until 29 March 2020)

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

Name of Related Party	Nature of Relationship
GippsAero Pty Ltd.	Fellow subsidiary
Mahindra Integrated Business Solutions Private Limited	Fellow subsidiary
Bristlecone India Ltd.	Fellow subsidiary
Mahindra Defence Systems Limited, SSG Division	Fellow subsidiary
Mahindra E-Market Limited	Fellow subsidiary
Mahindra Engineering And Chemical Pvt Ltd	Fellow subsidiary
Lords Freight (India) Pvt Ltd.	Fellow subsidiary
Mahindra Aerostructures Private Limited Employees Group Gratuity Assurance Scheme	Employees Gratuity Trust

iii) Details of the transactions with the related parties during the year:

Rs. In lakhs

Particulars	2019-20	2018-19
I. Transactions with Group entities		
Services received (included under note 26 Other expense)		
Mahindra & Mahindra Limited	211.91	136.09
Mahindra Aerospace Private Limited	-	98.62
Mahindra Integrated Business Solutions Private Limited	48.76	8.83
Bristlecone India Ltd.	-	1.33
Mahindra Defence Systems Limited, SSG Division	4.57	2.65
Mahindra eMarket Limited	0.89	0.23
Mahindra Engineering And Chemical Pvt Ltd	0.43	-
	266.56	247.75
Sale of goods		
GippsAero Pty Ltd.	367.60	195.27
	367.60	195.27
Purchase of Goods		
GippsAero Pty Ltd.	14.72	7.48
	14.72	7.48
Rent received		
Mahindra Aerospace Private Limited	3.81	3.60
	3.81	3.60
Reimbursement of expenses made to:		
Mahindra & Mahindra Limited	1.46	8.54
Mahindra Aerospace Private Limited	53.49	109.84
Bristlecone India Ltd.	0.75	-
	55.70	118.38
Reimbursement of expenses received		
Mahindra Aerospace Private Limited	-	51.23
	-	51.23
Freight expenses paid		
Lords Freight (India) Pvt Ltd.	-	2.41
	-	2.41
Expenses paid		
Mahindra Aerostructures Private Limited Employees Group Gratuity Assurance Scheme	2.56	-
	2.56	-

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

Particulars	2019-20	2018-19
Equity shares issued		
Mahindra Aerospace Private Limited	3,000.00	7,650.00
	3,000.00	7,650.00

Particulars	2019-20	2018-19
II. Transactions with key managerial personnel		
Salary and perquisites*		
Mr. Arvind Kumar Mehra	173.29	-
Dr. Karthik Krishnamurthy	77.50	53.35
Mr. T. S. Sarma	60.26	36.24
	311.05	89.59
Sitting fees	0.80	0.80

* Compensation of key managerial personnel does not include post employment defined benefit plan and compensated absences as the same has been provided based on the actuarial valuation determined for the Company as a whole.

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

Rs. In lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Trade receivable		
GippsAero Pty Ltd	-	64.17
	-	64.17
Other financial assets		
Mahindra Aerospace Private Limited	2.74	55.33
	2.74	55.33
Trade payables		
Mahindra & Mahindra Limited	21.89	90.72
Mahindra Aerospace Private Limited	-	60.64
Mahindra eMarket Limited	-	0.23
Mahindra Integrated Business Solutions Pvt Ltd.	7.75	0.27
GippsAero Pty Ltd	0.66	4.24
Mahindra Defence Systems Limited, SSG Division	0.44	-
Mahindra Engineering And Chemical Pvt Ltd	0.46	-
	31.20	156.10
Security Deposit		
Mahindra Aerospace Private Limited	3.60	3.60
	3.60	3.60

Notes:

1. Corporate guarantees given by holding company in respect of borrowings taken by the Company Rs. 9,500 Lakhs (2019: Rs. 9,500 Lakhs)

Terms and conditions of transactions with related parties

The sales to and purchases from 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.

