





CIE Automotive

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

2021 ANNUAL REPORT

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Dear Shareholders,

Looking back on 2021, it feels like a year in which we experienced such contrasting experiences and emotions that it may well have been a year with a temperamental personality, prone to mood swings.

The year began on a sound note as the positive momentum in economic recovery originating in the second half of 2020, carried over. But a debilitating second wave of the coronavirus pandemic hit India in the second quarter leading to much pain, hardly witnessed in the country's recent history. A vaccine campaign which after beginning slowly ramped up so well that people became quite comfortable with the virus still lurking around.

Europe, in contrast, had high vaccination rates from the beginning and things seemed to be returning to normal. But new wave of the pandemic starting in the last months of the year slowed down the recovery. As war clouds hover over Ukraine and Europe, the global economy braces for further uncertainty.

Supply side issues related to semiconductor shortage and inflation in input costs continued to constrain our demand. More importantly, there have been contrasting opinions when these supply side issues would be sorted out.

The auto industry continues to be on the cusp of change as electric cars continue to surge in Europe and interest in the electric two wheelers takes off in India. The challenge that this change may pose and the opportunity it may present is something we are already working on.

In short, 2021 represents the epitome of a VUCA year.

It was Volatile – as the pandemic and supply side issues ebbed and flowed and demand yo-yoed across quarters. It was Uncertain – the semiconductor shortage which made estimation of demand from OEMs difficult.

It was Complex – the pandemic reduced incomes while supply shortages led to inflation requiring complex policy responses. It was Ambiguous – as electric vehicles gradually gain consumer traction, whose impact on the auto industry's ecosystem remains ambiguous.

As managers, we are prepared to face such a VUCA world. As an engineering company, we continue to focus on efficiency and technology to face such a scenario. As a management team, not only we are confident of meeting these challenges but also of emerging stronger as a globally competitive company.

Thank you for the trust reposed in us and we assure you that we will strive harder to meet your expectations.

Yours Sincerely,

S. Shukla

SP. Shukla

Chairman – Mahindra CIE



CHAIRMAN'S
STATEMENT



Dear Shareholders,

We experienced a great deal of business volatility in 2021. The first quarter was an excellent one, continuing the upturn from the latter half of 2020. India experienced a devastating second wave of the coronavirus pandemic in April & May, making Q2C21 a difficult quarter. The difficulties continued onto Q3C21 as the semiconductor shortage plaguing the automotive industry peaked, both in India and Europe. The fourth quarter continued to be affected by semiconductor chip shortage and was thrown into further chaos with the recurrence of the pandemic, especially in Europe. The year also saw a steep jump in input costs as steel, mineral, energy, and shipping prices, all experienced large increases. As war clouds looms in Ukraine and input costs and demand are negatively affected, there could be further challenges.

MCIE's results of 2021 reflect the impact of the above business drivers. In 2021, MCIE's consolidated sales were INR 79,459 mn, 37% higher than 2020 and our EBITDA margin was 13.4% vs 9.6% previous year. 2020 was severely affected by global lockdowns and it would be more appropriate to compare the performance with 2019. Vis-à-vis 2019, despite the adverse conditions sales and margins in 2021 were slightly better, confirming that our company has recuperated to the scenario prevailing before the industry got hit by the pandemic followed by the supply side shortage of chips. Our strategy to focus on creating leaner operations and productive routines is helping us deliver better operating results despite severe business conditions, consistent with our aim of generating better Returns on both Equity and Capital Employed.

We are focused on strengthening the health of our operations such that sufficient immunity is developed against the vagaries of the business environment. Our focus is to keep on improving operations through process reengineering, automation, and digitization. The effort is to ensure that all our plants continue their journey to be world class. Continuous efforts are being made to generate a strong order book and to have optimum capacity to service these orders. Greenfield and brownfield expansion have been planned in many business verticals, especially in India.

The pandemic has seen a renewed push towards green transportation solutions including electrification in the automotive industry. Non-traditional powertrains like battery electric vehicles, hybrids and alternate fuel vehicles constitute more than a third of European light vehicle sales in Europe. Electric two wheelers segment in India also saw frenetic activity. Your company is moving quickly to take advantage of these opportunities and made significant progress in developing our order book in this area.

I am particularly proud that your company made all possible efforts to help employees and their families affected by the pandemic during the severe second wave in India. Provisions were also made to facilitate vaccination for employees which helped in the smooth running of plants through the year.

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

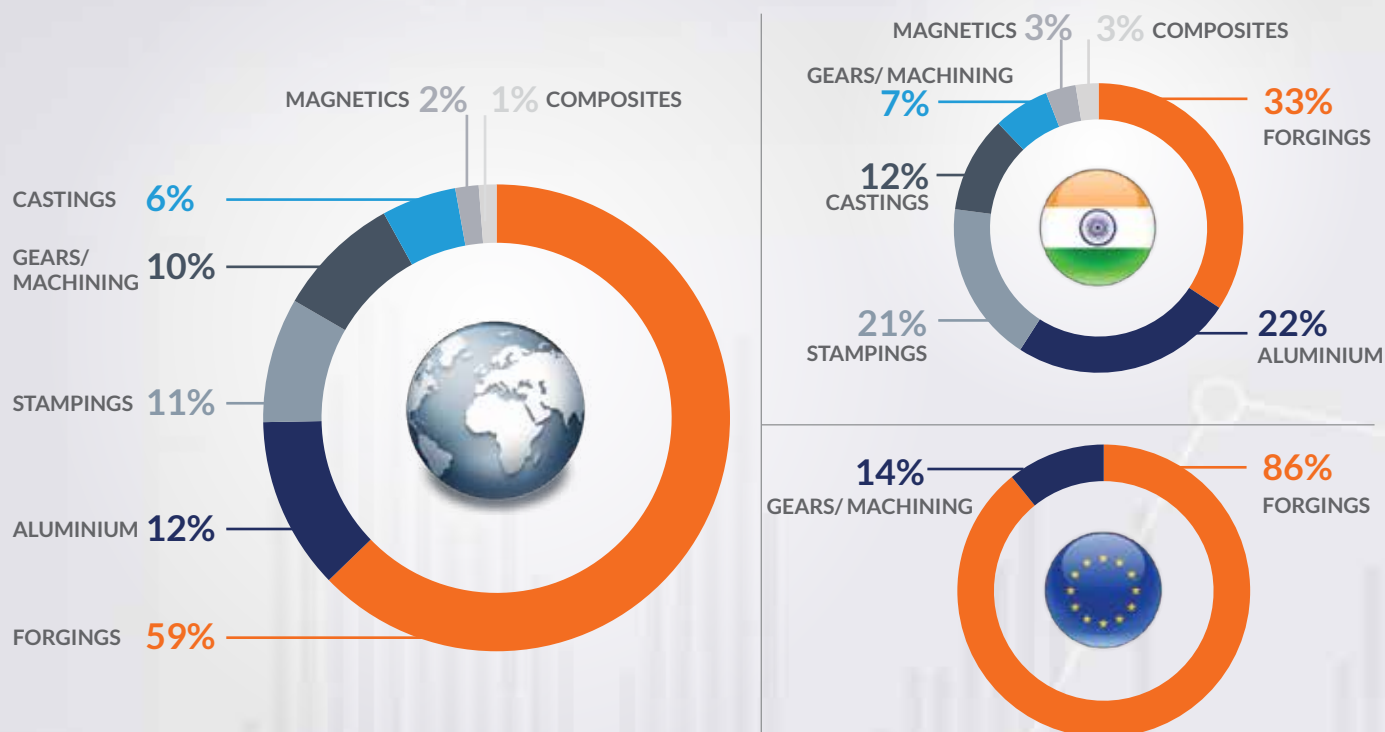
Yours Sincerely,

Ander Arenaza Alvarez
CEO – Mahindra CIE



CEO'S
STATEMENT

REVENUE SPLIT BY GEOGRAPHY



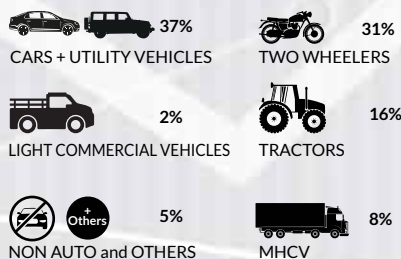
END USE SEGMENTS AND TOP CUSTOMERS



TECHNOLOGIES

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

END USE SEGMENTS



TOP CUSTOMERS

Mahindra, Bajaj,
Maruti, Tata, Hero



TECHNOLOGIES

- Car Forgings
Spain, Lithuania
- Heavy Truck Forgings
Germany
- Gears/Machining
Italy

END USE SEGMENTS



TOP CUSTOMERS

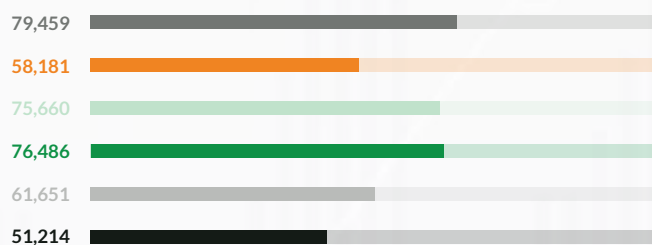
Renault, VW, Ford,
JLR, BMW

Daimler, MAN,
Scania, DAF, Renault

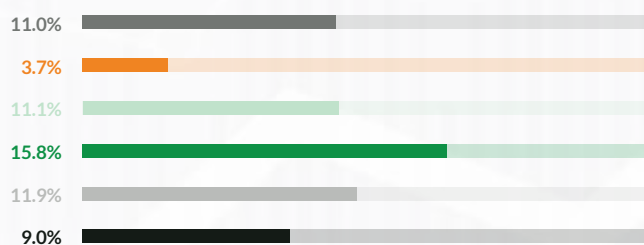
CAT, Eaton, CNH

MCIE CONSOLIDATED KEY PARAMETERS

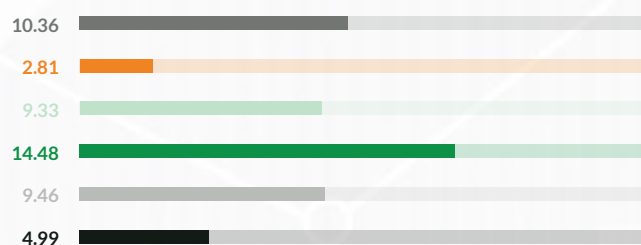
SALES (INR MILLION)



RONA ⁽²⁾

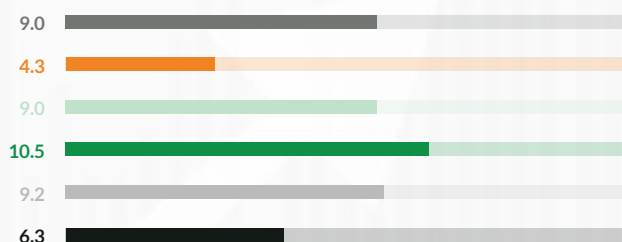


EPS ⁽⁷⁾ (₹)

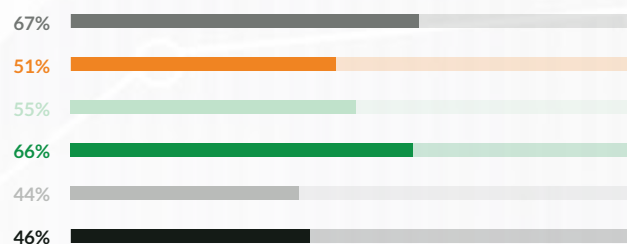


● 2021 ● 2020 ● 2019⁽⁸⁾ ● 2018 ● 2017 ● 2016⁽⁴⁾

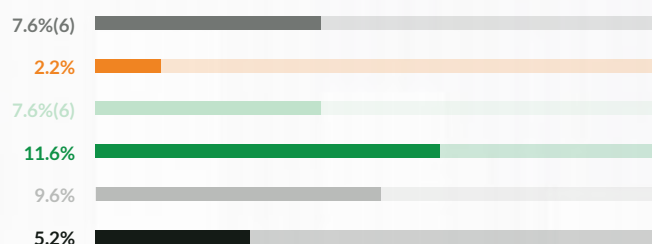
EBIT % ⁽¹⁾



OPERATIVE CASH FLOW ⁽³⁾/EBITDA



ROE ⁽⁵⁾



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



Solar Park at Beed (Capacity 6.5MW) and Jalkot (Capacity 28MW)
Total installed capacity in CY 21 is 52.5MW



To improve safety of our operators on Press Machines and Robotic Cells, we have developed internal standards to all interlocks, photo sensors and guards are in working conditions.



To improve the air quality inside shop floor as well as ambient air, we have improved our fume extractors, dust collectors and scrubber system at our plants.



Wooden Bench from Scrap



Solar Light installation

Project Lakshya – CIE India Institute of Skills, Bhosari



Soft Skills Training



Welding practical class



Fitter H&P practical class



Bhama River Cleaning activity



Tree Plantation



Free COVID vaccination Drive



Blood Donation Camp



EV UPDATE

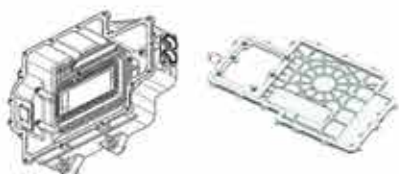
CY2021

Europe

- Aluminium Forgings trials on going
- New orders focused on non-engine parts
- Orders received for EV parts with significant revenue

India

- Significant part of new orders (>20%) in many divisions are for EV and Hybrid parts - especially in divisions focussed on 2W
- Orders from leading 2W, 3W & 4W EV OEMs (Traditional as well as new entrants)



Inverter Housings Aluminum



Composite Battery Pack



Forged 4 Wheeler Transmission parts



Traction Motor Cover Aluminum



Battery Housing Aluminum



EV Transmission Gear Set



3W EV – Sample Composite Body parts



Traction Motor Housing Aluminum



4W Suspension – Forged Spindle



Forged 2W Steering Races

PLANTS AT A GLANCE



Board of Directors

Mr. Shriprakash Shukla - Chairman
 Mr. Ander Arenaza Alvarez
 Mr. Manoj Menon
 Mr. Anil Haridass
 Mr. Jesus Maria Herrera Barandiaran
 Mr. Zoooben Bhiwandiwalla (till 22nd February, 2022)
 Mr. Puneet Renjhen (w.e.f. 22nd February, 2022)
 Mr. Kadambi Narahari
 Mr. Dhananjay Mungale
 Mr. Manoj Maheshwari
 Mrs. Roxana Meda Inoriza
 Mr. Alan Savio D'Silva Picardo
 Mr. Suhail Amin Nathani

Chief Financial Officer

Mr. K. Jayaprakash

Company Secretary & Compliance Officer

Mr. Pankaj V. Goyal

Committees of the Board

Audit Committee

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

Nomination and Remuneration Committee

Mr. Manoj Maheshwari - Chairman
 Mr. Alan Savio D'Silva Picardo
 Mr. Jesus Maria Herrera Barandiaran
 Mr. Shriprakash Shukla
 Mr. Dhananjay Mungale
 Ms. Roxana Meda Inoriza

Stakeholders Relationship Committee

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

Corporate Social Responsibility Committee

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

Risk Management Committee

Mr. Manoj Menon - Chairman
 Mr. Ander Arenaza Alvarez
 Mr. Alan Savio D'Silva Picardo

Registered Office

Suite F9D, Grand Hyatt Plaza (Lobby Level),
 Off Western Express Highway,
 Santacruz (E) Mumbai - 400 055
 CIN: L27100MH1999PLC121285
 Tel: 022 62411031
 Fax: 022 62411030
 Website : www.mahindrachie.com
 Email : mcie.investors@cie-india.com

Pune Office

Office No. 602 & 603,
 Amar Business Park,
 Opp. Sadanand Resort,
 above Westside showroom Baner,
 Pune - 411 045
 Tel: 020-29804621

• Statutory Auditors

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

• Bankers

ICICI Bank Limited
 Barclays Bank
 Kotak Mahindra Bank Limited
 Bank of America
 Bank of Baroda

• Registrar and Share Transfer Agents

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

DIRECTORS' REPORT



NOTES

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DIRECTORS' REPORT

Dear Shareholders,

Your Directors present their Report together with the audited financial statements of your Company for the Financial Year (FY) ended 31st December, 2021.

A. FINANCIAL SUMMARY AND HIGHLIGHTS

(₹ in Million)

PARTICULARS (STANDALONE)	FY ended 31 st December, 2021	FY ended 31 st December, 2020
Total Revenue	33,081	21,645
Profit before Interest, Depreciation, Exceptional Items and Tax	4,461	2,218
Less: Depreciation	1,193	1,084
Profit before Interest, Exceptional Items and Tax	3,268	1,134
Less: Interest and Finance cost	122	119
Profit before Exceptional Items and Tax	3,146	1,015
Exceptional items	(128)	-
Profit before tax	3,018	1,015
Profit after tax	1,103	740

During the Financial Year under review total standalone revenue of the Company increased to ₹ 33,081 Million from ₹ 21,645 Million for previous year and it was ₹ 29,271 Million in the pre-covid year of 2019. Profit before Interest, Depreciation, Exceptional Items and Tax increased to ₹ 4,461 Million as against ₹ 2,218 Million for the previous year and ₹ 3,780 Million in FY 2019. The profit before exceptional items & tax for the Financial Year increased to ₹ 3,146 Million in Financial Year 2021 from ₹ 1,015 Million in Financial Year 2020 and ₹ 2,517 Million in Financial Year 2019.

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

Dividend

As per the Dividend Distribution Policy of the Company, dividend pay-out would have to be determined based on available financial resources, business environment, funds required for organic as well as inorganic growth and other factors which will ensure optimal shareholder

return. Within these parameters the Company would endeavor to maintain a total dividend pay-out ratio of upto 25% of the annual consolidated Profits after Tax (PAT) of the Company for the corresponding year.

Despite the pandemic, the Company was able to deliver a good operational performance during the year under review. The Company has maintained low debt levels despite difficult market conditions with good cash generation.

Your directors, considering the good performance and strong cash flows, are pleased to recommend dividend of ₹ 2.50/- (Two Rupees and Fifty Paise only) per ordinary equity share of face value of ₹ 10/- each for the financial year ended 31st December, 2021 out of the accumulated balance of retained earnings representing the accumulated surplus in the profit and loss account as at 31st December, 2021. The equity dividend outgo for the Financial Year 2021 would absorb a sum of ₹ 948 Million.

Dividend will be payable subject to approval of members at the ensuing Annual General Meeting and deduction of tax at source to those members whose names appear in the Register of Members as on Monday, 18th April, 2022.

Transfer to Reserves

The Board of your Company decided not to transfer any amount to the General Reserve for the year under review.

B. OPERATIONAL PERFORMANCE – THE COMPANY AND SUBSIDIARIES

OPERATIONAL REVIEW

The market demand in the last two quarters of 2020 had seen a sharp recovery in India and a slow and steady one in Europe. The momentum in demand recovery carried over to the start of 2021 but the upward trend was arrested as India faced a debilitating second wave of the pandemic in the second quarter of 2022. A similar resurgence happened in Europe in the last quarter of the year which further slowed down demand. An acute shortage of semiconductor chips forced automotive OEMs to curtail production leading to significant drop in demand especially in the light vehicles segment, both in India & Europe. The effect of this shortage was the most acute in the third quarter. The shortage is gradually easing but is likely to continue into the first half of 2022. The year also saw a steep increase in input costs as steel, mineral, energy and shipping prices, all saw large increases. The prices are stabilizing but at a high level.

The operating teams both in India & Europe were focused on managing the twin issues of volatility in demand and increase in input costs. The challenge was to make sure that the negative impact on profitability was minimized by working on optimizing costs and improving operational efficiencies.

INDIA

Process reengineering, automation and digitization with a view to improve operations continued to be the focus. Efforts continued to generate a strong order book and to have optimum capacity to service these orders. The castings plant was upgraded and plans to increase capacity were put in place at the aluminium, magnetics and gears technologies. New plant launched at Hosur expected to commission in Q2CY2022.

EUROPE

Managing steep increases in steel and energy prices was the key focus. German operations continued to be a challenge. Gears business in Italy has shown good growth with improved margins.

As battery electric vehicles (EVs) continued to grow in Europe, efforts were directed to develop non engine parts and parts to be used in EVs and generate orders for these parts.

INVESTOR RELATIONS (IR)

The Company also continuously strives for excellence in its Investor Relations ("IR") engagement with International and Domestic investors through structured conference-calls and periodic investor/analyst interactions like individual Meetings, participation in investor conferences, quarterly earnings calls, and analyst meet from time to time. It participated in several investors meets organized by reputed Global and Domestic Broking Houses, during the year. A large majority of these meetings were virtual in deference to the prevailing social distancing norms. Efforts were made to ensure that these virtual meetings were conducted in the most productive manner. Building a relationship of mutual understanding with investor/analysts is of utmost importance and critical information about the Company is available to all the investors, by uploading all such information on the Company's website.

C. CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated Financial Statements of the Company and its subsidiary companies prepared in accordance with the Companies Act, 2013 (the Act) and applicable Accounting Standards along with all relevant documents and the Auditors' Report forms a part of the Annual Report of 2021.

Consolidated total revenue of the company, including other income, for the financial year under review stood at ₹ 84,423 Million as against ₹ 61,050 Million in the previous year and ₹ 79,409 Million in the pre-covid year of 2019. Profit before Interest, Depreciation, Exceptional Items and Tax increased to ₹ 10,613 Million as against ₹ 5,565 Million for the previous year and ₹ 9,963 Million in FY 2019. The profit before exceptional items & tax for the Financial Year increased to ₹ 6,766 Million in Financial Year 2021 from ₹ 1,953 Million in Financial Year 2020 and ₹ 6,325 Million in Financial Year 2019.

In accordance with section 136 of the Act, separate accounts in respect of each of the Subsidiaries are

uploaded on the website of the Company and is accessible at the web-link: <https://www.mahindrachie.com/investors/investor-relations/annual-report.html> and soft copies of the same shall be provided to shareholders of the Company on request for such copies.

Subsidiary Companies

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

CIE Galfor S.A. registered consolidated revenue of ₹ 40,590 Million (includes MFE & Metalcastello revenue) during the financial year ended 31st December, 2021 as compared to ₹ 31,200 Million in the previous year. The consolidated net profit after tax for the financial year under review was ₹ 2,330 Million (including MFE & Metalcastello) as compared to ₹ 144 Million in the previous year.

Aurangabad Electricals Limited registered a revenue from operations of ₹ 9,646 Million during the year as compared to ₹ 7,268 Million in the previous year and the net profit after tax for the year stood at ₹ 685 Million as compared to ₹ 287 Million in the previous year.

The Company's consolidated revenue from the continuing operations was ₹ 83,867 Million in the financial year ended 31st December 2021, of which about 60.8% was derived from the subsidiaries whereas about 39.2% was derived from operations of the Company.

During the year, the Company incorporated CIE Hosur Limited (CIE Hosur) as a wholly owned subsidiary of the Company. CIE Hosur will be engaged in the business of manufacturing auto components by making greenfield investment to leverage the emerging growth opportunities in mobility space. This will also help in ring fencing of business and operational risks.

During the year, the Liquidation and Dissolution formalities of AE Deutschland GmbH were completed, and it ceased to exist in accordance with Applicable Laws.

As on 31st December 2021, the Company has 14 subsidiaries namely Stokes Group Limited (U.K.), CIE Galfor S.A. (Spain), CIE Legazpi S.A. (Spain), UAB CIE LT Forge (Lithuania), Mahindra Forgings Europe AG (Germany), Jeco Jellinghaus GmbH (Germany), Gesenkschmiede Schneider GmbH (Germany), Falkenroth Umformtechnik GmbH (Germany), Schoneweiss & Co. GmbH (Germany), Metalcastello S.p.A. (Italy), BF Precision Private Limited (India), Bill Forge de Mexico S de RL de CV (Mexico), Aurangabad Electricals Limited (India) and CIE Hosur Limited (India).

In 2018, the Board of Directors of the Company, after reviewing the business situation, had agreed with the proposed closure of Stokes Group Limited (Stokes) and the business was classified as dis-continued operations. Stokes has completely stopped its production in CY2019. The liquidation of Stokes is expected to complete, in accordance with the applicable Laws, during CY2022.

Jeco Jellinghaus GmbH has been operationally closed.

All other subsidiaries are operational.

Associate Companies

The Company had five Associates as on 31st December, 2021 namely Clean Max Deneb Power LLP (Deneb), Sunbarn Renewables Private Limited (Sunbarn), Renew Surya Alok Private Limited (Renew), Gescrap India Private Limited (Gescrap) and Galfor Eolica SL. The Company does not have any joint-venture.

The Company has been taking various steps to optimize its power cost and to increase the proportion of green energy in the total energy consumption of the Company. The investments in Deneb, Sunbarn and Renew are in furtherance of this objective. All these entities are major contributors for use of renewable source of energy in operation of the Company and will also results in savings in energy cost.

Gescrap is engaged in metal recycling and total waste management in India. The investment is made with the objective of preventing disruption in supply/demand of scrap for the business divisions of the Company and to enhance transparency and add best practices to scrap management in the group.

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

A Report on the performance and financial position of each of the subsidiaries and associate companies included in the Consolidated Financial Statement and their contribution to the overall performance of the Company, is provided in Note No. 39 of the Consolidated Financial Statements of the Company and in Form AOC-1 attached to the Financial Statements.

The Company has formulated a Policy for determining Material Subsidiaries and the same has been uploaded on the website of the Company and is accessible at the web-link: <https://www.mahindrachie.com/investors/investor-relations/governance.html#policies-and-code-of-conduct>

Credit Rating

ICRA Limited, the Credit Rating Agency, have reaffirmed / assigned rating(s) to the Commercial Paper and Line of Credit of the Company, details of the same is provided in the Corporate Governance Report.

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

D. INTERNAL FINANCIAL CONTROLS

Your Company has put in place adequate internal financial controls commensurate with the size and complexity of its operations. The internal controls ensure the reliability of data and financial information to maintain accountability of assets.

Your Company uses ERP System as a business enabler and to maintain its books of accounts. The transactional controls built in ERP System provide segregation of duties, appropriate level of approval mechanism

and maintenance of supporting records. It is further supplemented by documented policies, guidelines, and procedures. These are reviewed by the management regularly and strengthened wherever required. These systems and controls are subject to audit program arrived at basis risk review and approved by the Audit Committee. Action plan is prepared by the management for all the audit findings and the same is reviewed by the Audit Committee on quarterly basis.

The controls have been assessed during the year under review basis guidance note issued by the Institute of Chartered Accountants of India on Audit of Internal Financial Controls over Financial Reporting. Based on the results of such assessments carried out by the management, no reportable or significant deficiencies, no material weakness in the design or operation of any control was observed. Nonetheless your Company recognizes that any internal control framework, no matter how well designed, has inherent limitations and accordingly regular audits and review processes have been put in place.

E. MANAGEMENT DISCUSSION AND ANALYSIS

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

F. CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

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

The details of the transactions of the Company as required to be disclosed pursuant to Para A of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, are disclosed at Note No. 31 of the Notes to the Standalone Financial Statements.

Further, the Company had entered into Material Related Party Transactions, i.e. transactions exceeding 10% percent of the annual consolidated turnover as per the last audited financial statements of the Company with Mahindra & Mahindra Limited (M&M). These transactions were in the Ordinary Course of Business of the Company and were at arm's length basis. The details of these transactions, as required to be provided under section 134(3)(h) of the Companies Act, 2013 are disclosed in Form AOC-2 as **Annexure I** and forms part of this Report.

The Policy on materiality of and dealing with Related Party Transactions as approved by the Board is uploaded on the website of the Company and is accessible at the web-link:

<https://www.mahindrachie.com/investors/investor-relations/governance.html#policies-and-code-of-conduct>

G. AUDITORS

Statutory Auditors

The members of the Company at the 18th Annual General Meeting (AGM) had appointed Price Waterhouse Chartered Accountants LLP (Firm Registration No. 012754N/N500016) as the Statutory Auditors of the Company to hold office from the conclusion of 18th AGM for the period of 5 years until the conclusion of the 23rd AGM of the Company. Accordingly, the present term of Price Waterhouse Chartered Accountants LLP as Statutory Auditors concludes at the conclusion of the ensuing AGM. The Board of Directors of the Company placed on record their appreciation for the services rendered by Price Waterhouse Chartered Accountants LLP, as the statutory auditors of the Company.

In accordance with provision of Section 139 of the Companies Act, 2013 read with Rules framed thereunder, the Board of Directors of the Company on the recommendation of the Audit Committee, proposed appointment of M/s B S R & Co. LLP, Chartered Accountants (B S R LLP) (ICAI Firm No. 101248W/W – 100022) as Statutory Auditors of the Company to hold office from the conclusion of ensuing 23rd AGM for a term of consecutive five years till the conclusion of 28th AGM. The appointment of B S R LLP as the statutory auditors of the Company is placed before the members for approval at the ensuing AGM.

As required under provision of Section 139(1) of the Companies Act, 2013 the Company has received a written consent from B S R LLP for their appointment and a certificate to the effect that their appointment, if made, would be in accordance with the Companies Act, 2013 and the Rules framed thereunder and that they satisfy the criteria provided in Section 141 of the Companies Act, 2013 read with Rule 4(1) of the Companies (Audit and Auditors) Rules, 2014 and that they are not disqualified for appointment as statutory auditors of the Company.