Note 29: Financial instruments - Fair values and risk management

Rs. In lakhs

A The carrying value and fair value of financial instruments by categories

	As at March 31, 2020		As at March 31, 2019		Fair value			
	Carrying Value	Fair values	Carrying Value	Fair values	Level 1	Level 2	Level 3	Total
Financial assets								
Trade receivables	1,927.36	1,927.36	1,658.29	1,658.29	-	-	-	-
Cash and cash equivalents and other bank balances	117.42	117.42	149.74	149.74	-	-	-	-
Bank balance other than cash and cash equivalents	4.70	4.70	1.15	1.15	-	-	-	-
Security deposits	43.23	43.23	43.47	43.47	-	-	-	-
Dues from related parties	2.74	2.74	55.33	55.33	-	-	-	-
Interest accrued on deposits	0.20	0.20	0.10	0.10	-	-	-	-
Derivative assets	-	-	1.36	1.36	-	-	-	-
Others	-	-	9.05	9.05	-	-	-	-

	As at March 31, 2020		As at March 31, 2019		Fair value			
	Carrying Value	Fair values	Carrying Value	Fair values	Level 1	Level 2	Level 3	Total
Financial liabilities								
Borrowings	565.06	565.06	1,164.80	1,164.80	-	-	-	-
Trade payables	887.75	887.75	1,361.43	1,361.43	-	-	-	-
Other financial liabilities	16.75	16.75	2,412.95	2,412.95	-	-	-	-

Fair value hierarchy

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within 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 assets or liabilities that are not based on observable market data (unobservable inputs).

The fair value of cash and cash equivalents, trade receivables, loans, 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. Based on this evaluation, the Company records allowance for estimated losses on these receivables. As of March 31, 2020 and March 31, 2019, the carrying value of such receivables, net of allowances approximates the fair value.

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

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 loans and borrowings, 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 loans, trade and other receivables, 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

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

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

b. Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the company's profit before tax is affected through the impact on floating rate borrowings, as follows:

Particulars	Average Interest Rate	Increase/ decrease in base points	Effect on profit before tax
March 31, 2020			
Interest Rates increased by 50 bps	9.80%	+50	Increase in interest by Rs. 6.69 Lakhs
Interest Rates reduced by 30 bps	9.80%	-50	Reduction in interest by Rs. 6.69 Lakhs
March 31, 2019			
Interest Rates increased by 50 bps	9.44%	+50	Increase in interest by Rs. 46.64 Lakhs
Interest Rates reduced by 30 bps	9.44%	-50	Reduction in interest by Rs. 46.64 Lakhs

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility than in prior years.

c. 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 exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency).

The following table gives details in respect of outstanding foreign exchange forward contracts in relation to Sell Contracts:

Particulars	As at March 31, 2020		As at March 31, 2019	
	in Foreign Currency in lakhs	Rs. In lakhs	in Foreign Currency in lakhs	Rs. In lakhs
In USD	-	-	0.64	45.75

The foreign exchange forward contracts will mature within 12 months. The table below analyzes the derivative financial instruments sell contracts into relevant maturity groupings based on the remaining period as on the balance sheet date:

Particulars	As at March 31, 2020	As at March 31, 2019
Less than 1 month	-	45.75

d. Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD, GBP, AUD ,EUR and SGD 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 are not material.

Particulars	31-Mar-20		31-Mar-19	
	Increase /decrease in basis points	Effect on profit before tax	Increase /decrease in basis points	Effect on profit before tax-
AUD	+50	-	+50	0.00
EUR	+50	(0.46)	+50	0.23
GBP	+50	(0.00)	+50	(0.07)
USD	+50	11.29	+50	5.66
SGD	+50	0.02	+50	-
AUD	-50	-	-50	(0.00)
EUR	-50	0.46	-50	(0.23)
GBP	-50	0.00	-50	0.07
USD	-50	(11.29)	-50	(5.66)
SGD	-50	(0.02)	-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

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

a. Trade Receivable

Trade Receivables: The average credit period on sale of goods is 30 to 90 days. No interest is charged on trade receivables. The company's customers are reputed Aerospace industry companies having good financial position and there is no past default experience of the counter parties.

Trade receivables disclosed below includes the amounts that are past due at the end of the reporting period for which the company has not recognised an allowance for doubtful debts because there has not been a significant change in credit quality and amounts are still considered recoverable.