The members are requested to consider the appointment of statutory auditors as aforesaid and fix their remuneration.

Auditor's report

The Auditors' Report on the Financial Statement for the year ended 31st December, 2021, is unmodified i.e., it does not contain any qualification, reservation, adverse remark or disclaimer and notes thereto are self-explanatory and do not require any explanations.

Secretarial Auditor and Secretarial Audit

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company had appointed Mr. Sachin Bhagwat, Practicing Company Secretary (Certificate of Practice No. 6029), Secretarial Auditor to undertake the Secretarial Audit of the Company for the Financial Year ended 31st December, 2021. The Secretarial Audit Report for the Financial Year ended 31st December, 2021 is appended to this Report as **Annexure II**. The report does not

contain any qualification, reservation, adverse remark or disclaimer.

Secretarial Audit of Material Unlisted Indian Subsidiary

Aurangabad Electricals Limited ("AEL"), a material subsidiary of the Company undertakes secretarial audit every year under Section 204 of the Companies Act, 2013. The Secretarial Audit of AEL for the financial year ended 31st December 2021 was carried out pursuant to Section 204 of the Companies Act, 2013 and Regulation 24A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Secretarial Audit Report submitted by Mr. Rohit Kulkarni, Practicing Company Secretary, (Certificate of Practice No. 16206) does not contain any qualification, reservation, adverse remark or disclaimer and the same is enclosed herewith as **Annexure III**.

Annual Secretarial Compliance Report

The Company has undertaken an audit for the Financial Year ended 31st December, 2021 for all applicable compliances as per Securities and Exchange Board of India Regulations and Circulars/Guidelines issued thereunder. The Annual Secretarial Compliance Report duly issued by Mr. Sachin Bhagwat, Practicing Company Secretary (Certificate of Practice No. 6029) has been submitted to the Stock Exchanges within the prescribed timelines. A copy of the report has been uploaded on the website of the Company and the same is accessible at the link : <https://www.mahindrachie.com/investors/downloads/documents.html#secretarial-compliance-report>.

Cost Records

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

Cost Auditors

The Board had appointed Messrs. Dhananjay V. Joshi & Associates, Cost Accountants, Pune, (Firm Registration Number 000030) as Cost Auditor for conducting the audit of Cost Records of the Company for Financial year ended 31st December, 2021.

In accordance with Section 148 of the Companies Act, 2013, the Board of Directors of the Company, on recommendation of the Audit Committee, re-appointed Messrs. Dhananjay V. Joshi & Associates, Cost Accountants, Pune (Firm Registration Number 000030) as the Cost Auditors of the Company to conduct the Audit of the Cost Accounting Records maintained by the Company for the Financial Year ending 31st December, 2022. Messrs. Dhananjay V. Joshi & Associates have confirmed that their appointment is within the limits of section 141(3)(g) of the Companies Act, 2013 and have also certified that they are free from any disqualifications specified under section 141(3) read with Section 148(5) of the Companies Act, 2013.

As per the provisions of the Companies Act, 2013, the remuneration payable to the Cost Auditor is required

to be placed before the Members in a General Meeting for their ratification. Accordingly, a resolution seeking Members' ratification for the remuneration payable to Messrs. Dhananjay V. Joshi & Associates, Cost Auditors is included in the Notice convening the 23rd Annual General Meeting.

Reporting of Frauds by Auditors

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

H. PARTICULARS OF LOANS, GUARANTEES, INVESTMENTS AND SECURITIES

Particulars of investments made by the Company, as required under Section 186 of the Companies Act, 2013, are provided in the Note No. 8 of the Notes to the Standalone Financial Statements.

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

During the year under review the Company has not provided any guarantee or security in connection with the loan to any other person or body corporate. Apart from the loans or advances in the nature of loans given to the subsidiaries of the Company, the Company has not provided any loans or advances in the nature of loans to any other person or body corporate including to any firms/body corporates in which directors of the Company are interested. The particulars of loans given by the Company, as required under Section 186 of the Companies Act, 2013, are provided in Note No. 8A of the Notes to the Standalone Financial Statements.

I. PUBLIC DEPOSITS

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

J. TRANSFER OF AMOUNTS TO INVESTOR EDUCATION AND PROTECTION FUND

The Company was not required to transfer any amount to Investors Education and Protection Fund (IEPF) during the financial year under review.

The Company had, in February 2015, distributed the sale proceeds of fractional shares arising out of issuance of shares pursuant to the Integrated Scheme and Composites Scheme of Amalgamation to the eligible shareholders as per their respective fractional entitlements. Fractional Entitlements in respect of certain fraction holders has been lying unclaimed with the Company, details thereof are uploaded on the website of the Company and is accessible at the web-link:

<https://www.mahindrachie.com/investors/downloads/documents.html#unclaimed-amounts> and also on the

website of IEPF viz. www.iepf.gov.in. The same is due for transfer to IEPF on 14th February 2022 and shall accordingly be transferred to IEPF in due course of time.

Details of all the unclaimed amounts transferred by the Company to IEPF in earlier years is also available on the aforesaid link.

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

K. EMPLOYEES

Key Managerial Personnel (KMP)

During the financial year under review, the following officers of the Company have been designated as the Whole-time Key Managerial Personnel in accordance with Section 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

1. Mr. Ander Arenaza – Executive Director
2. Mr. Manoj Menon – Executive Director and Chief Executive Officer – Stampings, Composites, Foundry, Magnetics and Gears Divisions
3. Mr. Anil Haridass – Executive Director and Chief Executive Officer – Forgings and Bill Forge divisions (CEO w.e.f. 1st September, 2021)
4. Mr. Hari Krishnan – Chief Executive Officer – Forgings and Bill Forge Divisions (upto 31st August, 2021)
5. Mr. K. Jayaprakash – Chief Financial Officer
6. Mr. Pankaj Goyal – Company Secretary and Compliance Officer

After closure of the Financial Year, Mr. Anil Haridass demitted his executive responsibilities and stepped down as Whole-time Director and Chief Executive Officer – Forgings and Bill Forge Divisions of the Company with effect from 22nd February, 2022. He therefore ceased to be a KMP of the Company and now re-designated as Non-executive Director of the Company with effect from 22nd February, 2022.

After Mr. Anil Haridass demitted his executive responsibilities, the Board of Directors of the Company, on recommendation of the Nomination and Remuneration Committee, have appointed Mr. Hari Krishnan (then advisor) as Chief Executive Officer – Forgings and Bill Forge Divisions of the Company with effect from 22nd February, 2022.

Employees' Stock Option Scheme (ESOS)

The Company has in force the following Employees Stock Options Schemes :

- a) Mahindra CIE Automotive Limited - Employees' Stock Option Scheme (ESOS-2007)
- b) Mahindra CIE Automotive Limited - Employees' Stock Options Scheme 2015 (ESOS-2015)

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

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

Both the schemes are in compliance with the SEBI (Share Based Employee Benefits) Regulations, 2021 ("SBEB Regulations"). The Certificate issued by the Secretarial Auditor of the Company to the effect that the Schemes have been implemented in accordance with the said Regulations and the resolution passed by the members will be placed before the members at the ensuing Annual General Meeting.

The information as required to be disclosed, in relation to ESOS under the Companies Act, 2013, and the details of the ESOS being implemented, as specified by SEBI under the SBEB Regulations is uploaded on the website of the Company and is accessible at the web-link:

<https://www.mahindracie.com/investors/downloads/documents.html#other-documents-and-disclosures>

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

Particulars of Employees and related disclosures

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

Further, as required under provisions of Section 197(12) of the Companies Act, 2013 read with Rule 5(2) & 5(3) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended, a statement including the names and other details of the top ten employees in terms of remuneration drawn and the name of every employee, who were in receipt of remuneration not less than ₹ 10,200,000/- per annum during the year ended 31st December, 2021 or employees who were employed for a part of the Financial Year and were in receipt of remuneration of not less than ₹ 8,50,000/- per month during any part of the said year is annexed as **Annexure V** to this report.

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

Industrial Relations

The relationship between the Management and Worker's Union continued to remain cordial.

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

L. BOARD AND COMMITTEES

Retirement by rotation

Mr. Ander Arenaza (DIN: 07591785) and Mr. Anil Haridass (DIN: 00266080) are liable to retire by rotation and, being eligible, have offered themselves for re-appointment at the 23rd Annual General Meeting (AGM) of the Company.

Changes in Board

There were no changes in the Composition of the Board of Directors of the Company during the financial year ended 31st December 2021.

After closure of the Financial Year, Mr. Zhooben Bhiwandiwalla (DIN: 00110373) resigned as Director of the Company with effect from 22nd February 2022. The Board of Directors of the Company placed on record its appreciation for Mr. Bhiwandiwalla's contribution as Director of the Company during his association with the Company.

Further, Mr. Anil Haridass (DIN: 00266080) resigned as Whole-time Director w.e.f. 22nd February, 2022 and has continued on the Board as Non-Executive Director of the Company.

Further, the Board at its meeting held on 22nd February, 2022, on recommendation of the Nomination and Remuneration Committee, appointed Mr. Puneet Renjhen (DIN: 09498488) as Additional Director of the Company who holds the office as an Additional Director upto the ensuing Annual General Meeting of the Company and thereafter, subject to the approval of the Members at the said AGM, as a Director, liable to retire by rotation.

Further, the Board of Directors, on recommendation of nomination and remuneration committee, have approved re-appointment of Mr. Ander Arenaza Álvarez (DIN: 07591785) and Mr. Manoj Mullassery Menon (DIN: 07642469) as Whole-time Directors (Executive Directors) of the Company for a period of 3 (Three) years with effect from 13th September, 2022 and 17th October, 2022 respectively and have recommended the same to the members for their approval at the ensuing AGM.

Detailed profile of the Directors seeking appointment/re-appointment along with other necessary details as may be required are provided in the Notice of 23rd Annual General Meeting of the Company.

Declaration of the Independent Directors

All the Independent Directors have confirmed that they meet the criteria as mentioned in Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 149(6) of the Companies Act, 2013. The Independent Directors have also confirmed that they are not aware of any circumstance or situation,

which exist or may be reasonably anticipated, that could impair or impact their ability to discharge their duties with an objective independent judgement and without any external influence. Further, the Board after taking these declaration/disclosures on record and acknowledging the veracity of the same, opined that the Independent Directors are persons of integrity and possess the relevant expertise and experience, fulfils the conditions specified in the Listing Regulations and the Act for appointment of Independent Directors and are Independent of the Management.

Directors' Responsibility Statement

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

- a) in the preparation of the annual accounts for the financial year ended 31st December, 2021, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended on 31st December, 2021 and of the profit and loss of the Company for that financial year ended on that date;
- c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the directors had prepared the annual accounts on a going concern basis;
- e) the directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively during the financial year ended 31st December, 2021;
- f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively during the financial year ended 31st December, 2021.

Board, Committee and Annual General Meeting

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

The Board of Directors of the Company met six times during the Financial Year ended 31st December, 2021, on 19th February, 2021, 29th April, 2021, 18th May, 2021, 21st July, 2021, 14th October, 2021 and 9th December, 2021. The 22nd Annual General Meeting of the Company was held on 29th April, 2021 through Video Conferencing.

Details of meetings of the Board, its Committees and the AGM along-with attendance of Directors at these meetings are included in the Report on Corporate Governance, which forms part of the Annual Report.

Meeting of Independent Directors

The Independent Directors of the Company met on 19th February, 2021 and 9th December, 2021 without the presence of the Chairman, Executive Directors, other Non-Independent Director(s) and any other Managerial Personnel.

Performance Evaluation

During the year under review, the Nomination and Remuneration Committee and Independent Directors have ascertained and reconfirmed that the deployment of "questionnaire" as a methodology, is effective for evaluation of performance of Board, its Committees and Individual Directors including non-independent Directors and the performance evaluation of the Chairman, respectively.

Accordingly, feedback was sought on the structured questionnaire from all the Directors of the Company, through electronic platform provided by an Independent Agency, covering various aspects, on performance evaluation of the Board, Committees of Board, Independent Directors, Non-Independent Directors, and the Chairman. A report aggregating the responses of all the directors of the Company was generated by the system.

Performance Evaluation of Individual Directors

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

The Independent Directors at their meeting separately evaluated the performance of non-independent Directors and the Chairman.

Performance Evaluation of the Board and Committees of Board

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

The Independent Directors at their meeting separately evaluated the performance of the Board. For details, please refer to the Report on Corporate Governance, which forms part of the Annual Report.

Familiarisation Program for Independent Directors

The details of program for familiarization of Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in

which the Company operates, business model of the Company and related matters are given in the Report on Corporate Governance. The familiarisation program and other disclosures as specified under Regulation 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is available on the website of the Company at the link:

<https://www.mahindrachie.com/investors/downloads/documents.html#other-documents-and-disclosures>.

Policy on Appointment and Remuneration

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

- i) Policy on Appointment of Directors, Key Managerial Personnel and Senior Management Employees and succession planning;
- ii) Policy for the remuneration of Directors, Key Managerial Personnel and other employees of the Company.

Salient features of these policies are enumerated in the Corporate Governance Report which forms part of the Annual Report.

During the year under review, the Policy for the remuneration of Directors, Key Managerial Personnel and other employees of the Company was amended to include "Stock Appreciation Benefit" as one of the component in the Remuneration Structure of the Company. There was no change in the Policy on Appointment of Directors, Key Managerial Personnel and Senior Management Employees and succession planning.

The Policies mentioned above are also uploaded on the website of the Company and is accessible at the web-link: <http://www.mahindrachie.com/investors/investor-relations/governance.html#policies-and-code-of-conduct>.

Committees of the Board

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

Audit Committee

The Committee comprises of four independent directors viz:

- 1) Mr. Dhananjay Narendra Mungale – Chairman,
- 2) Mr. Manojkumar Madangopal Maheshwari
- 3) Mrs. Roxana Meda Inoriza
- 4) Mr. Alan Savio D'Silva Picardo

All the Members of the Committee are Independent Directors and possess strong accounting and financial management knowledge.

The Company Secretary is the Secretary to the Committee.

All the recommendations of the Audit Committee were accepted by the Board during the financial year under review.

Details relating to Audit Committee and other Committees of the Board is provided in the Corporate Governance Report, which forms part of the Annual Report.

M. GOVERNANCE

Corporate Governance

Your Company believes in attainment of highest levels of transparency in all facets of its operations and maintains an unwavering focus on imbibing good Corporate Governance practices. Your Company continues to strengthen its governance principles to generate long-term value for its various stakeholders on a sustainable basis thus ensuring ethical and responsible leadership both at the Board and at the Management levels.

A Report on Corporate Governance and a Certificate from the Mr. Sachin Bhagwat, Practicing Company Secretary (ACS Number – 10189, CP Number – 6029) and Secretarial Auditor of the Company regarding the compliance with the conditions of Corporate Governance as stipulated in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 forms part of the Annual Report.

Vigil Mechanism

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

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

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

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

Risk Management

The Board has constituted a Risk Management Committee which comprised 3 members as at the end of the financial year namely, Mr. Manoj Mullassery Menon – Executive Director (Chairman of the Committee), Mr. Ander Arenaza Alvarez – Executive Director and Mr. Alan Savio D Silva Picardo – Independent Director. The Committee also has invitees from Senior Management team. The other details and terms of reference of the Committee are covered under the Corporate Governance report which forms part of the Annual Report.

In accordance with the requirement of the Act and Listing Regulations the Company has developed and implemented a Risk Control and Management Policy which establishes general framework for action, as well as the procedures and responsibilities to control and manage the risks which the Company must face efficiently and effectively. The risk management system of the Company ("RMS") allows it to reasonably ensure that all significant risks, both financial and non-financial, including those which in the opinion of the Board may threaten the existence of the Company, are prevented, identified, assessed, subjected to ongoing control and reduced to the defined levels of risk appetite and tolerance and are approved by the risk management committee and ultimately by the Board.

The Risk Management Committee, Audit Committee as well as the Board reviews the risks and RMS periodically. The Company has established procedures to periodically place before the Board, the risk assessment and minimisation procedures being followed by the Company and steps taken by it to mitigate the Risks.

Important element of risk is provided in the Management Discussion and Analysis.

N. SUSTAINABILITY AND CORPORATE SOCIAL RESPONSIBILITY

Sustainability

Objectives

To integrate Environment, Social and Governance (ESG) principals into business strategy, business module and day to day operations for creating shared value for company as well as society at large.

Safety and Health

We are committed to provide a safe & healthy work environment across all manufacturing plants and offices. The management have put in place strong processes and procedures across all the plants and have systems to continuously monitor its adherence. The safety culture is a journey and management through frequent communication and training is strengthening the safety culture across the Organization and keep reinforcing the discipline. The Company's plants continue to improve well-being of its personnel by organising occupational health examination, periodic health check-ups and workplace monitoring. The Company has put-in place protocols regarding safe running of plants in adherence

with the Covid-19 guidelines issued by relevant authorities in the geographies in which we operate. These protocols are reviewed regularly and updated in line with the guidelines issued by the authorities.

The Company has put-in place safety management system across all our plants. These systems are in line with the requirements of ISO 45001 standard. While most of our plants have received the ISO 45001 certification, remaining plants will complete and achieve the certification in due course of time.

Environment

The Company has robust environment management system in place to ensure all environmental risks and opportunities associated with our operations are taken care. These systems are in line with requirements of ISO-14001 standard. While most of our plants have received the ISO-14001 certification, remaining plants will complete and achieve the certification in due course of time.

The Company ensures strict compliance with all the statutory requirements and has taken several steps under its sustainability drive to contribute towards better environment. The focus continues on water and energy conservation, increasing the proportion of green energy in the overall energy consumption and reduction in generation of waste. The Business Responsibility Report elaborated the specific efforts taken by the Company in environment protection including various projects in the areas of water, energy and waste.

Business Responsibility Report

The Business Responsibility Report (BRR) of the Company for the Financial Year 2021 forms part of the Annual Report as required under Regulation 34(2)(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

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

Corporate Social Responsibility (CSR)

Your Company has constituted CSR Committee in accordance with Section 135 of the Companies Act, 2013. The CSR Committee comprises of Mr. Kadambi Narhari (Chairman), Mr. Dhananjay Mungale, Mr. Manoj Menon and Mr. Anil Haridass.

During the year the Company was required to spend ₹ 42.31 million in accordance with Section 135(1) of the Companies Act, 2013. The Company has spent ₹ 22.56 million on the CSR projects commenced during the Financial Year. The unspent amount of ₹ 19.75 million is allocated to the three Ongoing CSR projects, implementation of which shall be continued in

CY-2022. Further, the Company had unspent amount of ₹ 45.01 million for the previous financial years. Out of this, the Company have spent ₹ 26.91 Million on the CSR Projects commenced during the previous financial years and the unspent amount of ₹ 18.10 million is allocated to the ongoing CSR Projects of previous years, implementation of which shall be continued in CY-2022.

The Corporate Social Responsibility Committee had formulated and recommended to the Board, a Corporate Social Responsibility Policy (CSR Policy) which was subsequently adopted by it and is being implemented by the Company. The CSR Policy including a brief overview of the projects or programs undertaken are hosted on the Company's website and is accessible at the web-link: <http://www.mahindrachie.com/images/pdf/resources/Governance/csr-policymcie.pdf>

A brief overview of the projects or programs undertaken by the Company is also provided in Business Responsibility Report under Principle 8.

During the year under review the CSR Policy of the Company was amended in line with the amendments made by the Companies (Amendment) Act, 2019, the Companies (Amendment) Act, 2020 and the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 by amending definitions viz. meaning of CSR, Ongoing Project, etc. and including a statement containing the approach and direction given by the Board of Directors, taking into account the recommendations of its CSR Committee including Guiding principles for Selection, Implementation, Monitoring of activities and formulation of the Annual Action Plan.

In accordance with the Companies (Corporate Social Responsibility Policy) Rules, 2014 the Annual Report on CSR Activities inter-alia providing brief outline of the CSR Policy, CSR activities undertaken by the Company during the year and the reason for not spending the entire CSR amount is provided is annexed herewith as **Annexure VI**.

O. SECRETARIAL

Merger by absorption of Mahindra Vehicle Manufacturers Limited (MVML), with Mahindra & Mahindra Limited ("M&M")

The Scheme of Merger by Absorption of MVML, with Mahindra & Mahindra Limited ("M&M") and their respective Shareholders ("the Scheme") as approved by Hon'ble National Company Law Tribunal was made effective by the parties to the Scheme from 1st July, 2021. As a result, 4,33,44,512 Equity shares of ₹ 10 each representing 11.44% of paid-up equity share capital of the Company held by MVML stand vested in M&M with effect from 1st July, 2021.

Pursuant to the SEBI (Substantial Acquisition of shares and Takeover) Regulations, 2011 and SEBI (Prohibition of Insider Trading) Regulations, 2015 necessary disclosure were submitted to stock exchanges. With aforesaid merger of MVML, M&M has become a Promoter of the Company w.e.f. 1st July, 2021. There is no change in Promoter and Promoter Group shareholding in the

Company post the above transfer and it stands at 72.19% of the paid-up equity capital of the Company as on 31st December, 2021.

Issue of Shares

During the year under review, the Company has issued and allotted 40,273 equity shares of face value of ₹ 10/- each, pursuant to exercise of options by the employees under the Company's Employee Stock Option Scheme - 2015.

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

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

Compliance with Downstream Investment conditionalities

The Company is a Foreign Owned and Controlled Company within the meaning of Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2017 ("FDI Regulations"). All the Downstream Investments made by the Company are in compliance with the conditionalities of Downstream Investment stipulated in the FDI Regulations.

During CY2021, the Company has obtained a certificate from the Statutory Auditors of the Company for compliance with the FDI Regulations in respect of the downstream investment made by the Company during CY2020 and except for delays in filings necessary intimations/forms with RBI/DPIIT/SIA in relation to investments made in prior year(s), the Auditors have affirmed compliance with downstream investment conditionalities by the Company.

Annual Return

Pursuant to Section 92(3) read with Section 134(3)(a) of the Companies Act, 2013, copies of the Annual Returns of the Company prepared in accordance with Section 92(1) of the Act read with Rule 11 of the Companies (Management and Administration) Rules, 2014 are placed on the website of the Company and is accessible at the web-link: <http://www.mahindrachie.com/investors/downloads/documents.html>.

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

In accordance with the provisions of Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has framed a Policy for determination of Materiality for disclosure of events or information. The same has been hosted on the website of

the Company and is accessible at the web-link: <https://www.mahindrachie.com/investors/investor-relations/governance.html#policies-and-code-of-conduct>.

Dividend Distribution Policy

Pursuant to regulation 43A of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has formulated a dividend distribution policy which became effective from 1st January, 2018 stipulating factors to be considered in case of Dividend declaration. The said policy was amended during the year under review. The main purpose of the proposed amendment is to amend the Financial Parameters that shall be considered while declaring dividend. The Company has included the parameters which can be considered for Interim Dividend and Final Dividend, if any. Further, the amendment provides that, going forward the Dividend pay-out, if any, will be upto 25% of Consolidated Profit After Tax of the Company for the corresponding financial year. Apart from above, the Company has made certain changes in other parameters mainly to provide clarity in respect of each of the parameter by improvising the language. Further, the amendments have provided for a basic format change of the Policy by paraphrasing the contents under appropriate heading.

The updated policy forms part of this report as **Annexure VIII**.

The same has also been hosted on the website of the Company and is accessible at the web-link: <https://www.mahindrachie.com/investors/investor-relations/governance.html#policies-and-code-of-conduct>.

P. GENERAL

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

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

1. Issue of equity shares with differential rights as to dividend, voting or otherwise.

2. Issue of Shares (including sweat Equity shares) to employees of the Company under any Scheme save and except ESOS referred to in this Report.
3. Significant or material orders passed by the Regulators or Courts or Tribunals which impact the going concern status and the Company's operation in future.
4. No application was made, or any proceedings is pending under the Insolvency and Bankruptcy Code, 2016 during the year in respect of the Company.
5. There has been no change in the nature of business of your Company.
6. There was no one-time settlement of loan obtained from Banks or Financial Institutions.
7. Voting rights which are not directly exercised by the employees in respect of shares for the subscription/ purchase of which loan was given by the Company (as there is no scheme pursuant to which such persons can beneficially hold shares as envisaged under section 67(3) (c) of the Companies Act, 2013).

Acknowledgement

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

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

For and on behalf of the Board of Directors
Mahindra CIE Automotive Limited

Shriprakash Shukla
Chairman
DIN: 00007418

Date: 22nd February, 2022
Place: Pune

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

Loans and advances in the nature of loans to subsidiaries

(₹ in million)

Name of the subsidiary	Balance as on 31st December, 2021	Maximum outstanding during the year
Aurangabad Electricals Limited	Nil	Nil
BF Precision Private Limited	Nil	Nil
CIE Hosur Limited	236	236

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

ANNEXURE – I

Form No. AOC-2

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

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

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

There were no contracts or arrangements or transactions entered into during the financial year ended 31st December, 2021, which were not at arm's length basis.

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

The details of material contracts or arrangements or transactions at arm's length basis for the financial year ended 31st December, 2021 are as follows:

Sr. No.	Name(s) of the related party & Nature of relationship	Nature of contracts/ arrangements/ transactions	Value of contracts/ arrangements/ transactions (in Million)	Duration of contracts/ arrangements/ transactions	salient terms of contracts/ arrangements/ transactions	Date of approval by the board, if any	Amount paid as advance (in ₹ Million)
1.	Mahindra & Mahindra Limited Upto 30 th June, 2021 - Holding Company of the Investee Company in respect of which the Company is an Associate w.e.f. 1 st July 2021 - the Investee Company in respect of which the Company is an Associate	Rent paid	18.72	Jan-Dec 2021	The related party Transactions (RPTs) entered during the year were in the ordinary course of business and on arm's length basis.	Since these RPTs are in the ordinary course of business and are at arm's length basis, approval of the board is not applicable. However, necessary approvals were granted by the Audit committee from time to time. Moreover, pursuant to provisions of Listing Regulations the shareholders of the Company by passing ordinary resolution at the 20 th Annual General Meeting held on 6 th May, 2019, accorded their approval for the Material Related Party Transactions, entered into or to be entered into with Mahindra and Mahindra Limited upto ₹ 18,000 Million per annum starting From 1 st April, 2019 and every year thereafter.	Nil
		Reimbursements Made / Paid	0.38				
		Sale of Goods	10,975.00				
		Purchase	0.42				
		Services Bills	0.55				
		Total	10,995.07				

For and on behalf of the Board
Mahindra CIE Automotive Limited

Shriprakash Shukla
Chairman
(DIN: 00007418)

Date: 22nd February, 2022
Place: Pune

ANNEXURE – II

SECRETARIAL AUDIT REPORT

For the financial year ended December 31, 2021

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

To,
The Members,
Mahindra CIE Automotive Limited
Suite F9D, Grand Hyatt Plaza (Lobby Level)
Off Western Express Highway, Santacruz (E)
Mumbai 400055

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

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on December 31, 2021, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on December 31, 2021 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the regulations and bye-laws framed thereunder to the extent of foreign direct investment and overseas direct investment;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; (Not applicable to the Company during the audit period)
 - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 and The Securities and Exchange Board of India (Issue and Listing of Non-convertible Securities) Regulations, 2021; (Not applicable to the Company during the audit period)
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 and The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021; (Not applicable to the Company during the audit period) and
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; (Not applicable to the Company during the audit period)

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

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

- (i) Secretarial Standards issued by the Institute of Company Secretaries of India;
- (ii) Listing Agreements entered into by the Company with BSE Ltd. and the National Stock Exchange of India Ltd. and The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

I further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. No change in the composition of the Board of Directors took place during the period under review.

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

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

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

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

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

Sachin Bhagwat

ACS: 10189

CP: 6029

UDIN: A010189C002636989

PR Certificate No.: 654/2020

Place: Pune

Date: 22 February 2022

Annexure

To,
The Members,
Mahindra CIE Automotive Ltd.
Suite F9D, Grand Hyatt Plaza (Lobby Level)
Off Western Express Highway, Santacruz (E)
Mumbai 400055

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

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

Sachin Bhagwat

ACS: 10189

CP: 6029

UDIN: A010189C002636989

PR Certificate No.: 654/2020

Place: Pune

Date: 22 February 2022

ANNEXURE – III

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31st DECEMBER 2021

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

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

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

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering financial year ended on **31st December 2021**, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st December 2021 according to the provisions of:

- I. The Companies Act, 2013 (**the Act**) and the Rules made there under;
- II. The Securities Contracts (Regulation) Act, 1956 (**'SCRA'**) and the Rules made there under;
- III. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- IV. Foreign Exchange Management Act, 1999 and the Rules and Regulations made there under to the extent relevant to Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- V. (i) The following regulations and guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (**'SEBI Act'**): -
 - (a) The Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015 to the extent applicable to an unlisted material subsidiary of a listed entity.
- (ii) The following regulations and guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (**'SEBI Act'**) **were not applicable** to the Company during the audit period:
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
 - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client ;)
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018.
- VI. The Company is an automotive components manufacturer, and I am informed that there are no sector specific laws applicable to the Company. I further report that there are adequate systems and processes in the Company for ensuring compliance with the applicable laws including the following laws:
 - Labour & Employment laws
 - Environment Laws
 - The Electricity Act, 2003.