Particulars	Rs. In lakhs	
	31-Mar-20	31-Mar-19
Not Due	1,809.31	1,279.26
< 30 days	79.68	164.16
30-60 days	32.44	127.41
61-180 days	5.93	84.14
181-360 days	-	3.32
> 360 days	-	0.00
Total	1,927.36	1,658.29

Information about major customers:

Revenue from single external customer is approximately Rs. 2,587.84 lakhs (2019: Rs. 2,671.96 lakhs) representing 30% (2019: 41%) of Company's total revenue from operations for the year ended 31 March 2020. Receivables from single external customer is approximately Rs. 452.13 Lakhs (2019: Rs. 468.33 Lakhs) representing 23% (2019: 28%) of Company's total receivables as at 31 March 2020. Apart from the aforesaid single customer, the Company does not have a significant credit risk exposure to any other single counterparty.

Mahindra Aerostructures 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	565.06	-	-	-	-	565.06
Trade payables	-	887.75	-	-	-	887.75
Other financial liabilities	-	16.75	-	-	-	16.75
	565.06	904.50	-	-	-	1,469.56
Year ended 31 March 2019						
Borrowings	1,135.48	2,320.00	29.32	-	-	3,484.80
Trade payables	-	1,361.43	-	-	-	1,361.43
Other financial liabilities	-	2,412.95	-	-	-	2,412.95
	1,135.48	6,094.38	29.32	-	-	7,259.18

Financial assets carried at amortised cost as at March 31, 2020 is 2,095.65 Lakhs.

Financial assets of Rs. 168.29 Lakhs as at March 31, 2020 carried at amortised cost is in the form of cash and cash equivalents, bank deposits, earmarked balances with banks, security deposits etc. where the Company has assessed the counterparty credit risk. Trade receivables of Rs. 1,927.36 Lakhs as at March 31, 2020 forms a significant part of the financial assets carried at amortised cost which is valued considering provision for allowance using expected credit loss method (if any). In addition to the historical pattern of credit loss, we have considered the likelihood of increased credit risk and consequential default considering emerging situations due to COVID-19. This assessment is not based on any mathematical model but an assessment considering the impact immediately seen in the demand outlook and the financial strength of the customers in respect of whom amounts are receivable. The Company has specifically evaluated the potential impact with respect to Aerospace Sector. The Company closely monitors its customers who are being impacted.

Basis this assessment, the Management believes Company is not required to provide for doubtful trade receivables as at March 31, 2020.

D Capital management

For the purpose of the company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the parent. The primary objective of the company's capital management is to maximise the shareholder value.

	Rs. In lakhs		% change
	31 March 2020	31 March 2019	
Total equity (A)	16,636.91	14,482.42	14.88
Current loans and borrowings	565.06	1,135.48	
Non current loans and borrowings	-	29.32	
Current maturities of long-term loans	-	2,320.00	
Total loans and borrowings (B)	565.06	3,484.80	(83.79)
Total capital (loans and borrowings and equity) (C)	17,201.97	17,967.22	
As percentage of total capital (B/C)	3.28	19.40	
Total loans and borrowings as percentage of Total equity (B/A)	3.40	24.06	

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Ultimate Holding/ Parent company will provide financial support in the future to enable them to settle their obligation as and when they fall due and operate as a going concern.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2020 and 31 March 2019.

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

30. Commitments and contingent liabilities

a) The Company entered into a lease-cum-sale agreement ('Agreement') for a period of 10 years with KIADB for 20 acres of land allotted in Narasapura Industrial area, Kolar District, Karnataka, for the setting up of aerospace component manufacturing facility. The title of the land will be transferred to the Company during the current lease term or at the end of 10 year or extended period, if any, after fulfilling all conditions stipulated in the said Agreement.

During the year ended March 31, 2012, the company incurred Rs. 870.51 Lakhs towards allotment consideration and other related expenses in connection with the said lease-cum-sale agreement. The said amount is disclosed under non-current assets.

As per the agreement, an amount of Rs. 134.00 lakhs is payable to KIADB towards implementation of water supply scheme. However, during 2015 the KIADB raised a demand for Rs. 410.00 lakhs i.e. an increase of Rs. 276.00 lakhs. The Company disputed the amount and the same is pending with KIADB.

b) The estimated amount of contracts remaining to be executed on Capital account and not provided for Rs. 174.62 lakhs (2019: Rs. 51.09 lakhs)

c) Customs duty and penalty of Rs. 2,598.85 lakhs (2019: 2,598.85 lakhs) along with the applicable interest payable against the order issued by the Commissioner of Customs in the matter of import of certain pre-owned equipment. The Company has filed an appeal and the same is pending with the CESTAT.

d) Customs duty of Rs. 41.36 lakhs along with the applicable interest (2019: Rs. 41.36 lakhs) payable against the Demand Cum show cause notice issued by the Directorate of Revenue Intelligence in the matter of certain imports relating to installation of certain equipment, for which the company has submitted reply and the same is pending with Joint Commissioner of Customs.