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

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

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

I further report that:

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

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

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

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

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

For **Rohit Kulkarni & Associates**
Company Secretaries

Rohit R. Kulkarni
Practicing Company Secretary
ACS: 33568 CP: 16206
UDIN : A033568C002557254

Place : Pune

Date : 12 February 2022

Annexure A to Secretarial Audit Report

To,
The Members,

AURANGABAD ELECTRICALS LIMITED

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

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

For **Rohit Kulkarni & Associates**
Company Secretaries

Rohit R. Kulkarni
Practicing Company Secretary
ACS: 33568 CP: 16206

Place : Pune

Date : 12 February 2022

Annexure IV

DETAILS OF REMUNERATION

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

The ratio of the remuneration of each director to the median remuneration of employees of the company for the financial year	Name of Director	Designation	The ratio of the remuneration of each director to the median remuneration of employees
	Mr. Shriprakash Shukla*	Non – Executive Director (Chairman)	NA
	Mr. Ander Arenaza Alvarez	Executive Director	3.71
	Mr. Manoj Mullassery Menon	Executive Director	21.27
	Mr. Anil Haridass	Executive Director	28.48
	Mr. Jesus Maria Herrera Barandiaran*	Non – Executive Director	NA
	Mr. Zhooben Dossabhoy Bhiwandiwalla*	Non – Executive Director	NA
	Mr. Manojkumar Madangopal Maheshwari@	Independent Director	4.53
	Mr. Dhananjay Narendra Mungale@	Independent Director	4.60
	Mr. Suhail Amin Nathani@	Independent Director	3.78
	Mr. Kadambi Narahari@	Independent Director	4.18
	Mrs. Roxana Meda Inoriza@	Independent Director	4.38
	Mr. Alan Savio D'Silva Picardo@	Independent Director	4.60
	<p>* Non-Executive Non-Independent Directors are not entitled to any remuneration or sitting fees for attending the meetings.</p> <p>@ Independent Directors were entitled to remuneration by way of sitting fees for attending meeting of Board and committees and profit linked commission. The commission for CY2021 was approved by the Board of Directors of the company, on recommendation of the nomination and remuneration committee and the same shall be paid to the Independent Directors during CY2022.</p>		
The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year	Name of Director/KMP	Designation	% increase in Remuneration
	Mr. Ander Arenaza Alvarez	Executive Director	Nil
	Mr. Manoj Mullassery Menon	Executive Director	12%
	Mr. Anil Haridass	Executive Director	5%
	Mr. Hari Krishnan	Chief Executive Officer (upto 31 st August 2021)	5%
	Mr. K. Jayaprakash	Chief Financial Officer	5%
	Mr. Pankaj Goyal	Company Secretary & Compliance Officer	20%
	<p>Note:</p> <ol style="list-style-type: none"> 1. Non-Executive Non-Independent Directors, were not entitled to any remuneration from the Company or sitting fees for attending the meetings. 2. Independent Directors were entitled to remuneration by way of sitting fees for attending meeting of Board and committees and profit linked commission. 		

The percentage increase in the median remuneration of employee in the financial year	10% increase in median employee remuneration. Note: For calculating median employee remuneration, employees (excluding Directors) who were in employment of the Company for entire Financial Year under consideration are only considered.
The number of permanent employees on the rolls of company as on 31 st December, 2021	4,113
Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	On an average, employees other than the managerial personnel (i.e. Executive and Non-Executive Directors) received an annual increase of 8.37% whereas the average increase in the remuneration of Executive Director was 7.65%. The remuneration of the Executive Directors is decided based on the individual performance, inflation, prevailing industry trends and benchmarks. The remuneration of Non-Executive Directors consists of commission and sitting fees. While deciding the remuneration, 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 other duties, role and functions as envisaged in Schedule IV of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and such other factors as the Nomination and Remuneration Committee may deem fit etc. were taken into consideration.
Affirmation that the remuneration is as per the remuneration policy of the company	It is hereby affirmed that the remuneration paid is as per the Policy for Remuneration of the Directors, Key Managerial Personnel and other Employees.

For and on behalf of the Board
Mahindra CIE Automotive Limited

Shriprakash Shukla
Chairman
DIN: 00007418

Date: 22nd February, 2022
Place: Pune

ANNEXURE – V

Statement of Particulars of Employees pursuant to the Companies (Appointment And Remuneration of Managerial Personnel) Rules, 2014

(in ₹ Million)

Sl. No.	Name of the employees	Designation@	Remuneration received [in ₹ Million] (Excluding perquisite value pursuant to exercise of ESOPs of the Company), if any	Perquisite value of the ESOP of the Company exercised during the year, if any	Qualification	Experience in years	Age in years	Date of commencement of current employment	Last employment held
1	2	3	4	5	6	7	8	9	10
1	Mr. Hari Krishnan *	Chief Executive Officer – Forgings and Bill Forge Divisions (upto 31 st August, 2021) Advisor – w.e.f. 1 st September, 2021	17.00	-	BE Mechanical	32	55	30-05-2007	MGM Forgings (P) Ltd
2	Mr. Anil Haridass *	Executive Director	15.67	-	BE Mechanical	39	63	01-01-1983	Founder of Bill Forge Private Limited
3	Mr. Vikas Chandra Sinha	Sr. Vice President – Strategy	13.62	-	MBA, BE	28	49	10-12-2014	Mahindra & Mahindra Limited
4	Mr. Manoj Menon [†]	Executive Director & Chief Executive Officer – Stampings, Composites, Foundry, Magnetics and Gears Divisions	11.70	-	B. Tech, MMS	32	54	01-09-2013	Anand Auto Ltd.
5	Mr. K. Jayaprakash #	Chief Financial Officer	8.22	1.79	CWA and CS	38	57	29-03-2007	Pantloun Indian Retail
6	Mr. Anup Mishra [†]	Chief Business Controller	7.70	-	CA and CWA	32	53	01-12-2005	Karnavati Engineering Limited
7	Mr. Sunil Narke	Chief Operating Officer – Forgings Division	7.05	-	B E – Mech	24	47	16-04-2018	Anand I Power Ltd
8	Mr. Lalmani Shukla	Group Plant Chief – Stampings Div – Rudrapur, Pantnagar, Zaheerabad, Nagpur	6.98	-	B E – Mech	32	56	16-08-2006	JBM Group Faridabad
9	Mr. Satyanarayana Patel *	Senior General Manager – Bill Forge Division	6.92	-	BSc, MBA and CWA	21	49	09-07-2016	Mahle Behr India Ltd
10	Mr. Rahul Desai	Chief Operating Officer – Magnetic Products, Composites, Stampings (Kanche, Nashik) Divisions	6.78	-	B E – Mech	26	47	24-09-2015	GKN Sinter Metals Ltd

@ last designation held in the Company as on 31st December, 2021 or the last designation held before cessation of employment during the year

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

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

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

Notes:

- i) All the employees included in the table above are permanent employees of the Company. All appointments are / were non-contractual.
- ii) None of the director / employees referred to in above table is related to any Director of the Company.
- iii) During the year, the Company has no employee who was employed throughout the Financial Year or part thereof and was in receipt of remuneration, which in the aggregate, or as the case may be, at a rate which, in the aggregate, is in excess of that drawn by the managing director or whole-time director or manager and holds by himself or along with his spouse and dependent children, not less than 2% of the equity shares of the company.
- iv) Remuneration included in column 4 above is calculated as per section 17(1) and 17(2) of the Income Tax Act, 1961.
- v) There were no employees who were posted outside and working in a country outside India and drawing remuneration from the Company more than ₹ 1.02 Cr per financial year or ₹ 8.5 lakh per month, as the case may be.

For and on behalf of the Board
Mahindra CIE Automotive Limited

Shriprakash Shukla
Chairman
DIN: 00007418

Date: 22nd February 2022
Place: Pune

ANNEXURE – VI

Annual Report on CSR Activities for the Financial Year ended 31st December, 2021

1. Brief outline on CSR Policy of the Company

Corporate Social Responsibility (CSR) has been an integral part of the way Mahindra CIE Automotive Limited, (MCIE or the Company) has been doing business. The Company is committed to its social responsibilities and takes initiatives to serve the society as a good corporate citizen.

The Policy *inter-alia* provides the approach, direction and guiding principles given by the Board of Directors of the Company, taking into account the recommendations of the CSR Committee, for selection, implementation and monitoring of CSR activities as well as formulation of the Annual Action Plan. The objective of this policy is to-

- Promote a unified and strategic approach to CSR
- Encouraging employees to participate in the Company's CSR Activities and give back to society in an organised manner thereby increasing employee satisfaction.

The Company focuses its CSR activities in the areas of (i) Education and Skill Development (ii) Promotion of Health Care and Sanitation (iii) Environment and (iv) Community Development (the Thrust Areas). The Company may also make contributions to Prime Minister's National Relief Fund or Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund or any other fund set up by the Central Government for socio economic development and relief and welfare which qualifies the criteria as per CSR Rules and the relevant provisions of the Companies Act, 2013. The Company shall continue encouraging its employees to participate in the Employee Social Engagement Program (ESEP), to drive positive change in society, through health check-up camps, blood donation camps, tree plantation, vocational guidance to school children in the nearby schools, Scholarships/ Felicitation to the meritorious village students to help/support in their further education, providing educational aid like books, school bags, donations to school for infrastructure i.e. benches, sound system, computers, laboratory aid, support to Old Age home, Orphanage etc. ESEPs are specifically designed to benefit the economically and socially disadvantaged communities and involve the employees to participate in Company's CSR Activities.

2. Composition of CSR Committee:

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Mr. Kadambi Narahari	Chairman	Five	Five
2.	Mr. Dhananjay Mungale	Member	Five	Five
3.	Mr. Manoj Menon	Member	Five	Five
4.	Mr. Anil Haridass	Member	Five	Five

3. Provide the web-link where Composition of CSR Committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company.

The Composition of CSR Committee is available at <https://www.mahindracie.com/investors/investor-relations/governance.html>.

The CSR Policy and CSR projects as approved by the Board is available at <https://www.mahindracie.com/investors/investor-relations/csr.html>.

4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report).

Not applicable

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy Rules, 2014 and amount required for set off for the financial year, if any

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (in ₹)	Amount required to be set-off for the financial year, if any (in ₹)
1	2021	Not Applicable	Not Applicable
Total		Not Applicable	Not Applicable

6. Average net profit of the company as per Section 135(5).: ₹ 2,11,54,95,490/-

7. (a) Two percent of average net profit of the company as per Section 135(5): ₹ 4,23,09,910/-

(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial year : Nil

(c) Amount required to be set off for the financial year, if any: Nil

(d) Total CSR obligation for the financial year (7a+7b-7c): ₹ 4,23,09,910/-*

(* In addition to the current year's CSR obligations, the company had unspent amount pertaining to previous financial years of ₹ 4,50,05,784/-)

8. (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year*	Amount Unspent				
	Total Amount transferred to Unspent CSR Account as per section 135(6)*		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
Amount (₹)	Amount (₹)	Date of transfer	Name of the Fund	Amount	Date of Transfer
2,24,22,263	1,98,88,280	29.01.2022	Nil	Nil	NA

(* In addition to this amount, the Company has spent an amount of ₹ 2,73,84,816/- during the financial year, which pertains to the long-term CSR projects undertaken in previous financial years against which an amount of ₹ 4,50,05,784/- remained unspent. The remaining unspent amount of ₹ 1,76,20,968/- has also been transferred by company to the unspent CSR account as per section 135 (6) read with the Ministry of Corporate Affairs General Circular 14/2021 dated 25th August, 2021)

(b) Details of CSR amount spent against ongoing projects for the financial year 2021

1	2	3	4	5		6	7	8	9	10	11	
S. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	Location of the project		Project duration (Yrs)	Amount allocated for the project (in ₹)	Amount spent in the current financial year (in ₹)	Amount transferred to Unspent CSR Account for the project as per section 135(6) (in ₹)	Mode of Implementation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
				State	District						Name	CSR Registration Number
1	WASH - Water, Sanitation and Hygiene in Ten Schools	Promoting Health Care and Sanitation (Clause i)	Yes	Maharashtra	Pune	3	8,00,000	2,00,000	6,00,000	No	Centre for Youth Development & Activities	CSR00001160
2	Utkarsh (Raigarh & Satara) - Infrastructure Development in Five Schools	Promoting Education (Clause ii)	Yes	Maharashtra	Raigarh & Satara	3	84,10,000	0	84,10,000	Yes	-	-
3	Construction of a school building near Bill Forge plant location to be run by State Government	Promoting Education (Clause ii)	Yes	Karnataka	Anekal	3	1,16,50,000	7,71,720	1,08,78,280	Yes	-	-
						TOTAL	2,08,60,000	9,71,720	1,98,88,280			

(c) Details of CSR amount spent against other than ongoing projects for the financial year 2021

1	2	3	4	5		6	7	8	
S. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	Location of the project		Amount spent for the project (in ₹)	Mode of implementation - Direct (Yes/No)	Mode of implementation - Through implementing agency	
				State	District			Name	CSR Registration Number
1	ESEP (Employee Social Engagement Program)	Promoting Healthcare (Clause i), Promoting Education (Clause ii, Rural Development (Clause x), Environmental Sustainability (Clause iv)	Yes	Maharashtra, Telangana, Gujarat, Uttarakhand, Karnataka	Pune, Nashik, Nagpur, Zaheerabad, Bangalore, Rajkot, Rudrapur, Pantnagar	17,96,564	Yes	-	-
2	Covid-19 Support and Responding to social needs highlighted by authorities and Communities around the plants	Promoting Healthcare (Clause i)	Yes	Maharashtra, Karnataka	Pune, Bangalore	83,20,705	Yes	-	-
3	PM Cares Fund	Contribution to PM Cares Fund (Clause viii)	Yes	-	-	27,00,000	Yes	-	--
4	Setting up of a Forging Laboratory in Dr. TT Thimmaiah College of Engineering, Kolar	Promoting Education (Clause ii)	Yes	Karnataka	Bengaluru	21,45,204	Yes	-	-
5	Development Centre for the Government school teachers with Computer, Library & Reading room within the premises of the BEO	Promoting Education (Clause ii)	Yes	Karnataka	Bengaluru	7,08,070	No	Kalisku Foundation	CSR00003099
6	Mobile Clinic to treat leprosy patients	Promoting Healthcare (Clause i)	Yes	Karnataka	Bengaluru	7,80,000	No	Sumanahalli Society	CSR00003057
7	Co-sponsorship to setup Blood Bank Project	Promoting Healthcare (Clause i)	Yes	Karnataka	Bengaluru	50,00,000	No	Sankalp India Foundation	CSR00003797
					TOTAL	2,14,50,543			

(d) Amount spent in Administrative overheads: Nil

(e) Amount spent on Impact Assessment, if applicable: Not Applicable

(f) Total amount spent for the Financial Year (8b+8c+8d+8e): ₹ 2,24,22,263/-

(g) Excess amount for set off, if any : Nil

Sl. No.	Particular	Amount (in ₹)
(i)	Two percent of average net profit of the company as per section 135 (5)	4,23,09,910/-
(ii)	Total amount spent for the Financial Year	2,24,22,263/-
(iii)	Excess amount spent for the financial year [(ii)-(i)]	Nil
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	Nil

9. (a) Details of Unspent CSR amount for the preceding three financial years:

S. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under Section 135 (6) (in ₹)*	Amount spent in the reporting Financial Year (in ₹)*	Amount transferred to any fund specified under Schedule VII as per Section 135(6), if any.		Amount remaining to be spent in succeeding financial year ₹ (in ₹)*	
				Name of the Fund	Amount (in ₹)	Amount (in ₹)	Date of transfer
1	2019	NA	NA	NA	NA	NA	NA
2	2020	4,50,05,784	2,73,84,816	NA	NA	1,76,20,968	29.01.2022
3	2021	NA	NA	NA	NA	NA	NA
Total		4,50,05,784*	2,73,84,816*	NA	NA	1,76,20,968*	NA

(* This amount pertains to unspent CSR amount of previous financial years against which an amount of ₹ 2,73,84,816/- was spent during the financial year. The remaining unspent amount of ₹ 1,76,20,968/- has also been transferred by company to the unspent CSR account as per section 135 (6) read with the Ministry of Corporate Affairs General Circular14/2021 dated 25th August, 2021)

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

1	2	3	4	5	6	7	8	9
S. No.	Project ID	Name of the Project	Financial Year in which the project was commenced	Project duration (Yrs)	Total amount allocated for the project (in ₹)	Amount spent on the project in the reporting Financial Year (in ₹)	Cumulative amount spent at the end of reporting Financial Year (in ₹)	Status of the project Completed / Ongoing
1	-	GEMS - Green Education Movement in School	2020	3	23,60,000	4,66,765	4,66,765	Ongoing
2	-	LOTUS - Learning Opportunity & Training for Upliftment of Special Students	2020	3	6,60,000	3,22,000	3,22,000	Ongoing
3	-	Dhai Akshar	2020	3	33,00,000	16,43,000	22,03,000	Ongoing
4	-	Lakshya- CIE India Institute of Skills	2020	3	1,72,78,513	30,28,513	1,45,88,513	Ongoing
5	-	Utkarsh (Udham Singh Nagar) - Infrastructure Development & Life Skills Training in One School	2020	3	44,00,000	8,23,308	8,23,308	Ongoing
6	-	Utkarsh (Gundalwadi) - Infrastructure Development & Life Skills Training in One School	2020	3	35,00,000	15,98,162	15,98,162	Ongoing
7	-	Gram Samrudhhi Abhiyan	2020	3	30,00,000	6,01,000	13,51,000	Ongoing
8	-	Mamta	2020	3	45,00,000	21,12,900	32,42,900	Ongoing
9	-	Santulan	2020	3	35,00,000	7,77,509	12,77,509	Ongoing
10	-	Medicine Bank	2020	1	20,00,000	20,00,000	20,00,000	Completed
11	-	Sponsoring mid-day meals to Government schools	2020	1	8,39,470	8,39,470	8,39,470	Completed
12	-	Health amenities and infrastructure development in Government schools & support to PHC in Bangalore	2020	1	13,30,544	13,30,544	13,30,544	Completed
13	-	Grant-in Aid to Helpline Charitable Trust to support economically backward children	2020	1	15,91,270	15,91,270	15,91,270	Completed
14	-	Grant in aid to Foundation for Excellence to support economically backward scholarly students to pursue Engineering degree	2020	1	4,00,000	4,00,000	4,00,000	Completed
15	-	Maintenance and upkeep of good hygiene of washrooms in schools and Anganwadis	2020	1	9,12,391	9,12,391	9,12,391	Completed
16	-	Repair and renovation of Govt. Schools, existing Anganwadi & Jigani police station	2020	1	47,23,426	47,23,426	47,23,426	Completed

1	2	3	4	5	6	7	8	9
S. No.	Project ID	Name of the Project	Financial Year in which the project was commenced	Project duration (Yrs)	Total amount allocated for the project (in ₹)	Amount spent on the project in the reporting Financial Year (in ₹)	Cumulative amount spent at the end of reporting Financial Year (in ₹)	Status of the project Completed / Ongoing
17	-	Setting up of Library & Reading room facilities in Government schools	2020	1	16,42,500	16,42,500	16,42,500	Completed
18	-	Providing additional resource persons to comply to the teachers' gap in Gov. schools, MCIE – Bill Forge Resource Centre activities	2020	1	23,44,875	23,44,875	23,44,875	Completed
19		Educational aids, promoting digital literacy and providing other developmental education activities to Government schools	2020	1	2,27,183	2,27,183	2,27,183	Completed
					5,85,10,172	2,73,84,816	4,18,84,816	

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year 1st April 2021

- (a) **Date of creation or acquisition of the capital asset(s):** Nil
- (b) **Amount of CSR spent for creation or acquisition of capital asset:** Nil
- (c) **Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.:** Nil
- (d) **Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset):** Nil

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per Section 135(5).

During the year the Company was required to spend ₹ 4,23,09,910/- in accordance with Section 135(1) of the Companies Act, 2021. The Company have spent ₹ 2,24,22,263/- on the CSR projects commenced during the Financial Year. The unspent amount of ₹ 1,98,88,280/- is allocated to the three Ongoing CSR projects, implementation of which shall be continued in CY-2022. Further, the Company had unspent amount of ₹ 4,50,05,784/- for the previous financial years. Out of this, the Company have spent ₹ 2,73,84,816/- on the CSR Projects commenced during the previous financial years and the remaining unspent amount of ₹ 1,76,20,968/- is allocated to the ongoing CSR Projects of previous years, implementation of which shall be continued in CY-2022.

The Company reiterate its commitment to discharge its social obligation and shall continue to implement meaningful CSR projects in the CSR thrust areas which have been identified and where the Company wishes to create equity.

Ander Arenaza

Executive Director and Chief
Executive Officer – MCIE Group

Manoj Menon

Executive Director and Chief
Executive Officer – Stampings,
Composites, Foundry, Magnetics
and Gears Divisions

Kadambi Narahari

(Chairman – CSR Committee)

Date: 22nd February, 2022

Place: Pune

ANNEXURE – VII

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

Pursuant to Section 134(3)(m) of The Companies Act, 2013 read with Rule 8(3) of The Companies (Accounts) Rules, 2014 is forming part of the Board's Report for the Financial Year ended 31st December, 2021

A) Conservation of Energy

Energy conservation is one of the focus area for the Company in its sustainability drive. Various measures are taken by the Company during the year, such as setting up challenging targets to reduce energy consumption for per ton of production, creating awareness amongst employees to generate more ideas on energy conservation, providing adequate resources to convert the ideas into actionable projects etc.

i. The steps taken or impact on conservation of energy

During the year under review, various initiatives for conservation of energy were implemented. Some of the initiatives undertaken by the Company were as below:

- Modification of compressed air pipelines layouts
- Split configuration compressor installation
- Cooling tower and blower pumps with new efficient Computational Fluid Dynamics (CFD)
- Induction Billet Heating Coil modifications
- Installation of new energy efficient compressors

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

The Company continued its efforts to increase the proportion of green energy in the total energy consumption of the Company. The Company has installed roof top solar systems in nine plants with aggregate installed capacity of 5.136 MW. During CY21 the Company consumed 6.19 million units from these roof top solar plants.

The Company has secured supply of solar energy from the captive generating plants set-up in the State of Maharashtra with total installed capacity of 52.5 MW. The entire capacity has been operationalised by the end of CY2021 in phased manner and is expected to generate approximately 78.75 million units of electricity per year from CY2022. However, during CY2021, from the capacity which was operationalised, these plants generated and delivered 14.09 million units of solar electricity to the plants of Forgings, Foundry and Magnetic Products Division situated in Maharashtra.

The Bill Forge division of the Company has similar arrangement in the State of Karnataka to generate captive green power and have consumed 41.88 million units of green energy during CY2021.

Thus, during CY2021 the Company sourced and consumed 63.09 million units of electricity from green sources. The overall proportion of the renewable energy consumption to the total energy consumption was 27.51%. Notably, the said proportion was 84% in the Bill Forge Division.

iii. The capital investment on energy conservation equipment's

Your Company continued investing in modern technology for improving the specific energy consumption. During the year under review, the Company has invested an amount of approximately ₹ 1.91 Million on Energy reduction projects.

B) Technology absorption

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

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

(i) the efforts made towards technology absorption:

Foundry Division

- a) Installed and commissioned two fully automatic gantry pick up and placed machining line with online cleaning and inspection of critical parameters with auto correction.

- b) Installed and commissioned a fully automatic robotic pick up and placed machining line with online inspection of critical parameters and auto correction.
- c) Auto gauging for critical parameter inspection and monitoring with scanner implemented for product traceability.
- d) New automatic molding line installed with improved productivity and reduced rejection.
- e) Upgraded fettling process to improve safety and efficiency.
- f) Upgraded dust and emission control equipment to improve environment at plant.

Forgings Division – Chakan

- a) Warm forging manufacturing facility with process equipment meeting all technological requirements has been set up.
- b) Metallurgical laboratory is updated by replacing current equipment with contemporary equipment like modern spectroscope, and testing machines with digital displays.
- c) Automation in material handling in additional press lines.
- d) Modular induction billet heating facilities have been incorporated in two of the press lines for cost effective heating.
- e) Crankshaft manufacturing tools were upgraded with combination tooling.
- f) Additional facility added in crankshaft machining line with high precision equipment's to meet euro-6 requirements.

Magnets Division

- a) Developed high technology 9-series powder grade magnet.
- b) Developed new grades in soft ferrite with high temperature characteristics for EV charger application for exports.

Composites Division

- a) Added two injection molding equipment's for MCB cover & housing business.
- b) Developed new grades of compounding for head lamp reflector & motor encapsulation.

Stampings Division

- a) In press and assembly lines, fully functioned robotic operations started.

Gears Division

- a) Shot peening machine installed which shall improve metallurgical characteristics of gear surface.
- b) Electro deburring machine installed which shall improve gear quality.
- c) Lead free CNC external grinding machine installed with dressing through diamond disc.
- d) Added CNC topological gear grinding machine installed with gear teeth measuring machine for high precision gears for EV application.
- e) Robotised shaft manufacturing line set up for export programs.
- f) Addition of machine robotisation for quality and efficiency improvement.

Bill Forge Division

- a) EV transmission shafts, heavy weight parts developed in cold forging
- b) New isothermal annealing process introduced.
- c) Successfully developed two gear shafts with very complicated gear profile, for EV transmission through cold forging.
- d) Successfully developed three new aluminum parts through hot forging for export for high efficiency motor bike. These new parts require higher accuracy and have complicated profiles.

(ii) the benefits derived like product improvement, cost reduction, product development or import substitution:

The efforts taken by your Company towards technology absorption will result in improved productivity, increased efficiency and overall improvement in quality of products manufactured. These efforts will also support Company's sustainability efforts by reducing power consumption, emission and waste. With the automation and digitisation drive the Company is optimising its cost and increasing efficiency. The development of new critical products with enhanced value addition is possible with the advance technology.

(iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year):

The Company has not imported technology during the last three years and therefore details including the details of technology imported, the year of import, whether the technology been fully absorbed and if not fully absorbed, areas where absorption has not taken place, and the reasons thereof are not applicable.

(iv) the expenditure incurred on Research and Development:

The Company has not incurred any expenditure on Research and Development during the year under review.

C) Foreign Exchange Earnings and Outgo, during Financial Year 2021

Foreign Exchanges earned in terms of actual inflow – ₹ 2,624.68 Million

Foreign Exchange outgo in terms of actual outflows – ₹ 1,309.48 Million

For and on behalf of the Board
For Mahindra CIE Automotive Limited

Shriprakash Shukla

Chairman

DIN: 00007418

Date: 22nd February 2022

Place: Pune

ANNEXURE – VIII

Dividend Distribution Policy

1. Introduction

The Board of Directors ("Board") of Mahindra CIE Automotive Limited (the Company) at its meeting held on 24th October, 2016 has approved and adopted the Dividend Distribution Policy ("Policy") as required in terms of Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

The Policy came into force for accounting periods beginning from 1st January, 2017.

The Company has not paid any dividend to the shareholders in the past and have been conserving cash to fund its organic as well as inorganic growth.

The Board recognises the need to pay regular dividend while continuing to grow the Company, both organically and inorganically.

Hence, the Board of Directors at its meeting held on 29th April, 2021 reviewed the Policy and amended the same.

2. Scope and Objective

The Policy establishes the principles to ascertain amounts that can be distributed to equity shareholders as dividend by the Company as well as enable the Company strike balance between pay-out and retained earnings, in order to address future needs of the Company. The Policy sets out the circumstances and different factors for consideration by the Board at the time of taking such decisions.

3. General Policy on Dividend

The Dividend will generally be considered by the Board and recommended to shareholders for their approval once a year in the Board Meeting that considers and approves the Audited Financial Statement of the Company (**the Final Dividend**) as may be permitted by the Companies Act, 2013 (**the Act**).

The Board may also declare interim dividends as may be permitted by the Act.

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

4. The financial parameters that shall be considered while declaring dividend

Subject to the provisions of the applicable laws, the Company's dividend pay-out will be determined based on available financial resources, business environment, funds required for organic as well as inorganic growth and other factors which will ensure optimal shareholder return.

While considering the Interim Dividend, if any, the Board shall consider the consolidated profits generated in the financial year till the quarter preceding the date on which the Interim Dividend is being considered by the Board, the financial position of the Company and outlook for the financial year. While considering the Final Dividend, if any, the Board shall factor the Interim Dividend that it might have declared during the Financial Year in respect of which the Final Dividend is being considered.

Within these parameters, going forward, the Company would endeavour to maintain a total dividend pay-out ratio of upto 25% of the annual consolidated Profits after Tax (PAT) of the Company for the corresponding year.

5. Internal and external factors that shall be considered for declaration of dividend

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

A. Internal Factors:

- i. Profitable growth of the Company and specifically, profits earned during the financial year as compared with:
 - a. Previous years and
 - b. Internal budgets
- ii. Cash flow position of the Company
- iii. Accumulated reserves
- iv. Earnings stability

- v. Future cash requirements for organic growth/expansion and regular capital expenditure
- vi. Future cash requirements for inorganic growth,
- vii. Current and future debt levels
- viii. Under exceptional circumstances provision for any contingent liabilities,
- ix. Investment opportunities in new business(es)

B. External Factors:

- i. Business cycles,
- ii. Economic environment,
- iii. Cost of external financing,
- iv. Regulatory constraints for external financing
- v. Applicable taxes including tax on dividend,
- vi. Industry outlook for the future years,
- vii. Inflation rate, and
- viii. Changes in the Government policies, industry specific rulings & regulatory provisions.

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

6. The circumstances under which the shareholders of the listed entities may not expect dividend;

The Board may, in its absolute discretion and taking into account the advice of the Executive Management, consider not declaring dividend or may recommend a lower pay-out for a given financial year, after analysing the prospective opportunities and threats and in the event of challenging economic circumstances, regulatory and/or financial environment. In such event, the Board will provide rationale in the Annual Report.

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

- i. Capital expenditure
- ii. Working capital requirement
- iii. Expansion and Organic growth
- iv. Inorganic growth
- v. Investment in new business(es) and/or additional investment in existing business(es),
- vi. Declaration of dividend,
- vii. Buy back of shares,
- viii. General corporate purposes, including contingencies,
- ix. Reduction of debt
- x. Correcting the capital structure,
- xi. Any other permitted usage as per the Companies Act, 2013.

8. Review and Disclosure

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

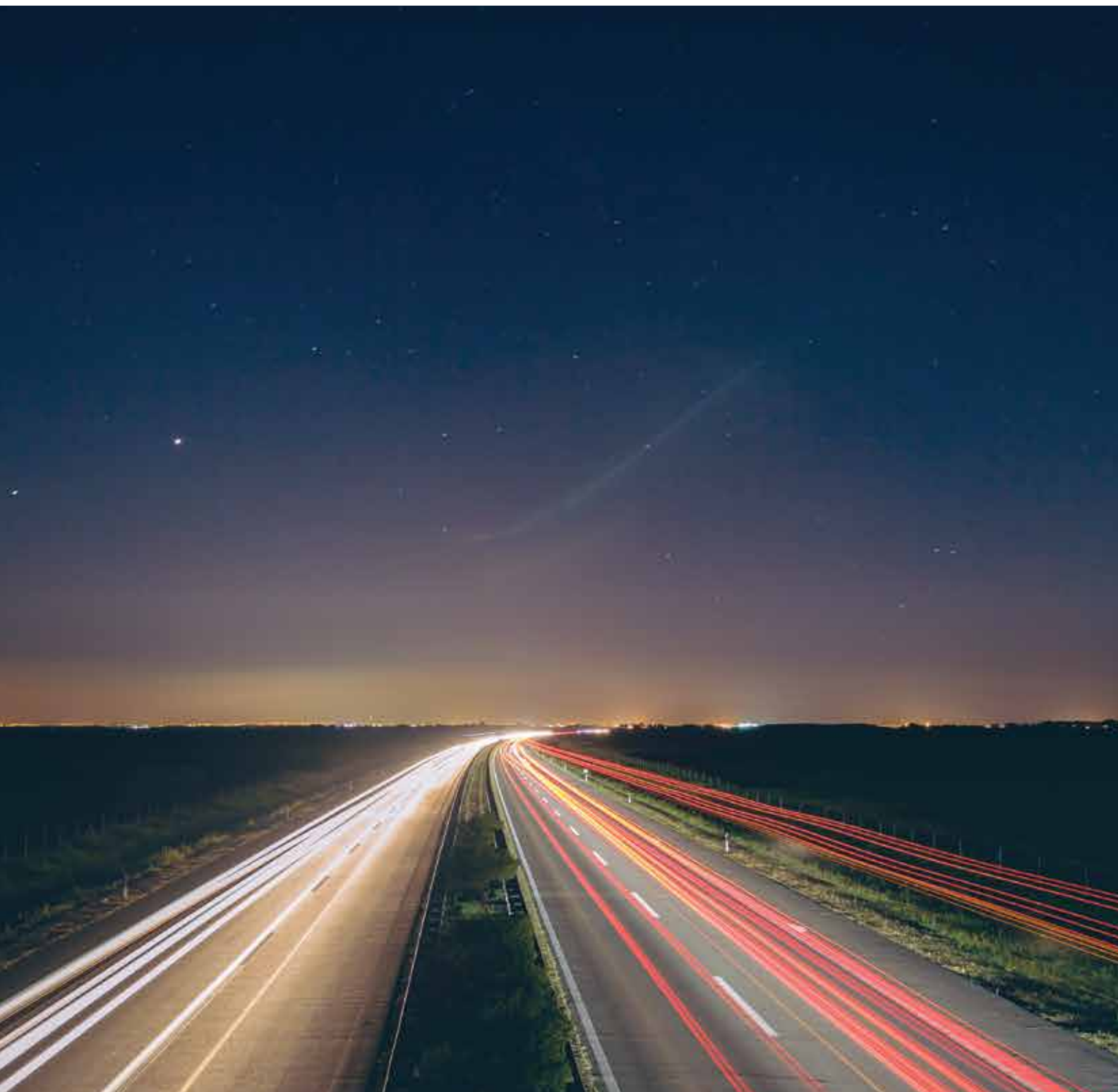
The policy will be available on the Company's website at: <https://www.mahindrachie.com/investors/investor-relations/governance.html>

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

9. Disclaimer

The Policy does not constitute a commitment regarding future dividends of the Company, but only represents a general guidance regarding payment of dividend. The Policy does not in any way restrict right of the Board to use its discretion in the recommendation of the dividend to be distributed considering various factors mentioned in the Policy. Further, subject to the provisions of applicable laws, the Board reserves the right to depart from the policy as and when circumstances so warrant.

MANAGEMENT DISCUSSION & ANALYSIS



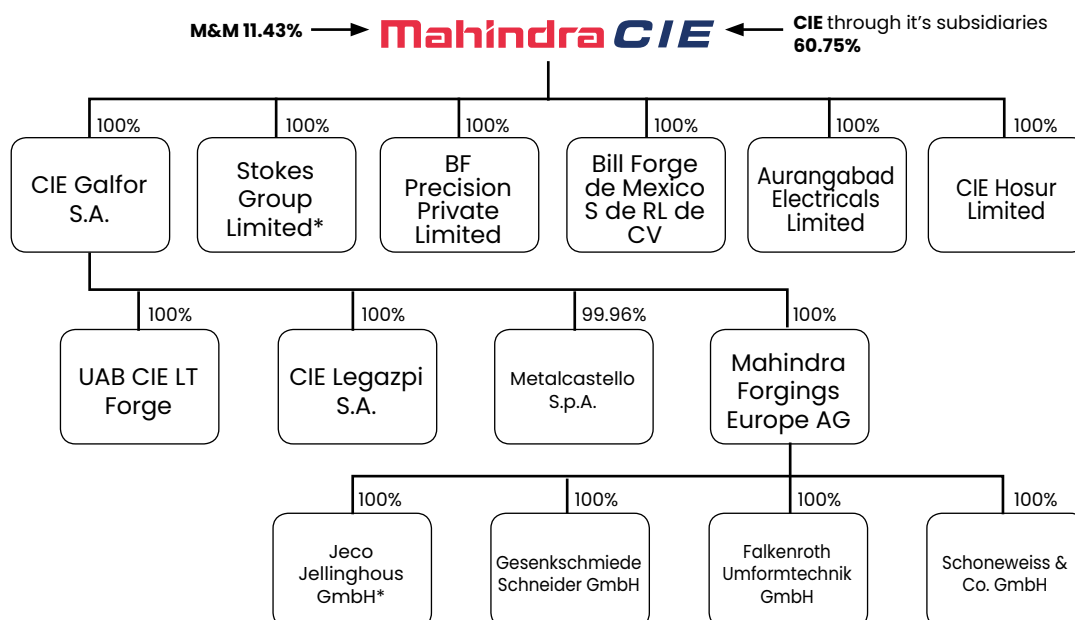
MANAGEMENT DISCUSSION AND ANALYSIS

BACKGROUND

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

MCIE is part of the CIE Automotive Group of Spain and is the CIE Automotive Group's vehicle for its forgings business globally. MCIE therefore draws from the vast and varied experience of the CIE group in partnering and co-developing products for the rapidly evolving Automotive industry.

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



* Dormant Companies

Exhibit 1: Legal Structure of Mahindra CIE

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

Exhibit 2: Mahindra CIE Automotive Limited Subsidiary Companies as on 31st December, 2021

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

Please note:* These are dormant companies

Note: # Galfor SA is the holding company for all businesses in Europe, except Stokes Group of companies

MCIE OVERVIEW

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

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

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

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

Exhibit 3: MCIE – Lines of business

Geography	Product Specialty	Focus Areas	Key Customers	CY 2021 Revenue
Forgings				
India	Crankshafts – As forged and Machined, Stub Axles –As forged and Machined	Passenger & Utility Vehicles and Tractors	M&M, Maruti Suzuki India Limited, Tata Motors and Tata Motors (EV)	4,988
	Erstwhile Bill Forge – Pass Vehicles: constant velocity joints, tulips, steering shafts, steering yokes and wheel hubs 2 Wheelers: Steering races and engine valve retainers	Passenger Vehicles and Two Wheelers	Hero, Bajaj, HMSI and TVS, Ford, GKN, NTN, Nexteer, Rane NSK, KIA (EV), Hyundai, PSA Stellantis (EV), Ola Electric (EV)	9,238
Germany	Forged and Machined parts, Front Axle Beams and Steel Pistons	Heavy Commercial Vehicles	Daimler AG, MAN, DAF, Volvo Group, VW Group, ZF, Scania	16,215
Spain + Lithuania	Forged steel parts for Industrial Vehicles and Crankshafts, Common Rail, Stubs, Tulips for passenger cars	Passenger Vehicles	Renault, VW Group, Daimler, GKN, JLR, GM, Fiat, DAF, Bosch, NTN, Faurecia, Dana, ZF, BMW	18,884
Aluminum Castings				
India	Aluminum castings using High pressure or Gravity die casting specialized in Thin wall to thick wall parts viz- complex engine components, Brake system parts, Aesthetically sensitive parts	OEM & Tier 1 supplier for 2&3 wheelers, Passenger Vehicles and Commercial Vehicles	Bajaj , Nidec GPM , Ashok Leyland, Daimler, Brembo, KSPG, Bosch , Valeo, Mitsubishi, Bajaj EV, Nidec GPM (EV), Bosch (EV)	9,646
Stampings				
India	Sheet Metal Stampings, Components and Assemblies	Passenger & Utility Vehicles	M&M, Tata Motors, Ashok Leyland, Mahindra Electric (3W)	8,980
Castings				
India	Turbocharger Housings, Axle & Transmission Parts	Passenger & Utility Vehicles, Construction Equipment & Earthmoving, Tractors and Tier 1	M&M, Honeywell, Cummins, Hyundai, JCB, Automotive Axle, New Holland, Dana India CV, John Deere, PSA Avtec, Linamar	5,021
Magnetic Products				
India	Soft and Hard Magnets	Tier 1 of Passenger Vehicles, Utility Vehicles, Two Wheelers	Denso, Sumida, Varroc, Intica, Mitsuba, Lucas TVS, Mitsubishi Electric	1,342
Composites				
India	Compounds, Components, and Products	Electrical Switchgear, Auto Components	L&T Switchgear, Phoenix Mecano, TVS, M&M, Volvo Eicher, SML Isuzu, Mahindra Electric (3W)	1,227

Gears				
India	Engine Gears, Timing Gears, Transmission Gears, Transmission Drive Shafts	Passenger & Utility Vehicles, Construction & Earthmoving Equipment	M&M, Eaton, Caterpillar, HINO, Turk Tractor (CNH), BEML, Bonfiglioli, Mahindra Electric	2,836
Italy	Engine Gears, Transmission Drive shafts, Crown Wheel Pinion	Tractors, Construction & Earthmoving Equipment	Caterpillar, CNH, Merritor, John Deere, JCB, Allison Transmission (EV), Axle Tech (EV)	5,490

INDUSTRY OUTLOOK AND STRUCTURE

The Economic Background

IMF in its report on the global economic outlook dated 25th January, 2022 states, “The global economy enters 2022 in a weaker position than previously expected”. This statement is a succinct summary of what happened in 2021 – a year which flattered to deceive. 2021 began on a good note, continuing the upward trajectory seen in the latter half of 2020. But the recovery was soon hobbled by the spread of the Delta variant of the coronavirus across large swathes of the world. With vaccinations accelerating in many countries, the demand scenario recovered but was disrupted by supply side constraints. Woes on the demand side were accentuated by the troubles affecting the two largest economies in the world. The Chinese economy was racked by shock waves emanating from a reset in the real estate sector, while the US has surprisingly seen an increase in inflation that stubbornly refuses to ease. The rise in inflation has turned out to be higher and more broad-based than anticipated with increasing energy prices and supply shortages affecting many countries. Several downside risks continue to hover around the global economy, viz. the enduring nature of the pandemic, stubborn inflationary pressures, and supply side shortages. Most worryingly, measures taken to combat the pandemic, like lockdowns and compulsory vaccinations, are inducing a lowering of income among poorer people. Policy making globally increasingly requires complex trade-offs among the factors listed above. The IMF is thus guarded about the prospects for 2022, “Global growth is estimated at 5.9 percent in 2021 and is expected to moderate to 4.4 percent in 2022, half a percentage point lower than in the October 2021 World Economic Outlook”. The global economic mood has darkened further as war clouds hover over Russia & Ukraine which could result in severe economic sanctions to be imposed on Russia. The overall impact of this conflict will put further pressure on global commodity prices and further slow down demand in Europe.

The European economy in 2021 was affected by two main factors – supply side struggles and rising energy prices. These in conjunction with sporadic localized pandemic related lockdowns, increasing steel & logistics costs and labour shortages led to an unsettled year. There was a resurgence of the pandemic in the last quarter but Europe, having vaccinated a large part of its population, did not bear a large brunt. In spite of these factors, the IMF estimates GDP in the Euro area to grow by 5.2% in 2021,

higher than what it had estimated at the beginning of the year. But this growth is not uniform. Germany – the largest economy and where your company has a key presence – is predicted to grow only by 2.7% in 2021, its large manufacturing sector weighed down by high energy costs. It was expected that the headwinds around the European economy will ease, and normalcy would return but this expectation has been moderated by the war scenario unfolding in Ukraine. IMF expected Europe to grow by 3.9% in 2022 and 2.5% in 2023 but we will need to watch whether these numbers are revised down as a consequence of the situation in Ukraine. There also might be further increases in raw material prices and another spike in energy costs.

In India, 2021 began with an excellent first quarter. The debilitating Delta wave of the pandemic affected the second quarter badly. Though this wave was traumatic in terms of human suffering, the hit to economic activity was limited to the second quarter largely, thanks to the less stringent restrictions imposed by the States (unlike the first wave in 2020, when India imposed one of the world’s strictest lockdowns). With the pace of vaccination picking up dramatically towards the latter half of the year, recovery gained steam but supply side shortages and rising input costs like steel & logistics acted as speed breakers. Nevertheless, IMF estimates that the Indian economy to grow handsomely at 9.0% in 2021 (Union budget estimates F22 growth at 9.2%). There was other good news as well. An unexpected surge in tax collections (direct & indirect) ensured that the fiscal situation of the central government remain stable, with the union budget estimating the fiscal deficit to be a comfortable 6.9% in 2021.

Challenges abound for the Indian economy. Most notably, rural India which had propped up the economy in the previous year was disproportionately hit by the delta wave. The agriculture sector continued its fortunate run of good monsoons in 2021 and some of the rural distress was camouflaged. But rural consumer sentiments are not as robust as before. The lengthy nature of the pandemic has negatively affected the informal sector and contact service industries like hospitality & tourism – all these sectors employ large numbers of people. This has led to loss of income for many sections of society and a sluggish employment scenario. Inflation is also raising its head after a few years of good run. The expected rise in global oil & commodity prices due to the situation in Ukraine may further harden inflation. Private sector capital

expenditure has been muted in the last few years as the economy has been down since 2019 and the pandemic has only worsened the situation. Policy making will be especially complex, as measures to tackle inflation can further dent private sector capex. On the fiscal front, the union budget of 2022 has focused on kickstarting the capex cycle by increasing infrastructural spending and lending a helping hand to the industry via production linked incentive schemes and digital initiatives. Economy watchers will keep a keen eye on how these measures are executed. The economic scenario in India remains optimistic and the IMF projects that India's GDP will grow by 9.0% in 2022 and by 7.1% in 2023, among the highest rates globally.

The Automotive Market

Two major events that are still unfolding impacted the global automotive market in 2021. Newer variants of the coronavirus affected many geographies at different times of the year, necessitating countermeasures that led to demand fluctuations across quarters. Vehicle manufacturers and suppliers are facing a severe shortage of semiconductor microchips globally, disrupting production. Demand for computers, mobile phones and other consumer electronics dramatically increased as lockdowns during the pandemic forced people to adapt to a homebound existence. The global chip shortage issue started in 2020 after many countries imposed complete lockdown, hitting production and supply chains. In the year past, natural calamities affected key chip producing countries of USA, Japan & Taiwan and Malaysia was hit by the Delta variant of the coronavirus. These unexpected events curtailed chip production and production is limping back to normal and the shortage is easing but still forecasted to affect demand in the first half of 2022. IHS estimates that almost 10% of global light vehicle production (~8mn units) was lost due to the semiconductor shortage. The impact of the shortage was more severe in India & Europe – India lost close to 500000 units and European sales in 2021 plunged below the pandemic induced record low levels seen in 2020.

Europe

MCIE Europe supplies largely to the light vehicle and heavy truck market with a small portion of the revenue being supplied to the off-highway, farm equipment and tractors market. The COVID-19 pandemic and related containment measures and now warfare, have plunged the European economy into a downturn that has had a cascading effect on the automotive demand.

Heavy Vehicles – Medium & Heavy Commercial Vehicles (MHCVs)

The growth in production of MHCV's continued in Q1 CY21 from Q4 CY20. This situation was continued in the first half by pent up demand from the induced lockdowns in H1 CY20. As a result, production was comparatively growing in H1 CY20 as compared to the same period last year. However there has been a slowdown in this positive trend in H2CY21 when the semiconductor crisis

showed its effect. For the full year CY21, the commercial vehicle production numbers for MHCVs in Europe has cumulatively grown by a healthy 16.3% albeit on a lower base of CY20 as per IHS Global.

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

Period	2021	2020	Change
Full Year	514,209	442,322	16.3%
Oct-Dec	137,798	144,577	-4.7%
Jul-Sep	103,178	114,044	-9.5%
Apr-Jun	135,467	72,434	87.0%
Jan-Mar	137,766	111,267	23.8%

Source: IHS Global

The forecast for CV production in CY22 by IHS is 5.8% which in a mature market like Europe is a positive. IHS projects a decent recovery with MHCV production in Europe forecasted to grow at a steady CAGR of 3.4% over the period of 2021-26. Further, as oil prices spike up due to the Ukraine war situation, the trucking industry may have reduced profitability, and this may impact these forecasts negatively especially in the second half of the year.

While MCIE's CV Forgings Business in Germany supplies to OEM plants across Europe, the larger part of supplies is to OEMs in Germany. As per IHS, production of MHCV (>6T) in Germany grew by ~13% in CY21 on a y-o-y basis. Production in the year CY21 was also consistently growing in H1 of CY21. However, in H2 CY22 semiconductor shortage affected the production. IHS forecasts German MHCV production to grow by 9.2% y-o-y in CY22 and CAGR of 5.3% between 2021-2026. However, CY18 numbers will once again be achieved only in CY24.

Light Vehicles

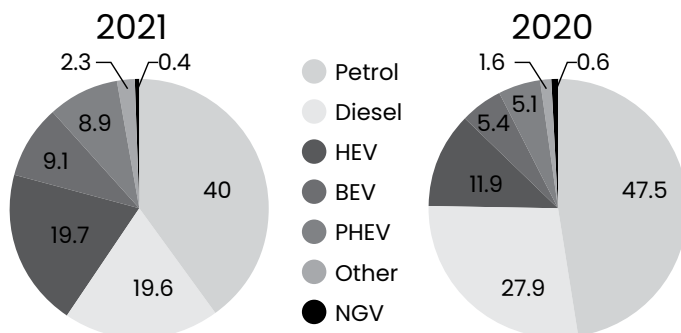
Light Vehicles (Production Million Units)

Period	2021	2020	Change
Full Year	15.5	16.2	-4.4%
Oct-Dec	3.9	5.2	-25.3%
Jul-Sep	2.9	4.3	-31.7%
Apr-Jun	4.1	2.2	86.6%
Jan-Mar	4.7	4.6	1.2%

Source: IHS Global

For Light vehicles (<3.5T incl. cars, Utility Vehicles & Light Commercial Vehicles), the data from IHS shows that the production in Europe has fallen by ~4% in CY21 as compared to CY20. In second half of CY21 the semiconductor crisis really hit home. With the semiconductor shortages easing by second half of CY21, light vehicles segment is estimated by IHS to grow by ~18% in CY22. Also, as per IHS data the passenger vehicle market in Europe is forecasted to grow at a healthy CAGR of 5.9% over the

period of 2021-26, however the cumulative production in 2025 will be lower than the highs seen in CY17 and CY18. But the stable pattern of annual growth that is normally observed with this market could return once the situation in Europe stabilises.



It is also pertinent to note the trends towards electrification of powertrain in the European market. Electric Vehicles (EV) are fast gaining share in the light vehicles segment. The following graphs are of the breakup of light vehicles registered in Europe by Fuel Type. It clearly shows that the cumulative demand for LCV's powered by traditional fuels viz. Petrol and Diesel (Diesel more so than petrol) has declined when CY21 numbers are compared with CY20.

It is to be noted that this trend towards electrification was also supported by government subsidies on EVs.

The electrification of vehicle powertrains represents a risk with respect to existing product portfolio but at the same time it is an opportunity for part makers to gain entry into newer areas with existing as well as new OEM's.

India

Different segments of the Indian automotive market behaved differently. Light vehicles experienced pent up demand but were held back by supply side issues primarily related to the semi conductor shortages. Two wheelers remained sluggish as rural incomes got hit by the second wave of the pandemic. Tractors experienced a boom in the first half of the year which gradually slowed down as the year closed. Trucks continued their recovery from a slow base. On the demand side the story continues to be positive as the market opens up and is expected to grow across all segment as estimated by various agencies. Rising input costs and the continuing semiconductor crisis continue to dampen the optimistic mood around demand. The emerging war situation in Ukraine may also drive up raw material and fuel costs further. The increasing cost of ownership may adversely affect the market forecasts.

Light Vehicles

Light Vehicles (Production Million Units)

Period	2021	2020	Change
Full Year	4.2	3.3	27.7%
Oct-Dec	1.1	1.2	-11.1%
Jul-Sep	1.0	1.0	5.7%
Apr-Jun	0.9	0.2	437.0%
Jan-Mar	1.2	1.0	26.3%

Source: IHS

The Indian light vehicles market also followed the automotive markets world over, seeing a steep drop in demand in H2CY21 as the semiconductor crisis started worsening took effect. Vehicle sales which had picked up in H1CY21 with strong bookings from customers started faltering on the back of longer than expected waiting periods. Waiting periods which in some cases extended well over 12 months for a specific model. The Indian automotive manufacturers however, found innovative ways to deal with the shortages. Some manufacturers prioritized the production of the most profitable models while some chose to upgrade to the comparatively advanced chips (with a slight cost increase) which were more readily available. The OEM's had seen some growth coming back to the market on the back of much anticipated new launches, all of which have been largely well received with many models being overbooked (far exceeding initially estimated demand). Data from the Society of Indian Automobile Manufacturers (SIAM) shows that Light Vehicle production has shown a strong recovery of about 25% over CY20, which is largely due to the lower base which resulted from government mandated shutdowns in CY20. In CY 21, Q4 was the worst quarter though the forecast remains good for the coming years. Most agencies have estimated positive forecasts for the Indian passenger vehicle market with IHS in its latest update forecasting the Indian light vehicle to grow by 7.2% in CY 22. This is largely because the fall in urban incomes due to the pandemic has not been as steep as expected, first time buyers push up sales as they seek to avoid public transport and loans are readily available to buy cars. However, the market is facing a supply side crisis due to problems around availability of semiconductors and input costs especially steel remaining higher and these factors could negatively impact production by auto OEMs (original equipment manufacturers) in 2022. The estimates of when the semiconductor crisis could end are varied but most of them suggest that we could see some amount of normalcy being restored by Q3C22. On the other hand, increasing fuel costs and steel price increases being passed on to consumers by OEMs may depress retail demand.

The long-term picture for the car market remains healthy, given the current low vehicle penetration levels and as per capita income continues to grow, it will increase the Indian household's ability to afford a car. IHS global, expects the Indian light vehicles (less than 6T) to grow at a CAGR of 5.2% over a period of 2021-26.

Two Wheelers

The Two-Wheeler industry production has shown a growth of about 11% in CY21 as compared to the previous year (source: SIAM) albeit on a lower base. The quarter wise performance reveals that there is a decline in the demand for 2 Wheelers in the last two quarters which is due to a combination of rising fuel prices, worsening rural sentiment on account of the latest Covid wave and delayed opening of offices and schools. Concerns on personal safety may usher in new buyers in the segment and this coupled with the opening up of schools and offices may boost up demand. But increasing fuel costs and increase in steel prices being passed to consumers may further increase the cost of ownership and dampen the aforesaid growth factors in FY23. CRISIL expects the two wheeler market to grow by 5-7% in FY23.

Two Wheelers (Production Units)

Period	2021	2020	Change
Full Year	18,902,456	17,080,102	10.7%
Oct-Dec	4,549,031	5,884,063	-22.7%
Jul-Sep	5,221,927	5,566,642	-6.2%
Apr-Jun	3,482,294	1,250,032	172.6%
Jan-Mar	5,649,204	4,379,310	29.0%

Source: SIAM

In the long term as well CRISIL expects the domestic two wheeler market to grow by 3-5% CAGR between FY21-FY26. Two wheeler demand is expected to rise on the back of the economy opening up and Rural sentiments picking up due to the government's latest support measures for rural economies.

Tractors

The cumulative Tractor industry production in India has shown a healthy increase ~24% in CY21 (source: Tractor Manufacturers Association/ TMA). CY21 for tractors in India has been a growth story except for Q4CY21 which saw a drop. The disposable portion of farm incomes has declined due to rising costs and unseasonal showers affecting the harvesting and sowing. The OEM's were also forced to take price increases due to the jump in input costs, which has also contributed in some fall in demand. Government spending on rural schemes also slowed down in the last two quarters.

Tractors (Production Units)

Period	2021	2020	Change
Full Year	1,067,367	863,125	23.7%
Oct-Dec	258,121	298,723	-13.6%
Jul-Sep	301,762	248,233	21.6%
Apr-Jun	260,176	86,867	199.5%
Jan-Mar	191,694	137,333	39.6%

Source: TMA

A large part of the tractor demand is replacement demand and the heavy spends on tractors in CY20 and CY21 has meant that there could be a slowing down in demand. CRISIL expects the tractors market to grow by 3-5% in FY23. The recent budget announcements however, could help with some positive growth in the tractor market. The infrastructure push could help the tractor market to grow which was otherwise going to face a slowing down of commercial demand due to reduced mining activities.

CRISIL is also forecasting a Long term CAGR between FY22-FY26 to be 0-2%. However, the level of farm mechanisation in India is still sub optimal and this will eventually drive long term demand.

Medium & Heavy Commercial Vehicles (MHCV)

MHCV production in India which had seen a large drop of 33% in CY19 was further hit by a steep drop of ~58% in CY20. In CY 21 however, the production of MHCV's in India has grown by more than 55% as compared to CY 20 albeit on a low base. The production seems to be holding up well where Q4CY21 production was up 22% as compared to Q4CY20 which was higher than same quarter in 2019. IHS has forecast that in CY22 MHCV production in India would grow by 16%. For the longer term, IHS estimates this to grow at a conservative rate of 7% CAGR over CY21-CY26.

MHCV (Production Units)

Period	2021	2020	Change
Full Year	242,677	156,097	55.5%
Oct-Dec	83,888	68,991	21.6%
Jul-Sep	66,190	41,118	61.0%
Apr-Jun	46,831	4,589	920.5%
Jan-Mar	98,905	41,399	138.9%

Source: IHS

The recently announced budget with its sharp push on infrastructure augurs well for the next few years. The dedicated freight corridor of the Indian railways may shift some demand from road transport to rail but this shift will largely affect tractor trailers which are a small segment (~1/6th) of MHCV sales.

HUMAN RESOURCES AND INDUSTRIAL RELATIONS CLIMATE

There was much volatility in demand during 2021 and the endeavour was to deploy the workforce in the most productive manner. Your company strove to provide a good working environment to its employees such that they had opportunities to further their skills. A key focus was to maintain harmonious relations with employees at all plants in all geographies. MCIE's Employee Value Proposition (EVP) is centred on four pillars of Care & Wellness, Advancement opportunities for Career Growth, Respect & Dignity and Structured Reward and Recognition.