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. 83.75 Lakhs has been considered by the Company as contingent liability.

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.

31. Dues to micro and small enterprises

The 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. This information has been relied upon by the Auditors. The disclosures relating to Micro, Small and Medium Enterprises as at March 31, 2020 are as under: -

Sr. No.	Particulars	Rs in Lakhs	
		2019-20	2018-19
A	The principal amount remaining unpaid to supplier as at the end of the year	25.69	62.62
B	The interest due thereon remaining unpaid to supplier as at the end of the year	0.01	0.20
C	Interest paid in terms of Section 16 of the Act along with the amount of payment made to the supplier beyond the appointed day during the year		
	- Principal paid beyond the appointed date	536.69	507.42
	- Interest paid in terms of the Section 16 of the Act	-	-
D	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	-	-
E	Further interest due and payable even in the succeeding year, until such date when the interest due as above are actually paid to the small enterprises	20.64	17.28
F	The amount of interest accrued during the year and remaining unpaid at the end of the year	3.36	4.99

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

32. 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.

Rs in lakhs			
Sr. No.	Particulars	31-Mar-20	31-Mar-19
(a)	Earnings attributable to equity shareholders	(861.65)	(1,958.92)
(b)	Weighted average number of equity shares outstanding during the year	41,55,44,932	38,31,40,822
(c)	Basic Earnings per share (Rs.)	(0.21)	(0.51)
(d)	Dilutive Earnings per share (Rs.)	(0.21)	(0.51)

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	39,88,60,000	32,23,60,000
(b)	Effect of fresh issue of shares	1,66,84,932	6,07,80,822
(c)	Weighted average no of shares	41,55,44,932	38,31,40,822

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	41,55,44,932	38,31,40,822
Add: Effect of potential equity shares	-	-
Weighted average number of equity shares used in the calculation of Diluted EPS	41,55,44,932	38,31,40,822

33. Impairment of capital work-in-progress

During the year 2016-17, the Management had evaluated impairment for certain assets recorded as capital work in progress and as at Balance sheet date has provided an impairment loss of Rs. 325.00 lakhs.

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

34. Segment Reporting:

The Company primarily operates in the aerospace segment. The Activities of the Company includes "Sale of aircraft components and sub assemblies".

The Director (Operations) of the Company, who has been identified as being the chief operating decision maker (CODM), evaluates the Company's performance, allocate resources based on the analysis of the various performance indicator of the Company as a single unit.

Therefore, based on the guiding principles given in Ind AS 108 on 'Operating Segments', the Company's business activity fall within a single operating segment, namely aerospace segment . Accordingly, the disclosure requirements of Ind AS 108 are not applicable.

Entity wide disclosure details as per Ind AS 108 on Operating segments are given below:

Revenue from Operations

		Overseas	T
2019-20	204.00	8,568.33	8,772.33
2018-19	355.68	6,224.47	6,580.15

a) Domestic segment includes Component sales and job work services to customers located in India.

b) Overseas segment includes Component sales made to customers located outside India.

c) There are no assets located outside India.

d) Customers contributing 10% or more of Company's revenue (4 customers amounting to Rs 7,107.11 Lakhs in 2019-20 and 3 customers amounting to Rs. 5,129.79 Lakhs in 2018-19)

34A. Due to the transition method chosen in applying Ind AS 115, comparative information has not been restated to reflect the new requirements.:

A. Revenue streams:

The Company is primarily involved in manufacturing and sale of aircraft components, assemblies and aerostructures. Other sources of revenue include income from Job work services, trading of goods, government grants and incentives and scrap sales.