Europe

As on 31st December, 2021, there were 731 employees on the rolls of our Spanish & Lithuanian plants (comprising CIE Galfor S.A, CIE Legazpi S.A. and CIE LT Forge), 692 at our plants in Germany and 221 at our Italian plant.

India

As on 31st December, 2021 there were 4,448 employees on the rolls of MCIE in India, including Bill Forge and AEL. A portion of our permanent labor workforce in certain locations is part of labor unions. We have signed collective bargaining and other agreements with labor unions at several plants where we have agreed to certain guaranteed bonuses, guaranteed wage increases, and wages linked to productivity. This year we have concluded wage agreements at one of our plants in Bengaluru. In addition to our own employees, we also employ additional workers who are hired on a contract labor basis through registered contractors for ancillary activities.

During the deadly Delta wave of the pandemic, our human resources ("HR") personnel helped colleagues who got infected and their families, get the best available medical & financial support. As the pandemic lingered on, efforts were made to ensure that all employees and their families were vaccinated, by organizing camps for the purpose. Periodic training programs on covid appropriate behaviour were done to ensure that we don't flag in our resolve to run our plants in the safest possible manner.

Our HR policies are designed to meet the specific requirements at each plant location, are comprehensive and based on the prevailing HR practices. In accordance with our EVP, we have rolled out career development programs for our staff and engaged "liberation coaches" for the purpose. We are focused on creating a strong entry level pool of engineers and have redesigned our hiring and onboarding processes for the purpose. Your company recognizes that creating a working culture at our plants that adheres to global CIE best practices is a competitive advantage and is best achieved by identifying, recognizing, and enhancing the skills of our workforce.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) APPROACH

ESG has become an imperative aspect of business and investors are paying attention to this along with financial performance of the company. Your company understands that a wholistic approach to ESG is important to have harmonious relations with all stakeholders in our business – shareholders, employees, customers, suppliers, community, which is key to long term stability of our business model.

CIE Automotive has laid down a detailed 5 years strategic ESG plan for 2020-25. This plan is aligned with the 17 UN Sustainability Development Goals (SDG) which were adopted by the United Nations in 2015 as a universal call to action to end poverty, to protect the planet and to ensure that by 2030 all people enjoy a semblance of peace and prosperity. CIE Automotive became signatory member of the UN Global Compact in 2015.

As a subsidiary, your company follows the guidelines laid down in this plan. There are four pillars to of this plan viz. CIE Culture, Ethical Commitment, Eco Efficiency and Active Listening. Key Performance Indicators (KPIs) are defined under each strategic pillar for every business vertical who specify targets and deadlines to be monitored. In all, there are 79 KPIs monitored across MCIE.

ESG KPIs are integrated in the Balanced Score Card of individual plants and are monitored for progress on a monthly basis. Cross functional teams have been made at the plants to implement these KPIs. Periodic training is conducted for all concerned team members to emphasise the importance of these KPIs. The compliance status of individual plants is presented in the quarterly Sustainability Council meeting.

An example of an ESG KPI implemented was the ESG risk mapping that has been done for our supply chain based on which the ESG criteria has been include in the purchasing process. Your company also conducted the Annual Meet of our Suppliers and recognised the best suppliers evaluated on criteria including ESG parameters.

OPERATIONAL PERFORMANCE

Demand in the first quarter was robust, continuing the upturn from the latter half of 2020 but the upward trend was arrested in the second quarter as India faced the Delta wave. Europe also experienced a resurgence of the pandemic in the last quarter. An acute shortage of semiconductor chips forced automotive OEMs to curtail production leading to significant drop in demand especially in the light vehicles segment, both in India & Europe. The effect of this shortage was the most acute in the third quarter. The shortage is gradually easing but is likely to continue into the first half of 2022. The year also saw a steep increase in input costs as steel, mineral, energy and shipping prices, all saw large increases. The prices are stabilizing but at a high level. The market volatility is reflected in the quarterly results of your company wherein an excellent Q1C21 was followed by relatively muted subsequent quarters.

In Europe, managing steep increases in steel and energy prices was the key focus. The German plants continued with restructuring operations with an intent to improve efficiency. EBITDA margins in Europe almost matched the pre pandemic 2019 levels (12.6% in C21 vs 12.7% in C19) even though sales were lower by 6%. (Note - 2020 was severely affected by global lockdowns and it would be more appropriate to compare the performance with 2019)

Indian plants continued their journey to match CIE's global standards of manufacturing excellence. Projects in the areas of process reengineering, automation and digitization are being implemented in the Indian plants. The Indian business continued to have strong order book and there was need to optimise capacity to service these orders. New plants were launched in India in the forgings and aluminium verticals, the castings plant was upgraded and plans to increase capacity were put in place at the magnetics and gears verticals. Developing parts with greater value

addition remains an important part of operational strategy. For example in 2021, the magnetic products division has developed a new method that allows the regular strontium ferrite based magnetic material to have properties in-line with the commercially available high-grade ferrite magnets while requiring smaller amounts of rare earth metals. The company has applied to patent this process. The Indian business was able to increase both sales and EBITDA margins over pre pandemic 2019.

The operating strategy thus, was focused on creating leaner operations and more productive routines that is helping us deliver better operating results despite difficult business conditions. In 2021, MCIE's consolidated sales were ₹ 79,459 Million, 37% more than 2020 and our EBITDA margin was 13.4% vs 9.6% previous year. Vis-à-vis 2019, despite the adverse business conditions, sales and margins in 2021 were better than in 2019, confirming that our company has recuperated to the scenario prevailing before the industry got hit by the pandemic and despite the supply side shortage of chips.

STRATEGY

The complexities that an automotive components company faces are quite diverse. On the one hand, we are tasked with working with large & global automotive Original Equipment Manufacturers (OEMs) who themselves are focused on providing the best engineering, design, and cost of ownership to customers buying their vehicles. On the other hand, we deal with steel and other input suppliers whose pricing strategies are determined by global supply conditions. To satisfy these somewhat competing demands our processes need to be primed for efficiency and our workforce skilled enough to deliver these processes. In accordance, your company consistently pursues the following principles that we believe sets us apart from the competition: make operations world class; diversify customer base, plant locations & technologies; invest in a disciplined manner; focus on continuous improvement in profitability and decentralize plant management. Your company pursues a judicious mix of organic and inorganic growth. Mergers & acquisitions are targeted to fill strategic gaps in our products, customers, or skills portfolio.

The success of this strategy can be gauged by the giant strides we have made in the five years in which it was implemented. 2016 was the calendar year in which MCIE had announced its first full year of results. MCIE's consolidated sales has increased by 54%, including acquisition of Bill Forge in 2016 & Aurangabad Electricals in 2019, while EBITDA margin have improved from 11.1% to 13.4% between CY16 and CY 21. This has been achieved despite an unprecedented slump in automotive demand for the last few years starting with CY19 and spanning the NBFC (non-banking finance companies) crisis in India, the transition to the Bharat 6 pollution norms in India and followed by a prolonged coronavirus pandemic globally.

Demand scenario in Europe was volatile in 2021 due to the uncertainty surrounding the semiconductor crisis and this was further compounded by spiraling energy, logistics

& raw material prices. While the situation is stabilizing, uncertainty & volatility are expected to continue for few more quarters. The lingering effect of the pandemic also continues. With growth expected to be muted in the medium term, MCIE's European operations are focused on sustaining margins and improving cash flows. As mentioned earlier, MCIE's German business is reducing unprofitable products to improve profitability. This reduction in sales will offset growth in other geographies of MCIE's European business.

India also experienced a rollercoaster of demand sentiment in India. While the semiconductor shortage hit the light vehicles segment throughout the year, the latter half of the year saw a slowing down of the two wheelers and tractors market as rural sentiments weakened. But it is expected that the medium-term prospects of the market segments that your company operates in are good. MCIE's Indian operations plan to make use of these opportunities and grow faster than the underlying market segments. The order book situation is such that many verticals are going in for capacity expansion as described in the section on operations. All the business verticals in India are making a push to increase exports. This requires a continued focus on operational excellence that can make sure that your company's operations in India are world class and meet the global standards in manufacturing excellence that CIE pursues.

TECHNOLOGICAL CHANGE TO ELECTRIC VEHICLES

A long-term change that the industry has to take into account is the change from Internal Combustion Engine (ICE) vehicles to Electric vehicles (EV). This change has been accelerated especially in Europe as introspection about the pandemic has led to a greater focus on green transport strategies.

Non-traditional powertrains viz. Battery EVs (BEVs), plug in hybrid EVs (PHEVs), hybrid vehicles (HEVs) and alternate fuel ones of liquified petroleum gas (LPG) & compressed natural gas (CNG); have taken great strides in the European market in the last few quarters. Traditional powertrains (petrol & diesel) accounted for approx. 60% of light vehicle sales in Europe in 2021, down from the roughly 75% share they enjoyed in 2020. This proportion is expected to reduce further. HEVs constituted roughly 20% and PHEVs & BEVs 9% each of the market in 2021. All these three non-traditional powertrains grew handsomely 60%+ growth rates in the year, albeit on a low base. The direction of change is heading in the direction of these non-traditional powertrains. A point to be noted here is that a shift to HEVs & PHEVs as compared to pureplay BEVs, will be beneficial to your company as number of parts available for supply increases. The share of BEVs in the overall light vehicles market is projected to grow to 15% by 2025 but we recognize that making forecasts about an emerging technology rapidly penetrating the market, is fraught with risks.

In Europe, your company has a strong position in car crankshafts (roughly a third of MCIE Europe revenues) that could be under threat from this change to BEVs.

Your company is implementing a strategy that will help maintain capacity utilisation at MCIE's European forgings plants even after this change happens – increase share of business at existing crankshaft customers, focus on non-engine parts & introduce Aluminum forgings. The transition to EVs gives us a chance to review our product portfolio in Europe. Your company has made progress towards developing business in this area. Metalcastello, our Italian business has received a large size order from a US based transmissions supplier to EV OEMs.

In India, this change will be more gradual with the first segments to make the transition being 2&3 Wheelers and buses. During the year, there was frenetic activity in the electric 2Wheeler segment with many start-ups coming up and existing players also announcing future plans. MCIE's Indian operations is in dialogue with key electric OEMs, existing as well as new, in all segments and the order book developed so far is encouraging. This activity is a key focus for our commercial teams in India. Bill Forge, AEL, Stampings, Gears & Composites verticals have all won orders in the EV space. Key products include gears & shafts, drivetrain & chassis parts etc.

EVs will mean a greater emphasis on stamped, plastic and aluminum parts compared to forged or cast parts. MCIE being a player with a presence across different processes especially in India, is well placed to tackle this change. MCIE is also able to learn from and lean on CIE Automotive with respect to any of the strategic issues discussed above. In particular, CIE's experience with EVs will be very useful as and when they become more mainstream.

TECHNOLOGY & MANUFACTURING EXCELLENCE STRATEGY – AN OPPORTUNITY TO EXCEL

To upgrade our Indian plants so that they can achieve CIE's global benchmarks of manufacturing excellence, your company is pursuing a systematic approach to automation & digitisation.

Industry 4.0: Your company has taken various initiative for smart manufacturing – moving from Static to Dynamic manufacturing eco system.

- Machines are getting connected to Internet to get real time and accurate information. Data thus collected will be used for measuring machine efficiency, operator efficiency, control plan adherence, quality checks, condition-based monitoring etc. Analytics will be built alongside

structured data collection to predict machine failures and to take proactive corrective action.

- All major data capturing points on the shopfloor are being digitised and will be stored on a common database and easily available. Currently many of these are manual with records stored physically at different locations. Shopfloor decision making thus can be more readily linked to data being generated.

Robotic Process Automation (RPA):

RPA is a software technology that makes it easy to build, deploy, and manage software robots that emulate humans actions interacting with digital systems and software. Your company has taken steps towards the deployment of RPA in repetitive and non-value-added activities like bank reconciliation, customer collection entry, customer price updation etc. Going forward more and more processes will be identified for deployment of RPA. It also increases employee satisfaction, engagement, and productivity by removing everyday tasks from their workdays.

Further, all processes related to the HR department are being digitised. All physical records, applications forms, etc. are getting eliminated.

The manufacturing industry finds itself in the midst of what is euphemistically called the fourth industrial revolution. As the physical and digital worlds become increasingly intertwined, your company aims to follow the CIE Automotive approach to Industry 4.0, "By melding the physical and digital worlds together, CIE Automotive aims to achieve maximum productivity, flexible automation, maximum quality, zero defects, large-scale personalisation, maximum reliability, unit traceability, proactive anticipation, digitalisation of its operations and new know-how", (source : CIE Annual Report, 2020). Your company is working on multiple fronts – strategy, organisation, technology, industrial processes, etc. – in order to model and simulate its processes using smart connection and collaboration modes. Process engineering, automation and digitization are the route to become world class and claim a sustainable competitive advantage that will help us take advantage of the tremendous technological changes engulfing the automotive industry.

FINANCIAL PERFORMANCE

The financial performance of the entity for the year ended 31st December, 2021 and 31st December, 2020 is presented below:

MCIE's abridged P&L Statement for the Financial Year 2021

(₹ in Millions)

Sr. No.	Particulars	Standalone		Consolidated	
		Year Ended		Year Ended	
		December '21	December '20	December '21	December '20
		Audited	Audited	Audited	Audited
1	Income from operation				
	(a) Net sales	30,420	20,166	79,459	58,181
	(b) Other operating income	2486	1,282	4,408	2,320
	Total Income from operation	32,906	21,448	83,867	60,501
2	Expenses				
	(a) Cost of material consumed	17,412	10,186	42,127	26,791
	(b) Change of inventories of finished goods and work-in progress	(780)	(149)	(2,048)	1,272
	(c) Employee benefit expenses	4,435	3,712	13,478	12,618
	(d) Depreciation and amortization expenses	1,193	1,084	3,431	3,064
	(e) Other Expenses	7,553	5,678	20,137	14,804
	Total expenses	29,813	20,511	77,125	58,549
3	Profit/(loss) from operation before other income finance cost and exceptional items (1 - 2)	3,094	937	6,742	1,952
4	Other Income	175	197	556	549
5	Profit/(Loss) from ordinary activities before finance cost and exceptional items (3 +4)	3,270	1,134	7,298	2,501
6	Finance cost	122	119	532	548
7	Profit/(Loss) from ordinary activities after finance cost but before exceptional items (5-6)	3,146	1,015	6,766	1,953
8	Exceptional items	128	-	(128)	-
9	Share of profit / (loss) of joint ventures and associates	-	-	12	-
10	Profit/(Loss) from ordinary activities before tax (7-8+9)	3,018	1,015	6,650	1,953
11	Current Tax	668	(86)	1,431	457
	Deferred Tax (Credit) / Charge	1,247	361	1,290	430
12	Net Profit/(Loss) from ordinary activities after tax (9-10)	1,103	740	3,929	1,066
13	Net Profit/(Loss) for the period	1,103	740	3,929	1,066
14	Minority Interest	-	-	-	-
15	Net Profit/(Loss) after taxes, Minority Interest (12-13)	1,103	740	3,929	1,066
16	Paid - Up equity share capital (Face value of ₹ 10 per equity share)	3791	3,790	3791	3,790
17	Earnings per share (after extraordinary items) (of ₹ 10/- each)				
	(a) Basic	2.91	1.95	10.36	2.81
	(b) Diluted	2.91	1.95	10.36	2.81

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

Segment wise results for 2021

(₹ in Millions)

Sr. No.	Particulars	Year ended	
		31 st December, 2021	31 st December, 2020
		Audited	Audited
1	Segment Revenue		
	a) India	43,945	29,704
	b) Europe	40,590	31,200
	Total	84,535	60,904
	Less: Inter Segment Revenue	668	403
	Net Sales / Income from Operations	83,867	60,501
2	Segment Profit/(Loss) before tax and interest from		
	a) India	3,917	1,577
	b) Europe	3,265	923
	Total	7,182	2,501
	Less:		
	(i) Un-allocable expenditure	532	548
	(ii) Un-allocable income		
	Total Profit Before Tax	6,650	1,953
3	Capital Employed		
	(Segment Assets- Segment Liabilities)		
	a) India	54,786	49,619
	b) Europe	44,718	45,479
	Total	98,504	95,097
4	Segment Liabilities		
	a) India	20,933	17,321
	b) Europe	26,606	28,696
	Total	47,539	46,016

Market and operational issues impacting the financial performance have been dealt with in detail in the preceding paras. The key financial ratios are given below explaining the significant variations.

Ratio	Standalone		Consolidated	
	CY-21	CY-20	CY-21	CY-20
(i) Debtors Turbover (Days)	52	52	31	34
(ii) Inventory Turnover (Days)	59	59	67	63
(iii) Interest Coverage Ratio (times)	26	10	14	5
(iv) Current Ratio (times)	1.5	1.4	0.9	0.9
(v) Debt Equity Ratio (times)	0.05	0.02	0.25	0.33
(vi) Operating Profit Margin (%)	14.2%	10.3%	13.4%	9.6%
(vii) Net Profit Margin (%)	3.6%	3.7%	4.9%	1.8%
(viii) Return on net worth (%)	2.7%	1.9%	7.6%	2.2%

Working Capital

Debtors turnover (days) is restated basis last quarter sales to eliminate impact of the skewed sales in CY20. Inventory is higher due to uncertainties in the supply chain situation.

Interest Coverage, Current and Debt Equity Ratios

Interest coverage ratio is better due to increase in profits over CY2020 which was impacted by COVID. Debt-Equity has increased in standalone due to working capital borrowing increase in line with sales growth.

Profit Margin and Return on Net Worth

Operating Margins and Return on Net Worth improved over CY2020 which was a year significantly impacted by COVID. Net Margin change is not in line with Operating Margin in standalone more specifically due to the onetime non-cash deferred tax charge taken due to change in income tax legislation disallowing depreciation on goodwill.

RISKS AND CONCERNS

The business has a specific set of risk characteristics which are managed through an internal risk management process. MCIE senior executives participate in the annual risk assessment survey carried out by CIE Automotive to identify key risks associated with the business in each of the key geographies that CIE operates in. This is supplemented by periodic internal assessment to identify risks under different categories – financial (Growth and profitability), operational (People, Technology/Engineering), Safety, Health and sustainability (particularly, ESG related risks), Regulatory compliance, information and cyber security risks or any other risk as may be determined by the Risk Management Committee, measures for risk mitigation including systems and processes for internal control of identified risks and the business continuity plan. The Risk Management System allows the divisional/plant risk committees to assess their own risk in the above-mentioned areas and assign scores (basis the judgement of probability and impact) in the risk map. The Risk Management committee monitors the movement of these risk periodically post implementation of mitigation plan and does course correction if any required.

Some of the risks identified are as follows:

- MCIE is dependent on the performance of the automotive industry in India and Europe. Any adverse changes in the conditions affecting these markets may negatively affect business, results of operations, financial condition and prospects.
- Talent management has been identified as one of the potential risk in people area. However, the management has initiated necessary steps in this area of concern.
- In order to keep pace with the change the way businesses are being conducted, the company has embarked upon the journey of Digitization and automation.
- Company has identified introduction of EV as a risk in two-wheeler space and some of the engine parts of passenger vehicles. In this regard company is carrying out a complete study of EV related risk and there are plans in place to address the risk. While company is looking at opportunities available in

EV space, but at the same time it's also working on alternate parts as well.

- Commodity prices and availability is another area of risk which has been identified. A global semiconductor shortage is causing supply disruption at some of our OEM customers and may stretch into the first few months of 2022. Further the company's European subsidiaries are facing the cost pressure due to energy and other commodity costs going up. A mitigation plan is being worked out.
- Dependency on some key customers is a risk in some of the businesses of MCIE. However, the company is working on diversification and also the Company continues to focus on getting orders from the key customers on new platforms that are being introduced.
- Due to the disruption in supply chains caused by the pandemic, OEMs are increasingly adopting a multilocal vs global approach i.e. a European OEM prefers to source from companies in its vicinity – from European companies or from companies in Turkey, Russia or North Africa vs companies in India or China.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

LOOKING AHEAD

The last two years have shown that we operate in a world which is not always predictable. Your company has also shown that it is capable of meeting any challenge that is thrown its way. Operational efficiency and profitability are two sides of the same coin, and our focus is to keep on improving operations through process reengineering, automation, and digitization. The effort is to ensure that all our plants continue their journey to be world class. The MCIE team is confident that it can utilise future opportunities and face future challenges with agility in order to meet the shareholders' expectation of sustainable growth and profitability.

CAUTIONARY STATEMENT

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

REPORT ON CORPORATE GOVERNANCE



CORPORATE GOVERNANCE

I. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

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

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

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

II. BOARD OF DIRECTORS

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

The Board has an optimum combination of Executive and Non-Executive Directors with the Chairman being Non-Executive Director and fifty percent of the Board comprising of Independent Directors including one woman Independent Director. The Board reviews and approves strategy and oversees performance of the Management to ensure that the long-term objectives of enhancing Stakeholders' value are achieved.

Mr. Shriprakash Shukla, the Non-Independent, Non-Executive Director, is the Chairman of the Company.

The Management of the Company is entrusted in the hands of Key Managerial Personnel(s), headed by Mr. Ander Arenaza, Whole-time Director and the CEO of MCIE Group, who operate under the supervision and control of the Board.

Mr. Shriprakash Shukla and Mr. Zhooben Bhiwandiwalla (Non – Independent, Non-Executive Directors) are in employment of Mahindra & Mahindra Limited, an entity belonging to Promoter and Promoter Group of the Company. Mr. Jesus Maria Herrera Barandiaran, Non-Independent Non-Executive Director, is the Global CEO of CIE Automotive S.A. ("CIE"), the ultimate holding company of the Company and an entity belonging to the Promoter and Promoter Group of the Company.

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

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

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

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

During the year under review, no Independent Director of the Company resigned before the expiry of their tenure.

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

A. Composition of the Board

The Board of the Company comprises of Twelve Directors as on 31st December, 2021.

All the Directors of the Company comply with the conditionalities relating to maximum number of Directorships as specified in Regulation 17A of

the Listing Regulations and Section 165 of the Act, and the conditionalities relating to committee positions as specified in Regulation 26 of the Listing Regulations.

The names and categories of Directors, DIN, the number of Directorships and Committee positions held by them, as on 31st December, 2021 are given in Table 1 below.

Table 1: Composition of the Board of Directors as on 31st December, 2021:

Name of the Directors, Category and DIN	Total number of Committee Memberships of as on 31 st December, 2021 [@]	Total number of Committee Chairmanships of which the Director is member as on 31 st December, 2021 [@]	Total number of Directorships of Public Companies as on 31 st December, 2021 [*]	Name of other listed entities where the Director is a director along-with the category of directorship excluding the Company
NON – EXECUTIVE, NON INDEPENDENT^s				
Mr. Shriprakash Shukla (DIN - 00007418)	Nil	Nil	7	Mahindra EPC Irrigation Limited (Non-executive Chairman)
Mr. Jesus Maria Herrera Barandiaran - (DIN - 06705854)	Nil	Nil	1	None
Mr. Zhooben Bhiwandiwalla (DIN - 00110373) [!]	4	1	7	None
NON – EXECUTIVE, INDEPENDENT				
Mr. Manoj Maheshwari - (DIN - 00012341)	2	1	3	1. RPG Life Sciences Limited – (Independent Director) 2. Metro Brands Limited – (Independent Director)
Mr. Dhananjay Mungale - (DIN - 00007563)	9	3	8	1. Mahindra Logistics Limited – (Independent Director) 2. Mahindra and Mahindra Financial Services Limited – (Independent Director) 3. Tamilnadu Petroproducts Limited – (Independent Director) 4. NOCIL Limited – (Independent Director)
Mr. Kadambi Narahari - (DIN - 05351378)	1	1	1	None
Mrs. Roxana Meda Inoriza - (DIN - 08520545)	1	Nil	2	None
Mr. Alan Savio D'Silva Picardo - (DIN - 08513835)	1	Nil	1	None
Mr. Suhail Nathani - (DIN - 01089938)	3	Nil	3	1. Piramal Enterprises Limited – (Independent Director) 2. Piramal Capital & Housing Finance Limited – (Independent Director)
EXECUTIVE^s				
Mr. Ander Arenaza Alvarez - (DIN - 07591785)	Nil	Nil	3	None
Mr. Manoj Menon - (DIN - 07642469)	Nil	Nil	4	None
Mr. Anil Haridass - (DIN - 00266080) [#]	Nil	Nil	3	None

[!] Mr. Zhooben Bhiwandiwalla ceased to be the Director of the Company w.e.f. 22nd February, 2022.

[#] Mr. Anil Haridass was re-designated as Non-Executive Director w.e.f. 22nd February, 2022.

- \$ Participaciones Internacionales Autometal, DOS S.L (PIA2), one of the Promoters of the Company, has nominated Mr. Ander Arenaza, Mr. Manoj Menon, Mr. Anil Haridass and Mr. Jesus Maria Herrera Barandiaran on the Board of the Company. Mahindra Vehicle Manufacturers Limited ('MVML')/Mahindra and Mahindra Limited (M&M), one of the Promoters of the Company has nominated, Mr. Zoooben Bhiwandiwalla and Mr. S P Shukla on the Board of the Company. These nominations are made in accordance with rights vested in PIA2 and MVML/M&M under the Articles of Association of the Company. However, the Directors are not appointed as "Nominee Directors" in terms of provisions of the Companies Act, 2013 and they are acting as Directors of the Company in their professional capacity.

The Scheme of Merger by Absorption of MVML, with Mahindra & Mahindra Limited ("M&M") and their respective Shareholders ("the Scheme") as approved by Hon'ble National Company Law Tribunal was made effective by the parties to the Scheme from 1st July, 2021. As a result, 4,33,44,512 Equity shares of ₹ 10 each representing 11.44% of paid-up equity share capital of the Company held by MVML stand vested in M&M with effect from 1st July, 2021. With aforesaid merger of MVML, M&M has become a Promoter of the Company w.e.f. 1st July, 2021.

- * Excludes Directorships in Companies registered under Section 8 of the Act and Companies registered outside India but includes Directorship in the Company.
- @ Chairpersonship and Membership of the Audit Committee and the Stakeholders' Relationship Committee held in all the Public Limited Companies including that of the Company is considered. The Committee Chairmanship (s) are counted out of the Committee Membership(s) held by the respective Director.

Board Procedure

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

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

The Board, *inter alia*, periodically reviews strategy and business plans, annual operating and capital expenditure budget(s), compliance report(s) of all laws applicable to the Company as well as steps taken by the Company to rectify instances of non-compliances, if any, review of major legal issues, minutes of the Committees of the Board, minutes of Board Meetings of Subsidiary Companies, significant transactions and arrangements entered into by the Unlisted Subsidiary Companies, approval of quarterly/half-yearly/annual financial results, significant labour problems and their proposed solutions, systems for risk management, transactions pertaining to purchase/disposal of property(ies), Sale of investments, subsidiaries, assets which are material in nature and not in normal course of business, remuneration of Key Managerial Personnel, major accounting provisions and write-offs, corporate restructuring, details of any joint ventures or collaboration agreement, material default in financial obligations, if any, fatal or serious accidents, any material effluent or pollution problems, transactions that involve substantial payment towards goodwill, brand equity or intellectual property, any issue that involves possible public or product liability claims of substantial nature, including judgement or order which may have passed strictures on the conduct of the Company, quarterly details of foreign exchange exposures and the steps taken by Management to limit the risks of adverse exchange rate movement and information on recruitment of Senior Officers just below the Board level.

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

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

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

The Board of Directors met six (6) times during the Financial Year under the review i.e., on 19th February, 2021, 29th April, 2021, 18th May, 2021, 21st July, 2021, 14th October, 2021 and 9th December, 2021. The Board met at least once in a calendar quarter and the gap between any two meetings did not exceed one hundred and twenty days.

The twenty-second Annual General Meeting (AGM) of Members of the Company was held on 29th April, 2021 through Video Conference ("VC") / Other Audio Visual Means (OAVM) without the physical presence of the Members at a common venue, in compliance with General Circular No. 02/2021 read with General Circular Nos. 14/2020, 17/2020, 20/2020 issued by Ministry of Corporate Affairs and Circular dated 15th January, 2021 read with Circular dated 12th May, 2020 issued by Securities and Exchange Board of India.

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

Table 2: Number of Meetings and Attendance

Sr. No.	Directors	No. of Board Meetings Attended	Attendance at the last AGM through VC / OAVM
1.	Mr. Shriprakash Shukla	6	Yes
2.	Mr. Ander Arenaza Alvarez	6	Yes
3.	Mr. Manoj Menon	6	Yes
4.	Mr. Anil Haridass	6	Yes
5.	Mr. Jesus Maria Herrera Barandiaran	5	Yes
6.	Mr. Zoooben Bhiwandiwalla	6	Yes
7.	Mr. Manoj Maheshwari	6	Yes
8.	Mr. Dhananjay Mungale	6	Yes
9.	Mr. Kadambi Narahari	6	Yes
10.	Mrs. Roxana Meda Inoriza	6	Yes
11.	Mr. Alan Savio D'Silva Picardo	6	Yes
12.	Mr. Suhail Nathani	5	Yes

C. Meeting of Independent Directors

The Independent Directors of the Company met on 19th February, 2021 and 9th December, 2021 without the presence of the Chairman, Executive Directors, other Non-Independent Director(s) or any other Managerial Personnel.

The Independent Directors ascertained and reconfirmed that the deployment of "questionnaire" as a methodology, is effective for evaluation of performance of Non-Independent Directors and the Board as a whole and the evaluation of performance of the Chairman. Accordingly, feedback was sought from all the Directors of the Company, by way of a structured questionnaire covering various aspects and on the basis of the reports the performance was evaluated by the Independent Directors in their separate meeting.

Further, the Independent Directors, inter alia, assessed the quality, quantity and timeliness of flow of information between the Company's Management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

D. Directors seeking appointment /re-appointment

Mr. Ander Arenaza Alvarez (DIN - 07591785) and Mr. Anil Haridass (DIN - 00266080) are liable to retire by rotation and being eligible, have offered themselves for re-appointment at the ensuing AGM of the Company.

After the close of the financial year, the Board at its meeting held on 22nd February, 2022, on recommendation of the Nomination and Remuneration Committee, appointed Mr. Puneet Renjhen (DIN: 09498488) as Additional Director of the Company who holds the office as an Additional Director upto the ensuing Annual General Meeting of the Company. In accordance with Section 160 of the Companies Act, 2013 the Company has received notice in writing from a member signifying its intention to propose the candidature of Mr. Renjhen for the office of Director of the Company. The Board of Directors of the Company on recommendation of the Nomination and Remuneration Committee proposes appointment of Mr. Puneet Renjhen (DIN: 09498488) as Director liable to retire by rotation at the forthcoming Annual General Meeting of the Company.

Further, the Board of Directors at its meeting held on 22nd February, 2022, on recommendation of nomination and remuneration committee, have approved re-appointment of Mr. Ander Arenaza Álvarez (DIN: 07591785) and Mr. Manoj Mullassery Menon (DIN: 07642469) as Whole-time Directors (Executive Directors) of the Company for

a period of 3 (Three) years with effect from 13th September, 2022 and 17th October, 2022 respectively and have recommended the same to the members for their approval at the ensuing Annual General Meeting.

Detailed profile of the Directors seeking appointment/re-appointment along with other necessary details as may be required are provided in the in the Notice of 23rd Annual General Meeting of the Company.

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

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

Table 3:

Sr. No.	Skill / expertise / competencies	Particulars	Mr. S.P. Shukla	Mr. Ander Arenaza	Mr. Anil Haridass	Mr. Manoj Menon	Mr. Jesus Maria Herrera	Mr. Zhooben Bhiwandiwalla	Mr. Manoj Maheshwari	Mr. Dhananjay Mungale	Mr. Suhail Nathani	Mr. Alan D'Silva	Mrs. Roxana Meda	Mr. Narahari Kadambi
1.	Strategy and Planning	Review and Monitor Strategy & Succession Plan to ensure long term sustainable growth	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
2.	Leadership	Leadership Skill to ensure effective guidance to and monitoring of the management and to set a corporate culture and the values by which executives throughout the group should behave.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
3.	Financial Discipline and Risk Oversight	Understanding of Financial Management, Financial Reporting Process and Financial & Operational controls. Ensuring focus on returns.		✓	✓	✓	✓	✓	✓	✓		✓	✓	✓
		Understand and Oversee internal and external risks associated with the Business and to put in place appropriate policies and procedures to effectively manage such risks.												
4.	Manufacturing Excellence and Technology	Understanding the manufacturing processes and optimizing the same.		✓	✓	✓	✓	✓				✓		
		Anticipate Technological Trends and creating new business models.												

Sr. No.	Skill / expertise / competencies	Particulars	Mr. S.P. Shukla	Mr. Ander Arenaza	Mr. Anil Haridass	Mr. Manoj Menon	Mr. Jesus Maria Herrera	Mr. Zhooben Bhiwandiwalla	Mr. Manoj Maheshwari	Mr. Dhananjay Mungale	Mr. Suhail Nathani	Mr. Alan D'Silva	Mrs. Roxana Meda	Mr. Narahari Kadambi
5.	Mergers and Acquisition	creating and enhancing shareholders value through acquisitions and other business combinations with ability to assess fit of the target with Company's Strategy and Culture, Valuations, Integration Process.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
6.	Governance and Regulatory Oversight	Monitoring the system for ensuring compliance with all applicable laws to the Company and review the effectiveness of such system.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
		Reviewing governance practices and policies to ensure high ethical standards, to safeguard the interests of all stakeholders while ensuring right balance of conflicting interest of the stakeholders.												

F. Codes of Conduct

The Board of Directors of the Company has adopted 'Internal Code of Professional Conduct' ("the Code") which is applicable to all directors (whether executive, non-executive or Independent), Senior Management Personnel, Key Management Personnel, all other employees and workers of the Company and provides guidance and ethical principles to them in determining the values and commitments that must govern their work activities within the Group.

The Code is available on the Company's website at <https://www.mahindracie.com/investors/investor-relations/governance.html>. All the Board Members and Senior Management Personnel have affirmed compliance with the Code. A declaration signed by the Executive Director to this effect is enclosed at the end of this Report.

G. CEO/CFO Certification

As required under Regulation 17 (8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr. Ander Arenaza, Executive Director and Mr. K. Jayaprakash, Chief Financial Officer of the Company have certified to the Board that the Financial Statement for the year ended 31st December, 2021 do not contain any untrue statement and that these statements represent a true and fair view of the Company's affairs and other matters as specified thereunder.

H. Performance evaluation of Board, its Committees and Directors

During the year under review, the Nomination and Remuneration Committee ascertained and reconfirmed that the deployment of "questionnaire" as a methodology, is effective for evaluation of performance of Board, its Committees and Individual Directors.

Feedback was sought from all the Directors of the Company, by way of a structured questionnaire covering various aspects, on performance evaluation of the Board, Committees of Board, Independent Directors, Non-Independent Directors, and the Chairman.

The Board evaluated performance of its own and of its Committees based on the feedback so received. Similarly, the Nomination and Remuneration Committee carried out the performance evaluation of Individual Directors.

The performance evaluation of Independent Directors was carried by the entire Board of Directors (excluding the director being evaluated) which included the performance of the directors and fulfilment of the independence criteria as specified in the Listing Regulations and their independence from the management.

The criteria of performance evaluation of Independent Directors, Non-Independent Directors, the Board, Committees of Board and the Chairman is disclosed separately in this report.

I. Familiarisation programme for Independent Directors

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

Other Initiatives to update the Directors on a continuing basis:

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

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

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

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

As required under Regulation 46 of the Listing Regulations the details of familiarisation programme for the Independent Directors has been hosted on the Company's website and can

be viewed by visiting the following link: <https://www.mahindrachie.com/investors/downloads/documents.html#other-documents-and-disclosures>.

J. Risk Management

The Company has a well-defined Risk Control and Management Policy which lays down the Risk Management Framework and Systems. The Company has established procedures to periodically place before the Board, the risk assessment and minimisation procedures being followed by the Company and steps taken by it to mitigate the Risks. The Board of Directors of the Company have constituted a Risk Management Committee consisting of Board Members and Senior Management Personnel and has delegated the function to formulate, implement, monitor and review the risk management policy to the Committee. Further details in respect of the Committee are covered under details of Risk Management Committee.

III. COMMITTEES OF THE BOARD OF DIRECTORS

The Board has constituted Committees to delegate certain matters relating to the affairs of the Company that require greater and more focussed attention. These Committees prepare the groundwork for decision making and report to the Board.

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

A. Audit Committee:

i. Composition, name of Members and Chairperson

The Audit Committee comprises of four Non-Executive Independent Directors namely Mr. Dhananjay Mungale (Chairman of the Committee), Mr. Manoj Maheshwari, Mr. Alan Savio D'Silva Picardo and Mrs. Roxana Meda Inoriza. The Chairman of the Audit Committee attended the 22nd AGM held on 29th April, 2021 through video conferencing.

The Company does not have outstanding Special Rights equity shares. The composition of the Committee is in accordance with Regulation 18(1) (b) of Listing Regulations. Further, the composition of the Committee is also disclosed on website of the Company at <https://www.mahindrachie.com/investors/investor-relations/governance.html>.

All the Members of the Audit Committee have vast experience and possess financial/ accounting expertise/exposure.

The Company Secretary is the Secretary to the Committee.

ii. Terms of reference

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

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

The Committee also reviews on quarterly basis the Report on compliance under Code Prevention of Insider Trading adopted by the Company pursuant to Securities and Board Exchange of India (Prohibition of Insider Trading) Regulations, 2015.

iii. Meetings and attendance

During the financial year, the Committee met five (5) times i.e., on 19th February, 2021, 28th April, 2021, 21st July, 2021, 14th October, 2021 and 9th December, 2021. The time gap between two meetings did not exceed one hundred and twenty days.

Table 4: Attendance record of Audit Committee

Name of the Member	Position	Status	No. of Meetings Attended
Mr. Dhananjay Mungale	Independent Director	Chairman	5
Mr. Manoj Maheshwari	Independent Director	Member	5
Mr. Alan Savio D'Silva Picardo	Independent Director	Member	5
Mrs. Roxana Meda Inoriza	Independent Director	Member	5

The meetings of the Audit Committee are also attended by the Chairman, Executive Director, Chief Financial Officer, the Statutory Auditors and the Internal Auditors. Mr. Zhooben Bhiwandiwalla was the permanent invitee to the meetings of Audit Committee.

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

B. Nomination and Remuneration Committee:

i. Composition, name of Members and Chairperson

As on 31st December, 2021, the Nomination and Remuneration Committee comprises of Six Non-Executive Directors out of which two-third are Independent Directors.

Mr. Manoj Maheshwari, Independent Director is the Chairman of the Committee.

The Board of Directors of the Company had re-constituted the Committee and additionally appointed Mr. Dhananjay Mungale – Independent Director and Mrs. Roxana Meda Inoriza – Independent Director as members of the Committee with effect from 9th December, 2021.

The other members of the Committee are Mr. Alan Savio D'Silva Picardo – Independent Director, Mr. Jesus Maria Herrera Barandiaran – Non Executive Director and Mr. Shriprakash Shukla – Non-Executive Director and Chairman of the Company.

The Chairman of the Committee attended the 22nd AGM held on 29th April, 2021 through video conferencing.

The Company does not have outstanding Special Rights equity shares. The composition of the Committee is in accordance with Regulation 19

(1) of Listing Regulations. Further, the composition of the Committee is also disclosed on website of the Company at <https://www.mahindracie.com/investors/investor-relations/governance.html>.

The Company Secretary is the Secretary to the Committee.

ii. Terms of reference

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

The terms of reference of the Nomination and Remuneration Committee *inter-alia* includes, identification of persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down, recommend to the Board appointment and removal of Directors & Key Managerial Personnel's, carry out evaluation of every Director's performance and recommending to the Board remuneration of the Executive Director(s), Key Managerial Personnel and Senior Management Personnel of the Company.

The Committee has been vested with the authority to, *inter alia*, develop and recommend policies with respect to composition of the Board commensurate with the size, nature of the business and operations of the Company, establish Director retirement policies and appropriate succession plans.

The Committee before considering appointment of independent director would evaluate the balance of skills, knowledge, and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director and recommend to Board appointment of a person as Independent Director who have the capabilities identified in such description.

The Committee has also formulated the criteria for determining qualifications, positive attributes and independence of a Director and recommended to the Board a Policy relating to the remuneration for the Directors, Key Managerial Personnel and other Employees. The Committee further determines and recommend to the Board the manner for effective evaluation of performance of Board, its committees and individual directors. The Committee carries out a separate exercise to evaluate the performance of Individual Directors.

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

iii. Meetings and attendance

During the financial year, the Committee met four (4) times i.e., on 19th February, 2021, 29th April, 2021, 21st July, 2021 and 9th December, 2021.

Table 5: Attendance record of Nomination and Remuneration Committee

Name of the Member	Position	Status	No. of Meetings Attended
Mr. Manoj Maheshwari	Independent Director	Chairman	4
Mr. Jesús María Herrera Barandiaran	Non-Executive Director	Member	3
Mr. Alan Savio D Silva Picardo	Independent Director	Member	4
Mr. Shriprakash Shukla	Non-Executive Director	Member	4
Mrs. Roxana Meda Inoriza*	Independent Director	Member	NA
Mr. Dhananjay Mungale*	Independent Director	Member	NA

* Appointed with effect from 9th December, 2021.

iv. Criteria for evaluation of performance of Board, Committees of Board and Individual Directors (including Independent Directors)

The performance evaluation of the Board was based on various aspects such as composition of the Board, functioning of Board, conduct, effectiveness and frequency of Board Meetings, Performance of Specific Duties and Obligations, and Governance, etc.

The performance evaluation of Committees was based on criteria such as structure and composition of Committees, attendance and participation of member of the Committees, frequency and adequacy of time allocated at the Committee Meetings to fulfil duties assigned to it, adequacy and timeliness of the Agenda, comprehensiveness of the discussions and constructive functioning of the Committees, etc.

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

In accordance with Schedule IV to the Companies Act, 2013 and the Listing Regulations, performance evaluation of Independent Directors was done by the entire Board excluding the Directors being evaluated, based on the feedback received from all the Directors on the structured questionnaire.

C. Stakeholders' Relationship Committee:

i. Composition, name of Members and Chairperson

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

The Company does not have outstanding Special Rights equity shares. The composition of the Committee is in accordance with Regulation 20(2A) of Listing Regulations. Further, the composition of the Committee is also disclosed on website of the Company at <https://www.mahindrachie.com/investors/investor-relations/governance.html>.

ii. Terms of reference

The Committee meets as and when required, to inter alia deal with matters relating to transfers of shares, transmission of shares, request for issue of duplicate share certificates and monitors redressal of the grievances of the security holders relating to transfers, non-receipt of balance sheet etc., review of measures taken for effective exercise of voting rights by Shareholders, review of adherence to the service standards adopted by the Company in respect of services being rendered by the Registrar & Transfer Agent, review of various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the Shareholders of the Company.

The role and terms of reference of the Committee covers the areas as contemplated under Regulation 20 read with Part D of Schedule II of the Listing Regulations and Section 178 of the Act, as applicable, besides the other terms as referred by the Board of Directors.

iii. Meetings and Attendance

During the financial year, the Committee met twice (2) i.e., on 19th February, 2021 and 13th October, 2021. The information about details of shares transferred, transmitted etc. and report of Investors Complaints received and resolved was presented to Board on quarterly basis. The Committee also considered certain matters by way of circular resolution.

Table 6: Attendance record of Stakeholder Relationship Committee

Name of the Member	Position	Status	No. of Meetings Attended
Mr. Narahari Kadambi	Independent Director	Chairman	2
Mr. Dhananjay Mungale	Independent Director	Member	2
Mr. Suhail Nathani	Independent Director	Member	1

During the year ended 31st December, 2021, two (2) complaints were received from Shareholders and both of which have been attended /resolved to the satisfaction of Shareholders. As of date, there are no pending complaint pertaining to the year under review.

Mr. Narahari Kadambi, Chairman of the Committee was present at the 22nd Annual General Meeting of the Company held on 29th April, 2021 through Video Conferencing.

D. Risk Management Committee

i. Composition, name of Members and Chairperson

As on 31st December, 2021 the Risk Management Committee comprises three members. Mr. Manoj Menon - Executive Director is the Chairman of the Committee. Mr. Ander Arenaza - Executive Director and Mr. Alan Savio D'Silva Picardo - Independent Director (w.e.f. 18th May, 2021) were the other members of the Committee. Further, during the year under review, Mr. Hari Krishnan ceased to be a member of the Committee w.e.f. 1st September, 2021 on his cessation as CEO-Forgings and Bill Forge Division.

The Company does not have outstanding Special Rights equity shares. The composition of the Committee is in accordance with Regulation 21(2) of Listing Regulations. Further, the composition of the Committee is also disclosed on website of the Company at <https://www.mahindrachie.com/investors/investor-relations/governance.html>.

ii. Terms of reference

The role and terms of reference of the Committee covers the areas as contemplated under Regulation 21 read with Part D of Schedule II of the Listing Regulations, besides the other terms as referred by the Board of Directors.

The Risk Management Committee has formulated a Risk Control and Management policy which provides a framework for identification of internal and external risks specifically faced by the Company, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as

may be determined by the Committee, measures for risk mitigation including systems and processes for internal control of identified risks and a business continuity plan.

The Committee ensures presence of Risk Management system in Company's accounting and financial reporting system and monitor & reviews the risk management plan, reviews total exposure of the Company towards commodities, commodity risks, if any, faced by the Company, hedged exposures, etc. as may be applicable.

The Committee further ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company, monitors and oversees implementation of the risk management policy, evaluates the adequacy of risk management systems.

The Committee keeps the Board informed about the nature and content of its discussions, recommendations and actions to be taken.

iii. Meetings and Attendance

During the financial year, the Committee met 4 (four) times i.e., on 3rd February, 2021, 20th April, 2021, 19th July, 2021 and 13th October, 2021.

Table 7: Attendance record of Risk Management Committee

Name of the Member	Position	Status	No. of Meetings Attended
Mr. Manoj Menon	Executive Director	Chairman	4
Mr. Ander Arenaza	Executive Director	Member	4
Mr. Alan Savio D'Silva Picardo*	Independent Director	Member	2
Mr. Hari Krishnan [!]	Chief Executive Officer – Forgings and Bill Forge divisions	Member	3

* Appointed with effect from 18th May, 2021.

! Ceased with effect from 1st September, 2021.

E. Corporate Social Responsibility Committee

i. Composition, name of Members and Chairperson

The Corporate Social Responsibility Committee comprises of four members namely Mr. Kadambi Narahari – Chairman, Mr. Dhananjay Mungale, Mr. Manoj Menon and Mr. Anil Haridass. Further, the composition of the Committee is also disclosed on website of the Company at <https://www.mahindrachie.com/investors/investor-relations/governance.html>.

ii. Terms of reference

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

During the year under review, pursuant to the amendments in the CSR provisions notified by the Ministry of Corporate Affairs, with effect from 22nd January, 2021, the scope of functions of the Committee was amended to include formulation and recommendation of Annual Action Plan in pursuance of CSR Policy which include CSR projects or programmes that are approved to be undertaken, the manner of execution of such projects or programs, the modalities of utilisation of funds and implementation schedules for the projects or programs, monitoring and reporting mechanism for the projects or programs and details of need and impact assessment, if any, for the projects undertaken by the Company. The Committee also recommends alterations (if any) to the Annual Action Plan to the Board, along-with a reasonable justification for the alteration.

The Board amended the Corporate Social Responsibility Policy of the Company with effect from 29th April, 2021 which *inter-alia* includes statement containing the approach and direction given by the Board of Directors taking into account the recommendations of CSR Committee including guiding principles for selection of CSR activities, Implementation of CSR activities, monitoring of CSR activities and formulation of the Annual Action Plan.

iii. Meetings and attendance

During the financial year, the Committee met five (5) times i.e., on 19th February, 2021, 28th April, 2021, 19th July, 2021, 13th October, 2021 and 9th December, 2021.

Table 8: Attendance record of Corporate Social Responsibility Committee

Name of the Member	Position	Status	No. of Meetings Attended
Mr. Kadambi Narahari	Independent Director	Chairman	5
Mr. Dhananjay Mungale	Independent Director	Member	5
Mr. Manoj Menon	Executive Director	Member	5
Mr. Anil Haridass	Executive Director [#]	Member	5

[#] Mr. Anil Haridass was re-designated as Non-Executive Director w.e.f. 22nd February, 2022.

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

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

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

G. Other non-mandatory committee - Allotment Committee:

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

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

IV. APPOINTMENT AND REMUNERATION

A. Policy on appointment of Directors and Senior Managerial Personnel

The Company has a well-defined Policy for appointment of Directors, Key Managerial Personnel and Senior Management Employees and their succession planning.

The Policy is available on the Company's website at <https://www.mahindracie.com/investors/investor-relations/governance.html>.

Salient features of the Policy is as under:

i. Appointment of Directors and their succession plan

Appointment

The Nomination and Remuneration Committee (NRC) reviews and assesses the Board Composition and recommends the appointment of new Directors. In evaluating the suitability of individual as Board member, the NRC takes into account the qualifications, positive attributes and independence of the proposed candidate in accordance with the criteria laid down in the policy. All Board appointments are based on merit. A person with integrity, requisite qualification, experience (including the proficiency in case of Independent Director) and possess relevant skills/expertise/competencies, as identified by the Board of Directors as prerequisites of a proposed candidate in the context of Company's business(es)

and sector(s), for the Board as whole to function effectively.

Based on recommendation of the NRC, the Board evaluates the candidate(s) and decide on the selection in accordance with the applicable provisions of the Companies Act 2013 and Rules made thereunder.

Succession Plan

The successors for the Independent Directors are identified by NRC at least a quarter before the expiry of their scheduled term. In case of separation of Independent Directors due to resignation or otherwise, successor get 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 successors for the Executive Director(s) are identified by the NRC from among the Senior Management or through external source as the Board may deem fit.

The NRC gives due consideration for the expertise and other criteria required for the successor and submit its recommendations to the Board.

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

ii. Appointment of Senior Managerial Personnel and their succession plan

Appointment

NRC identifies persons who are qualified to become directors and who may be appointed in the Senior Management (Key Managerial Personnel or Senior Management Employee) in accordance with the criteria laid down which includes the qualification, skills and experience of the candidate for the responsibility the position carries. Key Managerial Personnel or Senior Management Employee are appointed or promoted and removed by the Board of Directors based on recommendation of the NRC, based on the business need and the suitability of the candidate.

Succession Plan

Succession-planning program aims to identify high growth individuals, train them and feed the pipelines with new talent to ensure replacements of key job incumbents in KMP and senior management positions in the organization.

The Company has policy to identify candidates with high potential and for critical positions. Successors are mapped for these positions to ensure talent readiness as per a ladder approach.

B. Policy on remuneration

The Company has a well-defined Compensation Policy for Remuneration of the Directors, Key Managerial Personnel and other Employees

including Senior Management personnel. During the year under review, the Board of Directors on the recommendation of the Nomination and Remuneration Committee reviewed the said policy and has amended the policy to include Stock Appreciation Benefit as one of the components in the Remuneration Structure.

The Policy is available on the Company's website at <https://www.mahindrachie.com/investors/investor-relations/governance.html>.

Salient features of the Policy is as under:

i. Remuneration to Non-Executive Directors including Independent Directors

NRC decides the basis for determining the compensation, both fixed and variable, to the Non-Executive Directors, including Independent Directors, whether as commission or otherwise and submit its recommendations to the Board. The NRC, while making its recommendation, takes into consideration various factors such as director's participation in Board and Committee meetings during the year, other responsibilities undertaken, such as membership or Chairmanship of committees, time spent in carrying out their duties, role and functions of the Independent Directors as envisaged in Schedule IV of the Act and Listing Regulations, as amended from time to time and such other factors as the NRC may consider deem fit. On recommendation of the NRC, the Board determines the compensation to Non-Executive Directors within the overall limits specified in the Shareholders resolution.

ii. Remuneration to Executive Directors:

The remuneration to Executive Director(s) is recommended by NRC to the Board. The remuneration consists of both fixed compensation and variable compensation and is paid as salary, commission, performance bonus, stock options

(where applicable), stock appreciation rights, perquisites and fringe benefits as approved by the Board and Shareholders. While the fixed compensation of the Executive Directors is determined at the time of their appointment, the variable compensation is determined annually by the NRC based on their performance.

iii. Remuneration to Key Managerial Personnel's (Excluding Managing Director and Executive Directors) (KMP) and Senior Management Personnel (SMP)

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

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

iv. Other Employees

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

C. Remuneration / Compensation paid / payable to Directors

Table 9: Details of remuneration paid/payable to the Directors for the financial year ended 31st December, 2021

i. Executive Directors

(₹ In Million)

Name of the Director	Salary and Perquisites	Other Compensation/ Fees	Total	Contract Period
Mr. Ander Arenaza Alvarez	2.04	NA	2.04	13 th September, 2019 to 12 th September, 2022
Mr. Manoj Menon	11.70	NA	11.70	17 th October, 2019 to 16 th October, 2022
Mr. Anil Haridass [#]	15.67	NA	15.67	10 th December, 2019 to 9 th December, 2022

[#] Mr. Anil Haridass was re-designated as Non-Executive Director w.e.f. 22nd February, 2022.

ii. Non-Executive Directors

(₹ In Million)

Name of the Director	Sitting Fees*	Commission payable for the year ended 31 st December, 2021, payment of which shall be made in CY 2022	Other Compensation/ Fees	Total
Independent Directors				
Mr. Dhananjay Mungale	0.99	1.51	NA	2.50
Mr. Manoj Maheshwari	0.93	1.57	NA	2.50
Mr. Suhail Nathani	0.52	1.57	NA	2.09
Mr. Kadambi Narahari	0.74	1.57	NA	2.31
Mrs. Roxana Meda Inoriza	0.85	1.57	NA	2.42
Mr. Alan Savio D'Silva Picardo	0.97	1.53	NA	2.50
Non-Executive and Non-Independent Directors				
Mr. Shriprakash Shukla	NA	NA	NA	NA
Mr. Jesus Maria Herrera Barandiaran	NA	NA	NA	NA
Mr. Zhooben Bhiwandiwal	NA	NA	NA	NA

* Net of TDS paid on the sitting fees

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

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

In accordance with the approval of shareholders, Non-Executive Independent Directors are entitled to remuneration by way of profit linked commission in aggregate not exceeding ₹ 15,000,000 subject to condition that the total remuneration including sitting fees payable to an Independent Director for any financial year does not exceed ₹ 2,500,000. The Board of Directors on recommendation of the Nomination and Remuneration Committee has approved the Commission payable to the Independent Directors in accordance with the criteria mentioned in the Remuneration Policy of the Company as disclosed herein above and the limits approved by the shareholders. The Commission as approved by the Board is disclosed in the table above, however, payment thereof shall be made during CY 2022.

During the year under review, the following Non-Executive Directors were paid a commission of ₹ 9.34 Million related to CY 2020 which was paid during the year under review:

Table 10: Commission for the year ended 31st December, 2020, paid during the year under review

Name of the Director	₹ in Million
Mr. Dhananjay Mungale	1.54
Mr. Manoj Maheshwari	1.56
Mr. Suhail Nathani	1.56
Mr. Kadambi Narahari	1.56
Mrs. Roxana Meda Inoriza	1.56
Mr. Alan Savio D'Silva Picardo	1.56

The annual remuneration payable to a single non-executive director did not exceed fifty per cent of the total annual remuneration payable to all non-executive directors, during the year.

Pecuniary and other relationships of Directors

Apart from the sitting fees and the remuneration by way of commission paid/payable to Independent Directors, none of the Independent Directors had any pecuniary relationship with the Company.

Other disclosures

The remuneration payable to the Executive Director is fixed by the Board of Directors of the Company on the recommendation of the Nomination and Remuneration Committee of the Company and also approved by the Shareholders of the Company. None of the Executive Directors is promoter or member of promoter group.

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

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

The performance pay payable to Executive Directors is a function of his own performance (50% weightage) and the business performance of the Company/Division which is headed by the Executive (50% weightage). The amount of performance pay assumed in the CTC is at 60% of the maximum entitlement of an employee at 100% performance level. Actual pay-out depends on individuals performance and the business performance during the year.

Stock Appreciation Units

The Board of Directors have granted 2,00,000 Stock Appreciation Units to Mr. Manoj Menon. The base price to be considered for Stock Appreciation Benefit has been fixed at ₹ 150/-. The redemption price for determining the Stock Appreciation Benefit shall be calculated as the volume-weighted average market price of the shares of the Company quoted on National Stock Exchange of India Limited for a period of sixty trading days immediately preceding the Pay-out Date. The pay-out shall be made on

two dates viz: 19th February, 2023 (first pay-out) and 19th February, 2025 (final pay-out reduced by the amount already paid in first pay-out).

Directors and Officers insurance

The Company has obtained 'Directors and Officers insurance' for the officers including independent directors as determined by the Board of Directors of the Company.

D. Table 11: The Stock options granted to Directors, the period over which accrued and over which it is exercisable are as under:

Name of the Director	ESOP-2015	No. of Ordinary (Equity) shares held as on 31 st December, 2021
	No. of Options granted in February, 2016 ^s	
Mr. Manoj Menon	33,330	12,448

\$ These Options vested in three equal instalments in February, 2017, February, 2018 and February, 2019 respectively. These Options can be exercised within four years from the date of vesting of the Options at an Exercise Price ₹ 150/-per share. Out of these options 11,110 options are outstanding as on 22nd February 2022 and can be exercised by February, 2023.

Shares held by the Non-Executive Directors

As on 31st December, 2021, Mr. Zhooben Bhiwandiwalla held 21,500 equity shares of the Company. Apart from this, no other Non-Executive Director held any shares or convertible instruments of the Company as on 31st December, 2021. None of the Independent Directors of the Company is entitled to any Stock Options.