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Sale of goods and services	8,772.33	6,580.15
Other operating revenue	313.66	404.14
Total revenue	9,085.99	6,984.29

B. Disaggregation of revenue from contracts with customers:

In the following table, revenue from contracts with customers is disaggregated by primary geographical market

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
India	204.00	355.68
Others	8,568.33	6,224.47
Total revenue	8,772.33	6,580.15

Impact of COVID-19

While the Company believes strongly that it has a rich portfolio of capabilities to partner with customers, the impact on future revenue streams could come from

- Reduction in customer requirement arising from overall reduction from Aerospace sector
- prolonged lock-down situation resulting in its inability to deploy resources at different locations due to restrictions in mobility

The Company has assessed that customers in Manufacturing verticals are more prone to immediate impact due to disruption in supply chain and drop in demand. The Company has considered such impact to the extent known and available currently. However, the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration.

The Company has taken steps to assess the cost budgets required to complete its performance obligations in respect of contracts and have noted that there is no significant impact of likely delays / increased cost in meetings its obligations as at 31 March 2020. The Company has also assessed the impact of any delays and inability to meet contractual commitments and has taken actions such as engaging with the customers to agree on revised SLAs in light of current crisis, invoking of force-majeure clause etc., to ensure that revenue recognition in such cases reflect realisable values.

35. The Company has incurred losses in current and earlier years. The Company expects growth in its operations in coming years and is taking measures to improve its operational efficiency. Basis the continued financial support provided by the shareholders, undrawn borrowing facilities from the banks and cash flow projections, the use of going concern assumption has been considered appropriate in preparation of financial statements of the company. The Company's current assets exceed its current liabilities as at 31 March 2020.

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

Note 36- 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	Rs. In lakhs	
	As at March 31, 2020	As at March 31, 2019
Deferred tax liabilities		
Related to depreciation of fixed assets	768.07	788.84
Total deferred tax liability (a)	768.07	788.84
Deferred tax assets		
Provision for gratuity	8.64	9.74
Provision for leave encashment	22.85	19.67
Provision for inventory	61.10	74.42
Provision for service tax credit	327.29	327.29
Provision for Duty drawback receivable	14.52	-
Unabsorbed Depreciation	2,689.20	2,542.91
Carry forward losses	3,897.28	4,129.99
Others	10.53	32.46
Total deferred tax assets (b)	7,031.41	7,136.49
Net deferred tax assets/ (liabilities) (b-a)	6,263.34	6,347.65

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.

(b) Reconciliation of effective tax rate:

Particulars	As at March 31, 2020		As at March 31, 2019	
	Profit / (loss) before tax		(861.65)	
Income tax expense calculated at domestic tax rates applicable to profits	26.00%	(224.03)	26.00%	(509.32)
Tax effects of:				
Permanent difference	-0.24%	2.08	-0.17%	3.23
Change in tax rate impact	0.00%	-	2.88%	(56.37)
Adoption of dispute resolution scheme	-24.30%	209.37	0.00%	-
Others	-11.24%	96.89	-1.07%	21.06
Deferred tax asset not recognised in statement of profit and loss		84.31		(541.40)

(c) Tax losses

Particulars	March 31, 2020	Expiry date	March 31, 2019	Expiry date
	Loss from business	14,989.53	31 March 2020 to 31 March 2029	15,884.57
Unabsorbed depreciation	10,343.09	Carried forward indefinitely	9,780.43	Carried forward indefinitely
Total	25,332.62		25,665.00	
Potential tax benefit	6,586.48		6,672.90	

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Notes to Financial Statements for the year ended March 31, 2020

37. The Company has established a comprehensive system of maintenance of information and documents as required by the transfer pricing legislation under Sections 92-92F of the Income-tax Act. Since the law requires existence of such information and documentation to be contemporaneous in nature, the Company is in the process of updating the documentation for the international as well as specified domestic transactions entered into with the associated enterprise during the financial year and expects such records to be in existence latest by the end of the stipulated timeline, as required by law. The Management is of the opinion that its international as well as specified domestic transactions are at arm's length so that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expenses and that of provision for taxation.

38. 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 Aerostructures Private Limited
CIN No. U35122MH2011PTC212744

Sanjay Sharma
Partner
Membership No. 063980
UDIN: 20063980AAAACF1207

Dr. Karthik Krishnamurthy
Wholetime Director
DIN No.07130799

Mr. Arvind Mehra
Managing Director
DIN No.01039769

Place: Bangalore
Date: May 08, 2020

Mr. T. Subrahmanya Sarma
Chief Financial Officer
Place: Mumbai
Date: May 08, 2020

Mr. V.S. Ramesh
Company Secretary