V. GENERAL BODY MEETINGS

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

Table 12: Year

Year	Date and Venue	Time	Special Resolution(s) passed
AGM 2021	29 th April, 2021 held through Video Conference ("VC") / Other Audit Visual Means (OAVM) without the physical presence of the Members at a common venue, in compliance with General Circular No. 02/2021 read with General Circular Nos. 14/2020, 17/2020, 20/2020 issued by Ministry of Corporate Affairs and Circular dated 15 th January, 2021 read with Circular dated 12 th May, 2020 issued by Securities and Exchange Board of India. The proceedings of the AGM were deemed to be conducted at the Registered Office of the Company which was the deemed Venue of the AGM.	3:30 p.m.	None.

Year	Date and Venue	Time	Special Resolution(s) passed
AGM 2020	25 th June, 2020 held through Video Conference ("VC") / Other Audit Visual Means (OAVM) without the physical presence of the Members at a common venue, in compliance with General Circular No. 14/2020, 17/2020, 20/2020 issued by Ministry of Corporate Affairs and Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12 th May, 2020 issued by SEBI. The proceedings of the AGM were deemed to be conducted at the Registered Office of the Company which was the deemed Venue of the AGM.	3:00 p.m.	None.
AGM 2019	6 th May, 2019 Kishinchand Chellaram College, 124, Dinshaw Wacha Road, Churchgate, Mumbai - 400020	3:30 p.m.	1. Approval of remuneration by way of commission to Independent Directors of the Company 2. Approval of Annual Remuneration of Mr. Hemant Luthra as Non-executive Chairman of the Company

b. Postal Ballot

During the Financial Year ended 31st December, 2021 no resolution was passed through Postal Ballot.

c. Special Resolution proposed to be passed through Postal Ballot

None of the businesses/special resolution proposed to be transacted requires the passing of a Resolution by way of Postal Ballot.

VI. DISCLOSURES

a. Policy for determining 'material' Subsidiaries

The Company has formulated a Policy for Determining 'Material' Subsidiaries in accordance with Regulation 16 of the Listing Regulations which provides the framework for determination of material subsidiaries of the Company and for corporate governance requirements with respect to Subsidiary. This Policy is available on the website of the Company at <https://www.mahindrachie.com/images/pdf/policy-for-determining-material-subsidiaries-15519.pdf>.

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

The Company has formulated a Policy on Materiality of and Dealing with Related Party Transactions which specify materiality thresholds, process of identification of related parties and the manner of dealing with Related Party Transactions.

This Policy is available on the website of the Company at <https://www.mahindrachie.com/images/pdf/Policy-on-materiality-of-and-dealing-with-RPTs-2022-new.pdf>.

c. Disclosure of Transactions with Related Parties

All related party transactions that were entered into during the Financial Year were on an arm's length

basis and were in the ordinary course of business. During the Financial Year ended 31st December, 2021, there were no materially significant related party transactions or arrangements entered into (exceeding 10% of the annual consolidated turnover of the Company) by the Company with its Directors, Key Managerial Personnel or any other designated persons which may have a potential conflict with the interest of the Company at large. The Company has obtained approval of the shareholders by way of ordinary resolution passed at the 20th Annual General Meeting of the Company held on 6th May, 2019 for the transactions to be entered into with Mahindra and Mahindra Limited (M&M), for Financial Year starting from 1st January, 2019 and every Financial Year thereafter, provided that aggregate amount of all such Transactions during any one Financial Year shall not exceed ₹ 18,000,000,000 (Rupee Eighteen Thousand Million). Details of transaction with M&M are disclosed in Form AOC-2, annexed to the Board's Report. Further, details of all the related party transactions are presented in Note no. 31 to the Standalone Financial Statement for the year ended 31st December, 2021.

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

The Company submitted to the Stock Exchanges disclosures of related party transactions on a consolidated basis, in accordance with Regulation 23(9) of the Listing Regulations.

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

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

- number of complaints filed during the Financial Year 2021: Nil
- number of complaints disposed of during the Financial Year 2021: Nil
- number of complaints pending as on end of the Financial Year 2021: Nil

e. Whistle Blower policy

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

The Whistle Blower mechanism provides a secured framework through which Directors, Employees and their representative bodies and all stakeholders of the Company can voice their concerns about illegal or unethical behavior, actual or suspected fraud or violation of the Company's Codes or Policies. Through this mechanism all stakeholders of the Company can approach the Chief Ethics Officer of the Company or the Chairperson of the Audit Committee or utilize 'Ethical Channels' enabled for all group companies of CIE Automotive, S.A. to voice their concerns as mentioned above. The Whistle Blower Policy has been appropriately communicated within the Company and has also been hosted on the website of the Company.

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

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

Chairperson of the Audit Committee

Mahindra CIE Automotive Limited Suite F9D, Grand Hyatt Plaza (Lobby Level), Off Western Express Highway, Santacruz (E) Mumbai - 400 055

The Whistle blower Policy of the Company is available on the website at:

<https://www.mahindracie.com/investors/investor-relations/governance.html#whistle-blower>.

f. Disclosure of Accounting Treatment in preparation of Financial Statements

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) Indian Accounting Standards (Ind AS) as prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Act.

g. Code and Policies under Insider-Trading Regulations

The Company has formulated and adopted the 'Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information' (Fair Disclosure Code) and 'Code of conduct to regulate, monitor and report trading in the securities of the Company by designated persons and their immediate relatives' ("PIT Code"), in compliance with Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (PIT Regulations).

The PIT Code has been formulated to regulate, monitor and ensure reporting of trading by the Designated Persons and is designed to maintain the highest ethical standards of trading in Securities of the Company by such Designated Persons. The PIT Code lays down guidelines, which advise them on procedures to be followed and disclosures to be made, while dealing with shares of the Company and cautions them of the consequences of violations. The Board has also approved a disciplinary framework in case of violations of provisions of PIT Code.

The Fair Disclosure Code has been formulated to ensure prompt, timely and adequate disclosure of UPSI and to maintain uniformity, transparency and fairness in dealing with all the stakeholders. Further, Policy for determination of "Legitimate Purpose" forms part of the Fair Disclosure Code which provides framework for determination of Legitimate Purpose including the process to be followed.

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

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

i. Details of non-compliance etc.

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

j. Compliance

i. Mandatory requirements

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

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

ii. Adoption of non-mandatory requirements

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

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

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

k. Ethics/Governance Policies

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

- i) Archival policy
- ii) Policy on criteria for determining materiality of events
- iii) Corporate Social Responsibility Policy

The disclosure in respect of above is available on the website of the Company at: <http://www.mahindrachie.com/investors/investor-relations/governance.html>

l. Subsidiary Companies

Aurangabad Electricals Limited and CIE Galfor S.A. were the material subsidiaries of the Company in accordance with the policy.

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

During the year under review, the Company has not disposed off shares in any of its Material Subsidiaries which would reduce its Shareholding (either on its own or together with other Subsidiaries) to less than 50% or ceased to exercise of control over any of its Subsidiary.

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

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

VII. MEANS OF COMMUNICATION

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

The quarterly, half yearly and yearly results are published in the Business Standard / Free Press Journal (English) and Sakal (Marathi) which is a national and local daily respectively. These are not sent individually to the Shareholders.

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

The Company discloses to the Stock Exchanges, all information required to be disclosed under

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

The Company engages with International and Domestic investors through structured conference-calls and periodic investor/analyst interactions like individual Meetings, participation in investor conferences, quarterly earnings calls and analyst meet from time to time. An advance intimation is given to the Stock Exchanges about upcoming investor interactions. The records of proceedings of such interactions and transcript in respect of quarterly earnings call is submitted to Stock Exchanges and also uploaded on the website of the Company. The Company uploads Investor Presentation in respect of quarterly results of the Company. The discussions during investor interactions revolves around clarifications & questions with respect to the same.

VIII. Management Discussion and Analysis

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

IX. Confirmation of compliance with Corporate Governance requirements

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

X. SHAREHOLDER INFORMATION

a) 23rd Annual General Meeting

Date : Monday, 25th April, 2022

Time : 10:30 a.m.

Venue : The AGM shall be held through Video Conference (VC) / Other Audio Visual Means (OAVM) in compliance with General Circular No. 21/2021 read with General Circular Nos. 19/2021, 02/2021, 20/2020 issued by Ministry of Corporate Affairs without the physical presence of the Members at a common venue. The proceedings of the AGM shall be deemed to be conducted at the Registered Office of the Company which shall be the deemed Venue of the AGM.

b) Financial Year

The Financial Year of the Company has ended on 31st December, 2021 covering a period of twelve months starting from 1st January, 2021 to 31st December, 2021.

For the Financial Year 2022, results will be tentatively announced by:

- First quarter: End of April, 2022
- Second Quarter and Half yearly: End of July, 2022
- Third quarter: End of October, 2022
- Fourth Quarter and Annual: End of February, 2023

c) Book Closure

The Transfer books of the Company will be closed from Tuesday, 19th April, 2022 to Monday, 25th April, 2022 inclusive of both days.

d) Dividend Payment

The Dividend on Ordinary (Equity) Shares for the year ended 31st December 2021, as recommended by the Board of Directors and as may be declared at the AGM, will be paid on or after 29th April 2022 to those Shareholders or their mandates:

- whose names appear as Beneficial Owners as per the data made available by National Securities Depository Limited and Central Depository Services (India) Limited in respect of the shares held in electronic form at the close of business hours on 18th April 2022; and
- whose names appear as Members in respect of shares held in Physical Form as per the Register of Members of the Company on the close of business hours 18th April 2022.

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

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

1. Name of Stock Exchange: **BSE Limited (BSE)**
Address – Phiroze Jeejeebhoy Towers
Dalal Street, Kala Ghoda, Mumbai – 400001
2. Name of Stock Exchange: **National Stock Exchange of India Limited (NSE)**

Address – Exchange Plaza, Plot No. C/1, G Block
Bandra Kurla Complex, Bandra (East)
Mumbai – 400051

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

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

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

3. Corporate Identification Number: **L27100MH1999PLC121285**

f) Registered Office Address:

Suite F9D, Grand Hyatt Plaza (Lobby Level), Off Western Express Highway, Santacruz (E) Mumbai – 400 055

g) **Stock codes**

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

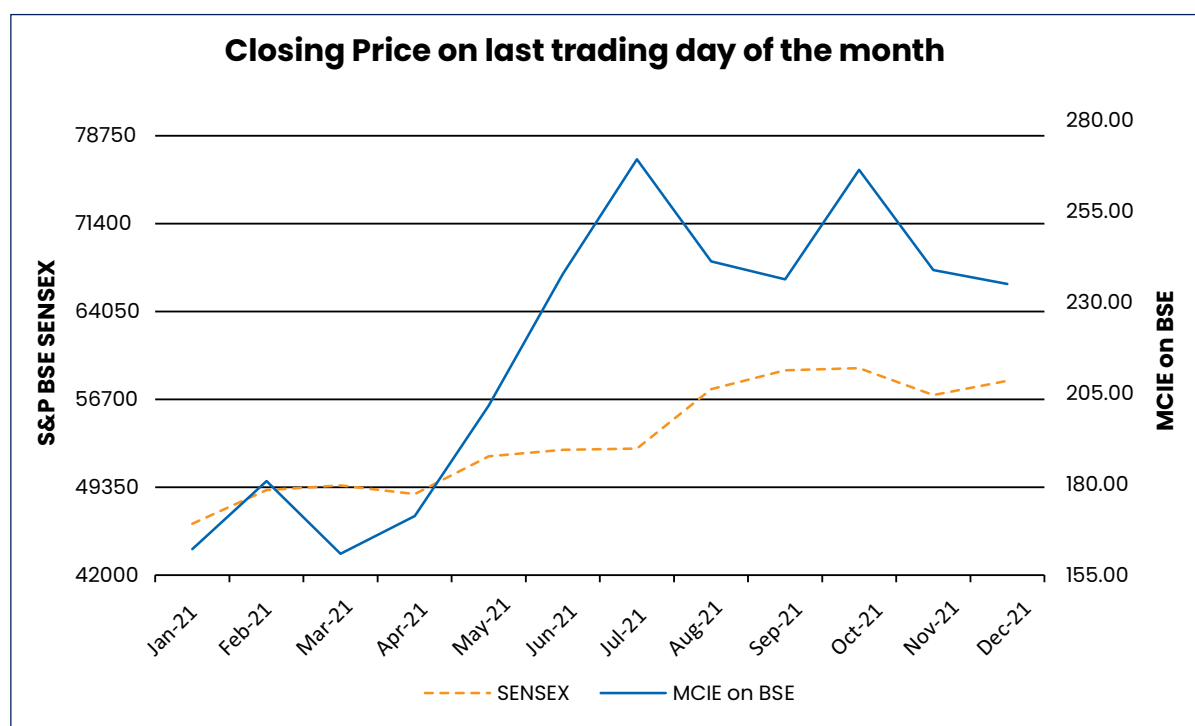
h) **Stock Price Data**

Table 13: High and low price of Company's shares for the period January 2021 – December, 2021 on BSE Limited and National Stock Exchange of India Limited

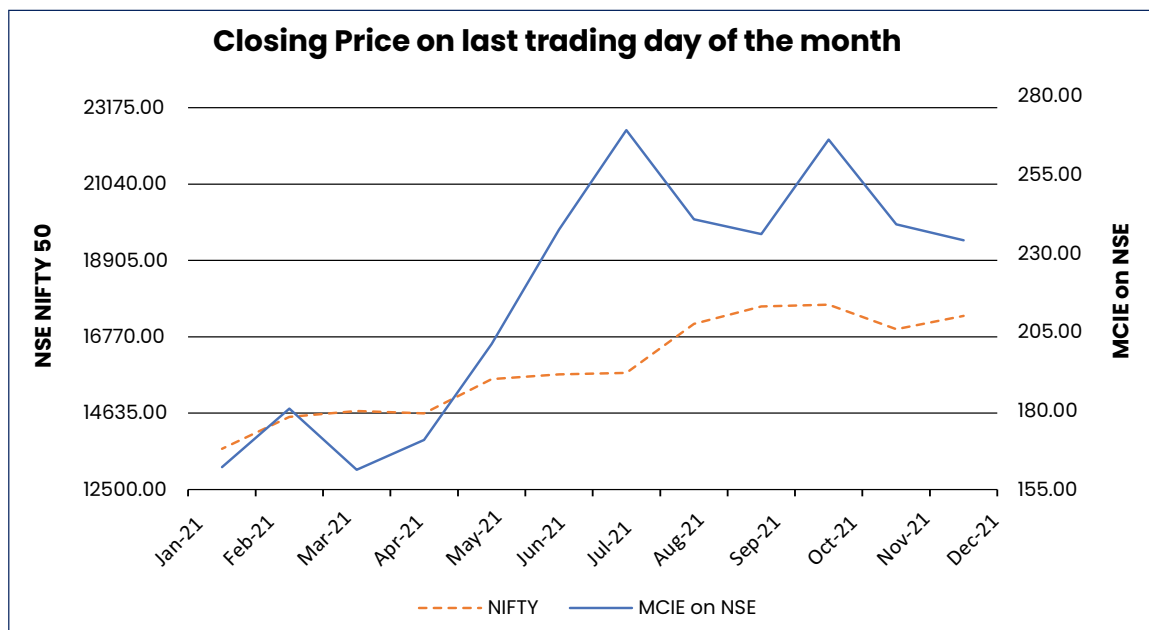
	BSE Limited (BSE)		National Stock Exchange of India Limited (NSE)	
	High (₹)	Low (₹)	High (₹)	Low (₹)
January, 2021	178.45	151.10	178.70	151.85
February, 2021	234.50	158.70	234.90	159.10
March, 2021	189.65	155.25	188.55	155.00
April, 2021	179.45	148.30	179.40	150.25
May, 2021	205.00	166.20	204.75	167.30
June, 2021	247.00	191.10	247.00	194.60
July, 2021	280.60	225.95	280.70	225.90
August, 2021	274.65	209.55	273.90	209.00
September, 2021	247.30	219.10	248.15	219.05
October, 2021	300.65	231.00	301.00	233.25
November, 2021	311.65	230.30	312.00	230.00
December, 2021	252.25	215.40	253.20	215.55

i) **STOCK PERFORMANCE**

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



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



j) Registrar and Transfer Agents:

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

k) Share Transfer System

In terms of Regulation 40 (1) of Listing Regulations, transfer of securities held in physical mode has been discontinued w.e.f. 1st April, 2019. Accordingly, the transfer of securities would be carried out only in dematerialized form.

l) Distribution of Shareholding

Table 14: Distribution of Shareholding as on 31st December, 2021

Number of shares held	Number of Shareholders	% of Shareholders	Total shares	% of share holding
1 to 5000	69,602	91.47	5,77,13,950	1.52
5001 to 10000	3,337	4.39	2,54,16,680	0.67
10001 to 20000	1,587	2.09	2,32,53,510	0.61
20001 to 30000	519	0.68	1,32,19,360	0.35
30001 to 40000	215	0.28	76,05,570	0.20
40001 to 50000	179	0.24	83,27,270	0.22
50001 to 100000	297	0.39	2,15,65,350	0.57
100001 & above	357	0.47	3,63,34,07,860	95.86
Total	76,093	100.00	3,79,05,09,550	100.00

m) Dematerialisation of shares

As on 31st December, 2021, 99.66% of the paid-up Equity Capital was held in dematerialised form with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Trading in the equity shares of the Company is permitted only in dematerialised form. Non-Promoters' holding as on 31st December, 2021 is around 27.81%.

n) Credit Rating

ICRA Limited ("ICRA"), Credit Rating Agency, had reaffirmed / assigned rating(s) to the following instrument(s) of the Company as per the details given below:

Type of Credit Facility	Amount	Status	Rating /Outlook
Commercial Paper	₹ 200 Crores	Reaffirmed	[ICRA] A1+ (pronounced as ICRA A one plus)
Line of credit	₹ 590 Crores	Reaffirmed	Long term rating [ICRA] AA- (pronounced as ICRA double A minus) Short term rating [ICRA] A1+ (pronounced as ICRA A one plus)

The credit rating agency has also revised the outlook to Positive from Stable for its rating for line of credits.

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

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

p) Commodity price risk or Foreign exchange risk and hedging activities**i. Risk management policy of the listed entity with respect to commodities including through hedging**

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

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

- Total exposure of the listed entity to commodities in ₹ : Nil.
- Exposure of the listed entity to various commodities:

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

q) Plant Locations**Stamping Division:**

- Kanhe I - Plot 371, Takwe Road, At & Post Kanhe, Taluka- Maval, Dist., Pune - 412106.
- Kanhe II - Plot 445 & 446, Takwe Road, At & Post Kanhe, Taluka- Maval, Dist., Pune - 412106.
- D-2 MIDC, Ambad, Nashik - 422010.
- Maharajpur Road, Village Lalpur, Tehsil- Kichha, Rudrapur, Dist - Udham Singh Nagar - 263148.
- Plot No-2, Sector -11, TATA Vendor Park, II - E SIDCUL, Pantnagar, Dist. Udham Singh Nagar - 263153.
- Sy No. 77, Plot No. 34, Mahindra Vendor Park, TSIC Industrial Area, Buchinelly, Zaheerabad, Dist., Sangareddy - Telangana - 502228.
- Plot No. L4, MIDC, Hingna Road, Nagpur - 440016.

Composites Division:

Gat. 467 & 470, Takwe Road, Kanhe, Tal. Maval, Dist. Pune - 412106.

Foundry Division:

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

Magnetic Products Division:

'G' Block, Bhosari Industrial Estate, Near BSNL office, Bhosari, Pune – 411026.

Forgings Division:

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

Bill Forge Division

1. Plant 1, Plot No. 9C, Bommasandra Industrial Area, Bommasandra, Bangalore – 560099.
2. Plant 2, Plot No. 98 L & M, KIADB Industrial Area, Phase 2, Jigani, Bangalore – 560105.
3. Plant 3, Plot No. 7C, KIADB Industrial Area, Attibele, Bangalore – 562107.
4. Plant 4, No. 1/178, Pollachi Main Road, Ganesh Nagar, Malumachampatti (PO), Coimbatore – 641050.
5. Plant 5, Plot No. 29, Industrial Park IV, Begampur Village, Tehsil & District – Haridwar – 249402.
6. Plant 6, Plot No. 86 M & N, KIADB Industrial Area, Phase 1, Jigani, Bangalore – 560105.
7. Plant 2B, Plot No. 98 N & O, KIADB Industrial Area, Phase 2, Jigani, Bangalore – 560105.
8. Plant 2C, Plot No. 98 O & P, KIADB Industrial Area, Phase 2, Jigani, Bangalore – 560105.
9. Plant 1B, Plot No. 261, Bommasandra Industrial Area, Bommasandra, Bangalore – 560099.
10. Plant 6B, Plot No. 86 G & H, KIADB Industrial Area, Phase 1, Jigani, Bangalore – 560105.

Gears Division:

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

r) Address for correspondence:

Shareholders may correspond with the Registrar and Transfer Agents at:

KFin Technologies Private Limited

Unit: Mahindra CIE Automotive Limited
 "Selenium" Tower B, Plot No. 31 & 32,
 Financial District, Gachibowli,
 Hyderabad – 500 032.
 Tel. No. + 91 – 40 – 67162222;
 Fax No. + 91 – 40 – 23001153
 E-mail: einward.ris@kfintech.com

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

The Company has also designated mcie.investors@cie-india.com as an exclusive email ID for Shareholders for the purpose of registering complaints and the same has been hosted on the Company's website. The Company is registered in SEBI Complaints Redressal System (SCORES). The investors can send their complaints through SCORES also. For this the investors has to visit <https://www.scores.gov.in>.

Security holders would have to correspond with the respective Depository Participants for shares held in dematerialised form for transfer/transmission of shares, change of Address, change in Bank details, etc.

For all investor related matters, Mr. Pankaj Goyal, Company Secretary and Compliance Officer can be contacted at: Office No. 602 & 603, Amar Business Park, Opp. Sadanand Resort, Above "Westside" showroom Baner Road, Pune 411045. Tel No. +91 – 020 – 29804621 / 22. E-mail: goyal.pankaj@cie-india.com.

You may visit the Company's website at: <http://www.mahindrachie.com> for more information about the Company.

s) Disclosures with respect to Demat Suspense Account/ Unclaimed Suspense Account:

The Company had, from time to time, issued and allotted equity shares of the Company pursuant to following Scheme of Arrangements:

1. On 22nd May, 2006 the Company allotted shares pursuant to Scheme of arrangement under Sections 391 and 394 of the Companies Act, 1956 between the Company and Amforge Industries Limited and their respective shareholders and creditors. The Appointed Date of the Scheme was 1st April, 2005 and the Scheme became effective from March 28, 2006 (Scheme of Demerger).
2. On 2nd January, 2015 the Company issued and allotted shares pursuant to:
 - a. Scheme of amalgamation under Sections 391 to 394 of the Companies Act, 1956 between Mahindra Hinoday Industries Limited, Mahindra Ugine Steel Company Limited, Mahindra Gears International Limited, Mahindra Investments (India) Private Limited, Participaciones Internacionales Autometal TRES, S.L. and the Company. (Integrated Scheme).
 - b. Scheme of amalgamation under Sections 391 to 394 of the Companies Act, 1956 between Mahindra Composites Limited and our Company. Appointed date of the Integrated and Composites Scheme was 1st October, 2013 and both Schemes were effective from 10th December, 2014.

The share certificates in respect of aforesaid issue and allotment of shares were dispatched to eligible shareholders at the addresses registered with the respective Transferor Companies. While most of the shareholders received the share certificates, a few of the share certificates were returned to the Company as "returned undelivered" and are lying with the Registrar and Share Transfer Agent (RTA) of the Company. These share certificates were 'undelivered' due to various reasons including 'incomplete address', 'persons left the address' etc. and postal authorities returned these to the RTA.

The Company has transferred all the returned undelivered share certificates which remained unclaimed as on 31st December, 2019 into a separate folio 'Mahindra CIE Automotive Limited – Unclaimed Suspense Account' on 25th February, 2020 and have dematerialise the shares held in the Unclaimed Suspense Account with National Securities Depositories Limited. The Company shall deal with these unclaimed shares in accordance with Schedule VI of the Listing Regulations.

The details of shares in the unclaimed suspense account, is as under:

Sr. No.	Particulars	Details
i.	aggregate number of shareholders and the outstanding shares in the suspense account lying as on 1 st January, 2021	4,336 shareholders representing 5,15,196* outstanding shares.
ii.	number of shareholders who approached listed entity for transfer of shares from suspense account during 1 st January, 2021 to 31 st December, 2021	3
iii.	number of shareholders to whom shares were transferred from suspense account during 1 st January, 2021 to 31 st December, 2021	3
iv.	aggregate number of shareholders and the outstanding shares in the suspense account lying as on 31 st December, 2021;	4,333 shareholders representing 5,13,752* outstanding shares.
v.	that the voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares	

Note: In accordance with Regulation 39(4) read with Schedule VI to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has transferred all the returned undelivered share certificates which remained unclaimed as on 31st December, 2019 into a separate folio 'Mahindra CIE Automotive Limited – Unclaimed Suspense Account' on 25th February, 2020 and have dematerialise the shares held in the said Unclaimed Suspense Account with National Securities Depositories Limited (NSDL). However, out of 5,15,196 equity shares, 91 equity shares are still not dematted due to technical error, the RTA is trying to resolve the same in consultation with NSDL.

t) Certificate from Company Secretary in Practice

A certificate from Company Secretary in Practice certifying that none of the Directors on the Board of the Company as on 31st December, 2021 have been debarred or disqualified from being appointed or continuing as Directors of Companies by the SEBI/ Ministry of Corporate Affairs or any such Statutory Authority, is annexed at the end of this Report.

u) Total fees for all services paid to the Statutory Auditors by the Company and its Subsidiaries

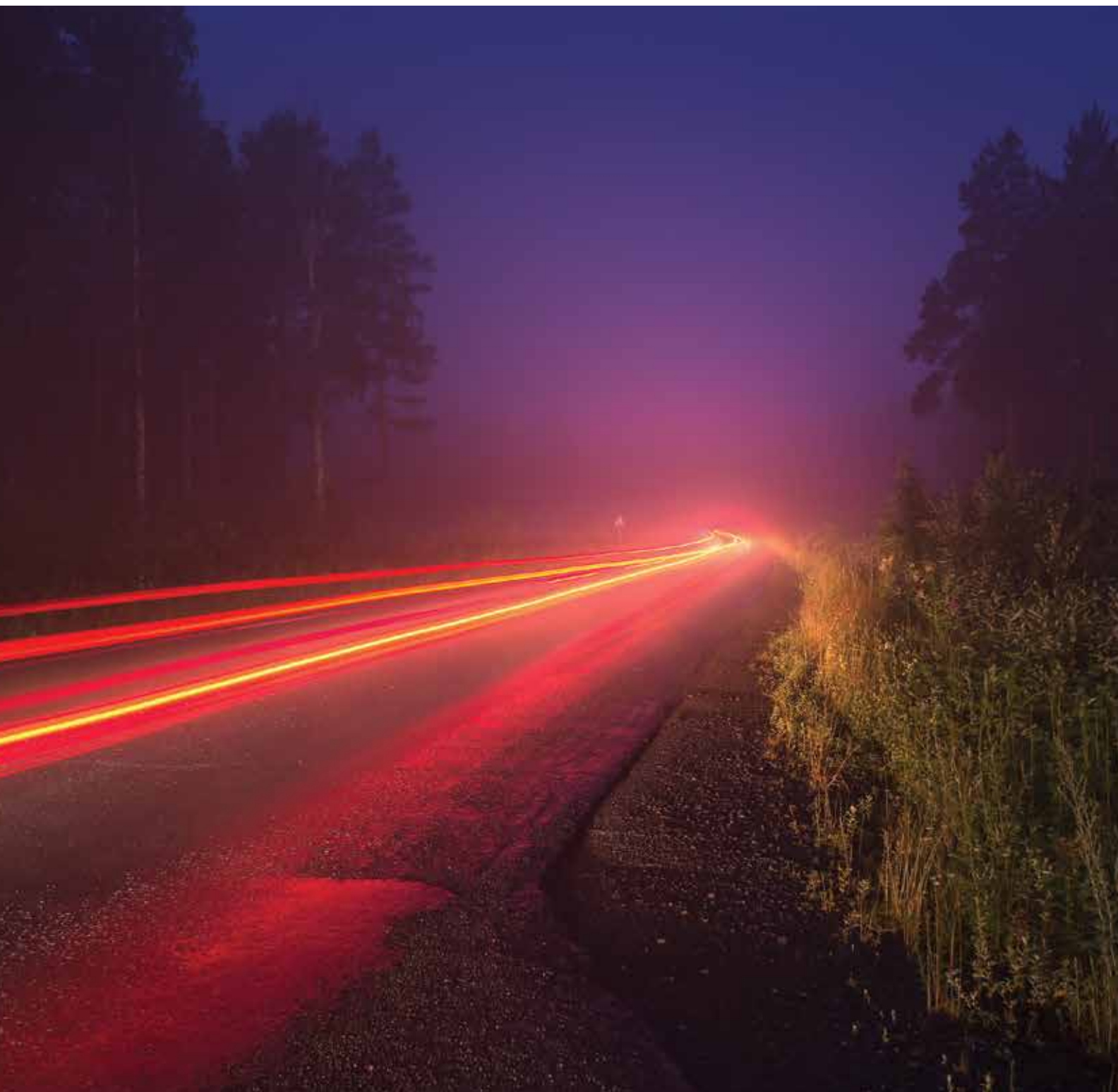
Total fees paid by the Company and its Subsidiaries on a consolidated basis, to the Statutory Auditor viz. Price Waterhouse Chartered Accountants LLP, Chartered Accountants, Firm Registration No. 012754N/N500016 and all entities in the network firm/network entity of which the Statutory Auditors is a part for financial year ended 31st December, 2021 was as following:

(Amount in ₹ Million)

Sr. No.	Particulars	By the Company to the Auditors	By the subsidiaries to the network firm/network entity of which the statutory auditor is a part
1.	Fees paid for the Statutory Audit	11.54	8.98
2.	Fees paid for other services allowed under the Law	0.33	13.83
	Total fees paid during CY2021	11.87	22.81

Pune, 22nd February, 2022

DISCLOSURE REGARDING CORPORATE GOVERNANCE



Declaration by the Executive Director under Regulation 34 (3) read with para (D) Of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To,

The Members of Mahindra CIE Automotive Limited

I, Ander Arenaza Alvarez, Executive Director of Mahindra CIE Automotive Limited declare that, all the Members of the Board of Directors and Senior Management have affirmed compliance with the Code of Conduct for the period from 1st January, 2021 to 31st December, 2021.

Ander Arenaza Alvarez

Executive Director

DIN: 07591785

Pune, 22nd February, 2022

CERTIFICATE

To

The Members of Mahindra CIE Automotive Limited

I have examined the compliance of conditions of corporate governance by Mahindra CIE Automotive Limited ("the Company") for the year ended on 31st December 2021 as stipulated in Regulations 17 to 27, clauses (b) to (i) of Regulation 46(2) and paragraphs C and D of schedule V of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. ("Listing Regulations")

The compliance of the conditions of Corporate Governance is the responsibility of the management. My responsibility was limited to examining the procedure and implementation thereof, adopted by the Company for ensuring compliance with the conditions of Corporate Governance.

Based on my examination of the relevant records and according to the information and explanations provided to me, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in Regulations 17 to 27, clauses (b) to (i) of Regulation 46(2) and para C and D of schedule V of the Listing Regulations, during the year ended on 31st December 2021.

I state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Sachin Bhagwat

ACS: 10189

CP: 6029

UDIN: A010189C002637055

Place : Pune

Date : 22 February 2022

CERTIFICATE

[Pursuant to Regulation 34(3) and sub-clause (i) of clause (10) of Paragraph C of Schedule V to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To,

The Members of

Mahindra CIE Automotive Limited
Suite F9D, Grand Hyatt Plaza (Lobby Level)
Off Western Express Highway, Santacruz (E)
Mumbai 400055

I have examined the relevant registers, returns and records maintained by Mahindra CIE Automotive Limited ("the Company") having CIN L27100MH1999PLC121285 and registered office at Suite F9D, Grand Hyatt Plaza (Lobby Level), Off Western Express Highway, Santacruz (E), Mumbai 400055, forms and disclosures received from the Directors of the Company, produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with sub-clause (i) of clause (10) of Paragraph C of Schedule V to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors' Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company and its Officers, I certify that none of the Directors on the Board of the Company for the Financial year ended on December 31, 2021 has been debarred or disqualified from being appointed or continuing as Director of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such statutory Authority.

Ensuring eligibility for appointment / continuity of every director on the Board is the responsibility of the management of the Company. My responsibility is to express an opinion on these based on my verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Signature:

Place : Pune
Date : 22 February 2022

Sachin Bhagwat
Membership No.: A 10189
C. P. No.: 6029
UDIN: A010189C002637110

BUSINESS RESPONSIBILITY REPORT



BUSINESS RESPONSIBILITY REPORT – FY 2021

Pursuant to Regulation 34(2)(f) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1. Corporate Identity Number (CIN) of the Company : L27100MH1999PLC121285
2. Name of the Company : Mahindra CIE Automotive Limited
3. Registered address : Suite F9D, Grand Hyatt Plaza (Lobby Level) Off Western Express Highway, Santacruz (E) Mumbai – 400055
4. Website : www.mahindracie.com
5. E-mail id : mcie.investors@cie-india.com
6. Financial Year reported : 1st January, 2021 to 31st December, 2021

7. Sector(s) that the Company is engaged in (industrial activity code-wise)

The Company is an auto components supplier with presence in many technologies viz. forgings, castings, stampings, magnetic products and composites. The NIC code in respect of each of these is as follows:

Sr. No.	Activity	NIC Code
1	Forgings	25910, 25920, 29301 & 30913
2	Casting/Foundry	24319
3	Stampings	25910
4	Magnetic	2393 & 23939
5	Composites	22207

8. List three key products/services that the Company manufactures/provides (as in balance sheet)

- a) Forgings
- b) Castings
- c) Stampings

9. Total number of locations where business activity is undertaken by the Company -

- (a) Number of International Locations : Nil
(Provide details of major 5)

However, the subsidiaries of the Company have overseas manufacturing facilities in Germany, Spain, Lithuania, Italy and the United Kingdom.

- (b) Number of National Locations : 11 (Eleven)

The Company has its registered office located at Mumbai and factories at Pune, Nashik, Rajkot, Rudrapur, Pantnagar, Nagpur, Zaheerabad, Bangalore, Coimbatore and Haridwar.

10. Markets served by the Company - : All
Local/State/National/International

SECTION B: FINANCIAL DETAILS OF THE COMPANY

- | | |
|--|---|
| 1. Paid up Capital (₹) | : ₹ 3,790.78 Million |
| 2. Total Turnover (₹) | : ₹ 32,906 Million |
| 3. Total profit after taxes (₹) | : ₹ 1,103 Million |
| 4. Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%) | : ₹ 22.42 Million
2.03% |
| 5. List of activities in which expenditure in 4 above has been incurred:- | : a) Education and Skill Development
b) Promotion of Health Care and sanitation Rural Development Projects
c) Environment |

SECTION C: OTHER DETAILS**1. Does the Company have any Subsidiary Company/Companies?**

Yes, the Company has 3 subsidiaries in India and 11 direct and indirect overseas subsidiaries as on 31st December, 2021.

2. Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)

In October 2015 CIE Automotive S.A. (CIE), the ultimate parent company of the Company, joined the United Nations Global Compact to develop, implement and disseminate policies and practices of business sustainability. The United Nations Global Compact is an international initiative promoting implementation of 10 universally accepted principles to encourage business social responsibility in the areas of human rights, labour regulations, the environment and the struggle against corruption in companies' negotiations and business strategy.

The Company and its subsidiaries, participate in the sustainability initiatives undertaken by CIE.

3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]

The Company has adopted 'Suppliers Environmental, Social and Governance Commitment' which lay down the principles, each supplier is required to adhere. These principles have been communicated to all the suppliers of the Company and annual affirmations of compliance with the same is obtained from the suppliers.

The Company has plans to reach to its external stakeholders i.e. suppliers, contractors and vendors to create awareness about the need and the ways to drive sustainable business practices and inform them about the various BR initiatives of the Company.

During the year, the Company conducted such awareness sessions and 135 suppliers were benefited from it.

SECTION D: BR INFORMATION**1. Details of Director/Directors responsible for BR****a) Details of the Director/Directors responsible for implementation of the BR policy/policies**

DIN Number	07642469
Name	Mr. Manoj Mullassery Menon
Designation	Executive Director and CEO of Stampings, Composites, Foundry, Magnetics and Gears Divisions

b) Details of the BR head

DIN Number (if applicable)	07642469
Name	Mr. Manoj Mullassery Menon
Designation	Executive Director and CEO of Stampings, Composites, Foundry, Magnetics and Gears Divisions
Telephone number	020-29804619
e-mail id	menon.manoj@cie-india.com

2. Principle-wise (as per NVGs) BR Policy/policies

a) Details of compliance (Reply in Y/N)

Sr. No	Questions	P1 Ethics and Transparency	P2 Product Responsibility	P3 Wellbeing of employees	P4 Responsiveness to Stakeholders	P5 Respect Human Rights	P6 Environmental Responsibility	P7 Public Policy Advocacy	P8 Support inclusive growth	P9 Engagement with Customers
1	Do you have a policy/ policies for	Y	Y	Y	Y	Y	Y	N Note 1	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders?	Y Note 2	Y Note 2	Y Note 2	Y Note 2	Y Note 2	Y Note 2	NA	Y Note 2	Y Note 2
3	Does the policy conform to any national / international standards? If yes, specify? (50 words)	Y Note 3	Y Note 3	Y Note 3	Y Note 3	Y Note 3	Y Note 3	NA!	Y Note 3	Y Note 3
4	Has the policy being approved by the Board? Is yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?	Y Note 4	N Note 4	Y Note 4	Y Note 4	Y Note 4	N Note 4	NA	N Note 4	Y Note 4
5	@ Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	NA	Y	Y
6	Indicate the link for the policy to be viewed online?	Y	N Note 5	Y	Y	Y	N Note 5	NA	N Note 5	N Note 5
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	NA	Y	Y
8	Does the company have in-house structure to implement the policy/ policies?	Y	Y	Y	Y	Y	Y	NA	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Y	Y	Y	Y	Y	Y	NA	Y	Y
10	# Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	Y	Y	NA	Y	Y

! This question is not applicable for influencing public and regulatory policy.

@ The Company has the established internal governance structure to ensure implementation of various policies. The Company reviews the implementation of policies through our internal audit, risk management process, in-line with established Policies.

The Quality, Safety and Health and Environmental Policies are subject to internal and external audits as part of certification process and ongoing periodic assessments. Other policies are periodically evaluated for their efficacy through Internal Audit mechanism.

Note 1 –The Company is member of trade and industry chambers like The Automotive Component Manufacturers Association of India (ACMA), The Confederation of Indian Industry (CII) and Maharashtra Chamber of Commerce and Industries (MCCI), The Company will review the need of formulation of policy on principle 7.

Note 2- While there is no formal consultation with all stakeholders, the relevant policies have evolved over a period of time by taking inputs from the concerned internal stakeholders.

Note 3- The policies are in line with international standards and practices such as ISO 9001, IATF Guidelines, ISO 14001, ISO 27001, ISO 45001 and meet National regulatory requirements such as the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Note 4- The Board of directors of the Company have approved the policies required to be framed under Companies Act, 2013 and SEBI Regulations including Internal Code of Professional Conduct, Whistle Blower Policy, CSR Policy, Code for fair disclosures, Policy on Related Party Transactions and Business Responsibility Policy and these policies are signed by respective officers authorized by the Board for its implementation. Other operational internal policies are approved by management and signed by the respective business head. Further, the Company has also adopted a few global policies framed by CIE Automotive S.A. the ultimate holding company.

Note 5 – It has been Company's practice to upload all policies on internal server or display at prominent places in respective locations or shared with relevant stakeholders for the information and implementation by the internal stakeholders. The Internal Code of Professional Conduct, Whistle Blower Policy, CSR Policy, Code for fair disclosures, Policy on Related Party Transactions are available on the website the <http://www.mahindrachie.com/investors/investor-relations/governance.html>

- b) If answer to the question at serial number 1 against any principle, is 'No', please explain why: (Tick up to 2 options)

Sr. No	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	The company has not understood the Principles	----	----	----	----	----	----	----	----	----
2	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles	----	----	----	----	----	----	----	----	----
3	The company does not have financial or manpower resources available for the task	----	----	----	----	----	----	----	----	----
4	It is planned to be done within next 6 months	----	----	----	----	----	----	----	----	----
5	It is planned to be done within the next 1 year @	----	----	----	----	----	----	----	✓	----
6	Any other reason (please specify)	----	----	----	----	----	----	----	----	----

@ The company is continuously reviewing its policies to align with the BR principles in full spirit. The assessment for adoption/ implementation of specific policies is under process which will be continued in next financial year.

3. Governance related to BR

- a. **Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year:**

The CSR committee of the Board meets regularly & reviews the progress of corporate social responsibility projects. The CSR committee has empowered internal central CSR council which comprises of senior officers of the Company to review the progress on the CSR projects approved and carrying internal review on the CSR proposals to be placed

before CSR committee of the Board, after carrying all assessments. The central CSR council meets once in every three months. Every plant has a CSR working committee which ensures the implementation of CSR activities & projects.

The Company has also formulated Sustainability Council comprising of senior officers of the Company which reviews the BR performance once in every 3 months & further directions are set for continual improvement.

The Company has also formulated Apex Safety Council to review the safety performance. Further, each plant of the Company has a

statutory safety committee led by Factory Manager which meets quarterly.

The Integrated performance on Safety and Sustainability is also reviewed at monthly management review meetings of each business division of the Company. The Company has invested in developing an integrated data management software for real time data collection and use for various parameters under GRI, ESG etc.

b. Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

The Company published its BR report for the first time for the financial year ended on 31st December, 2017 and every year thereafter which is part of the Annual Report of the Company.

The copy of the Annual Repots is available at the website of the Company at <http://www.mahindracie.com/investors/investor-relations/annual-report.html#annual-reports>

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 1 - Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

1. Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. Does it extend to the Group/Joint Ventures/ Suppliers/ Contractors/NGOs /Others?

The Company's 'Internal Code of Professional Conduct' provides guidance and ethical principles to guide all the people belonging to the Company in determining the values and commitments that must govern their work activities within the Group.

It includes issues among others related to ethics and bribery. It covers all dealings with suppliers, customers and other stakeholders, partners including Joint Ventures and other stakeholders.

Suppliers Environmental, Social and Governance Commitment has been communicated to all its suppliers and affirmation on its compliance has been obtained.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.

During the year, the Company had received 8 complaints through Whistle Blower Channel and all the 8 complaints were investigated and closed. No material issues were identified in the investigation report.

Principle 2 – Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.

The Company is an auto component supplier to OEMs and tier I supplier. Most of its products are manufactured as per the customer's design and or specification and are of "print to make" nature.

The business development & new product development teams closely interact with the customers & fulfill PPAP (Production part approval process) requirements. The Company continuously strives to minimize waste in materials & processing requirements and conservation of energy and water by various initiatives.

2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product(optional):

a) Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?

The Company continuously monitors and tracks the use of its natural resources during the production with specific focus on Energy and Water Consumption.

b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?

Our products are used by OEMs and tier I supplier. Hence specific details about energy conservation achieved by end customers due to our products cannot be computed.

3. Does the Company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

The Company has procedure in place to source materials from local vendors and adopted milk run system for sourcing materials so that our engagement is more effective and scope 3 emissions are reduced. The Company continued to work on reducing packaging waste like card boards, wood, etc. through use of steel and returnable packaging, increasing size of containers etc.

4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?

a) If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

Yes, the Company has a continued focus on buying from local suppliers, geographically nearest to the Company's manufacturing facility and do take steps in improving their capacity and capability as per the business requirement.

5. Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.

The Company has mechanism to recycle the waste generated in the manufacturing processes.

Few examples of waste recycling and re-use in our manufacturing processes includes (i) The scrap from stamping division is used as a part of raw material in Foundry Division. (ii) In Foundry process 3235 ton of metal slag was recovered from the waste slag and re-used. (iii) In Magnetic product division grinding swarf & Sintered scrap is reused in production process. (iv) At stampings division, we are utilizing the steel off cut for C class child part purchase through vendor development department.

Principle 3 -Businesses should promote the wellbeing of all employees

1. Please indicate the Total number of employees:	9,926
2. Please indicate the Total number of employees hired on temporary/contractual/casual basis:	5,261
3. Please indicate the Number of permanent women temporary/contractual/casual basis:	38
4. Please indicate the Number of permanent employees with disabilities:	22
5. Do you have an employee association that is recognized by management:	Yes
6. What percentage of your permanent employees is members of this recognized employee association?	54%

Note: the above figures of manpower are taken on average basis.

7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

Category	No. of complaints pending at the beginning of the financial year	No. of complaints filed during the financial year	No. of complaints resolved during the financial year	No. of complaints pending as on end of the financial year
Child labor/forced labor/involuntary labor	Nil	Nil	Nil	Nil
Sexual harassment	Nil	Nil	Nil	Nil
Discriminatory employment	Nil	Nil	Nil	Nil

8. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?

- a) Permanent Employees: 73%
- b) Permanent Women Employees: 80%
- c) Casual/Temporary/Contractual Employees: 79%
- d) Employees with Disabilities: 95%

Principle 4 -Businesses should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.

1. Has the company mapped its internal and external stakeholders?

Yes

2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders.

Yes

3. Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.

Yes, as a part of the CSR activities, the Company focused on Education and Skill development. In this regard the Company has started construction of School Building at Bengaluru to be run by State Government to pave the way for increased student enrolment from nearby villages.

Another project focused on Technical Skills development is to setup Forging Laboratory in Dr. TT Thimmaiah College of Engineering, Kolar. The project is focuses on setting up a Forging Laboratory in the college premises proposed to be named as "Bill Forge Forging Laboratory" for the purpose of imparting knowledge and practical training to the students to make them industry ready.

The company has focused on covid 19 post pandemic situation and started program WASH (Water, Sanitation & Hygiene) program in Government School wherein better health amenities will be provided in Schools and Students will be trained on health & hygiene aspects.

Green Education Movement in School [GEMS] – a CSR project focusing on Safety, Sustainability and Health training to Student from Class 6th to 10th standard. Pre & Post assessment on these training topics will help to make the program more effective.

The company has started CIE India Institute of Skills at Bhosari, Pune which aims to impart theory, practical & soft skills training in the trade of Fitter (Hydraulic & Pneumatic), CNC Operator and Industrial Welder to unemployed & financially deprived youth and assist them for finding gainful employment. This course is recognized by National Skills Development Corporation (NSDC), Government of India.

The Company has also focused to support Children suffering from HIV positive as they need medical & psychological support to fight against this deadly disease and increase the life span.

The Company has also supported in setting up Blood Bank for the treatment of Children suffering from Thalassemia disease which provides Blood and Bone marrow transplantation.

The Company encourages its employees to participate in various social activities under "Employees Social Engagement Program". Many of its employees have voluntarily contributed for Tree plantation activities. These employees also actively participate in providing Educational Aids to students, also activities in relation to promotion of Health care and sanitization through various initiatives undertaken for Covid 19 Pandemic.

The Company is also involved in diverse activities to create a positive social impact by helping the disadvantaged, vulnerable & marginalized

stakeholders. The company has also contributed to AFFDF (Armed Forced Flag Day fund) which works for betterment of War Widows and their children.

In the second wave of Covid 19 pandemic, the company has made available Oxygen Concentrators & BIPAP to various NGOs, Institutions and PHC.

Principle 5 – Businesses should respect and promote human rights

1. Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/ Others?

The Company's Code of Professional Conduct covers the aspects on Human Rights for the Company. Human Rights issues are also part of the supplier selection process and are also included in the contracts drawn up with them.

Supplier's Environmental, Social and Governance Commitment document has been communicated to all the suppliers which mandates adherence to the human rights principles by the suppliers.

2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

The Company has not received any complaint involving issues related to Principle 5.

Principle 6 – Business should respect, protect and make efforts to restore the environment

1. Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others.

The Company has formulated various policies related to environmental protection like Environment, Safety and Energy Policies.

2. Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.

In the current reporting year, various initiatives on energy saving, water saving, waste reduction etc. were implemented. Your Company has focused on investing in modern technology for improving the specific energy consumption. For the year under review aggregate capital investment on energy conservation equipment was ₹ 1.91 million and the Company could achieve aggregate savings of approximately 1097 MWh in the electrical consumption.

Bill Forge division of the Company sources almost 86% of its total electricity consumption through renewable sources.

An indicative list of other major initiatives undertaken by the Company is appended below.

Energy Savings initiatives

- piping layout modification in compressed air pipeline
- Split configuration compressor installation,
- Cooling tower and blower pumps with new efficient VFD, LED lighting, arresting air leakages and IBH Coil modification

Water Savings initiatives

- Auto water taps for wash basins
- Rain water harvesting
- Float valves installed for cooling towers
- Installation of foam type water taps
- Implementing foot operated valves

Waste Reduction

- Maximised reuse of G.S. & S.S.
- Siphoning & tank vessel cleaning process improved.
- Reduction in residues/ sludge by the use of gunny bags.
- Reduction in paint use by adjusting parameters like flow control & reduction in paint sludge by adding chemicals in water.

3. Does the company identify and assess potential environmental risks? Y/N

Yes, the Company has a mechanism to identify and assess potential environmental risks across all locations through their certified Environmental Management System.

4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?

The Company has not done any significant work so far in CDM/ Carbon credit related areas.

5. Has the Company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.

Yes. The Company is increasing its efforts in sourcing energy from renewable sources like Wind & Solar. The Company has installed roof top solar plants at 9 plant locations and have also invested in setting up captive generating plants in Maharashtra and Karnataka which supplies green energy to the Company. At Bill Forge division 86% of the energy consumption is sourced through renewable energy and in other business division 11% of total energy consumed is from renewable sources.

6. Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?

Yes

7. Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.

Nil

Principle 7 – Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:

Yes, The Company is member of trade and industry chambers like The Automotive Component Manufacturers Association of India (ACMA), The Confederation of Indian Industry (CII) and Maharashtra Chambers of Commerce & Agriculture (MCCIA).

2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)

No significant contribution.

Principle 8 – Businesses should support inclusive growth and equitable development

1. Does the company have specified programmes/ initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.

Yes. In accordance with the CSR Policy, the Company will focus its CSR activities in the areas of (i) Education and Skill Development (ii) Promotion of Health Care and Sanitation (iii) Environment and (iv) Community Development. (the Thrust Areas). The Company may also make contributions to Prime Minister's National Relief Fund or Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund or any other fund set up by the Central Government for socio economic development and relief and welfare which qualifies the criteria as per CSR Rules and the relevant provisions of the Companies Act 2013. The Company shall continue encouraging its employees to participate in the Employee Social Engagement Program (ESEP), to drive positive change in society, through health checkup camps, blood donation camps, tree plantation, vocational guidance to school children in the nearby schools, Scholarships/Felicitation to the meritorious village students to help/support in their further education,

providing educational aid like books, school bags, donations to school for infrastructure i.e. benches, sound system, computers, laboratory aid, support to old age home, Orphanage etc. ESEPs are specifically designed to benefit the economically and socially disadvantaged communities and involve the employees to participate in Company's CSR Activities.

During the year the Company has undertaken following new long term projects in the aforementioned thrust area :

Education and Skill Development:

The Company have implemented CSR projects supporting Education in terms of providing basic infrastructure, improving teaching skills and imparting life skills training to the students. Some of the flagship projects are as under :

I. Project UTKARSH :

The Project aims to provide Infrastructural support to needy schools. This also include creating awareness among students in non-academic subjects such as soft skills, communication skills, health, safety and personal hygiene etc.

Under this model, the Company has undertaken three projects (i) Utkarsh-1 – being implemented at Late Mehanga Ram Miglani Government Inter College in Udham Singh Nagar Uttarakhand (ii) Utkarsh-2 being implemented at Zila Parishad Primary School – Village Gundalwadi and (iii) Utkatsh 3 in five different schools located in Raigad and Satara districts.

II. Project GEMS : Green Education Movement in School

The Project aims to develop positive and good habits among students in the areas of safety, sustainability and health and to guide students in becoming socially responsible citizens by imparting training of Green Education : Safety, Sustainability and Health. The project is being implemented at Jijamata Secondary School, Bhosari in Pune district.

III. Project LOTUS : Learning Opportunity & Training for Upliftment of Special Students

This project is to support the differently abled students by providing then required training and enhancing the employment opportunity through skill development. The project is being implemented at two locations in Pune District and includes activities such as training in sign languages to deaf students as well as training the teachers and providing platform to 10th passed students to get employment opportunities.

IV. Project DHAI AKSHAR

This project is aimed to support the children to strengthen their language skills (English, Hindi and Marathi), in order to meet grade-level language requirements and also facilitate learning in other academic subjects. The Mathematics programme is to support children to attend to their grade-level requirements, and bridge the prevailing skill gaps. The project is being implemented for Children of underprivileged society in Mumbai.

V. Construction of School building in Taluk Anekal, Bangalore

The Company will construct School Building to be run by State Government to pave the way for increased student enrolment from nearby villages. The School will maintain and ensure optimal utilisation of the infrastructure provided for the betterment of the students.

VI. Setting up of Forging Laboratory in Dr. TT Thimmaiah College of Engineering, Kolar

The project is focuses on setting up a Forging Laboratory in the college premises proposed to be named as "Bill Forge Forging Laboratory" for the purpose of imparting knowledge and practical training to the students to make them industry ready.

Apart from the above various other activities such as setting up of development center for the Government school teachers with Computer, Library & Reading room within the premises of the BEO, Sponsoring mid-day meals to Government schools, Grant in aid to Foundation for Excellence to support economically backward scholarly students to pursue Engineering degree, Setting up of Library & Reading room facilities in Government schools, providing additional resource persons to comply to the teachers' gap in government schools, providing study materials like books, stationery, bags to students & developmental activities like science lab, tabs, e- learning etc. were undertaken during the year.

Skills Development

Project LAKSHYA

The Company has always advocated for skill development in various trades and create skilled work force to bridge employability gap faced by industries. Project "LAKSHYA" is one such flagship project of the Company. In this, employment linked vocational skills development training is being imparted to the unemployed youths from marginalized society in the technical trades, such as CNC operator, Fitter – Hydraulics & Pneumatics system and Industrial Welder. These trades

are approved by National Skills Development Corporation (NSDC), Government of India. The training is being held in CIE India Institute of Skills - Pune, which is equipped with modern machineries and with *State of Art* facility. Apart from domain subjects, training on life skills, such as soft skills, digital literacy, spoken English etc. are also part of the course curriculum. To enhance the knowledge and holistic development of the students, regular industry visits, guest lectures, trainee engagement activities, interview preparation, confidence building sessions etc. being also provided. CIE India Institute of Skills is also providing professional guidance to the passed out students to get relevant job in industry.

Health

I. Project WASH : Water, Sanitation and Hygiene

The project is being implemented in 10 PCMC / Zila Parishad School in Pune district which will be re-opening post COVID-19 with the aim to enhance attendance capacity of schools by creating safe and COVID free environment through sanitization and improve Child immunity.

II. Project MAMTA

The project is providing Health and Education opportunities to the 30 children suffering from HIV. Through this project, the children are being taken care in terms of their daily health diet, education, regular medical checkup and rehabilitation, so that their quality of life and overall life expectancy can be increased.

III. Project SANTULAN

The Company support to run a Rehabilitation Centre to take full care of Alcohol and Drug addicts, who are economically backward. These patients undergo clinical and psychological treatment under guidance of doctors and therapists. They are also taught vocational courses, like Paper bag / Envelope making, fancy articles etc. as a sustenance initiative.

IV. Support to COVID 19 initiatives

In the year 2021, the company have taken several initiatives to combat present threat of COVID 19 pandemic. For this, the company have participated in initiative undertaken by Maharashtra Chambers of Commerce & Agriculture (MCCIA) and Confederation of Indian Industries (CII). The Company contributed to PM CARES fund. The Company has also provided fowler beds to the government hospital.

V. Mobile Clinic to treat Leprosy patients at Bengaluru

The project is implemented to support vulnerable persons of the Society suffering from Leprosy. The objective is to provide quality medical care to the persons affected by leprosy and their family members. Implementation partner will provide Mobile medical facility to reach needy patients and provide them with necessary medication.

VI. Co-sponsorship to setup Blood Bank Project at Vasanth Nagar, Bengaluru

The project is related to healthcare improvement of Children suffering from Thalassemia. The project will be implemented with the help of Sankalp India Foundation is already working in the field of Blood donation and providing emergency blood service since last 17 years and currently providing support to 2000+ children suffering from Thalassemia across 18+ centres in India. They have planned to set up fully automated Blood Bank and Mobile Camp vehicles with aim to collect 30,000 Blood Units / annum.

Apart from above the Company has undertaken various activities such as providing health amenities and infrastructure development in Government schools & support to PHC in Bangalore, maintenance and upkeep of good hygiene of washrooms in schools and Anganwadis.

Community Development

I. Project GRAM SAMRUDDHI

The Company is supporting this project for holistic development and improvement of people's life in the areas of Health, Education, Environment, Rural Development, Women Empowerment and Hygiene. The project also involves awareness on Environment friendly farming and educates farmers about organic farming in Village Manjrewadi, Pune District.

II. Project ESEP: Employee Social Engagement Program

ESEP (Employee Social Engagement Program) is the platform offering company employees, a set of social work engagement and volunteering. These activities are planned and implemented by employees themselves based on the needs of marginalized communities in and around their areas of operation. In this manner ESEP enables our employees to serve the community and devote valuable time. The thrust area of the activities lies under Education, Environment, Health & Community Development.

2. Are the programmes / projects undertaken through in-house team/own foundation/ external NGO/government structures/any other organization?

CSR initiatives are implemented either directly by the Company through its "Employee Social Engagement Program" [ESEP] where its employees directly participate and implement the CSR programmes or through implementing partners which include NGOs having an established track record of at least 3 years in carrying on the specific activity.

The Company has an in-house CSR team to plan, implement, monitor and review the activities. We believe in a participatory approach towards implementing the activities through NGOs, Government authorities, panchayats etc.

3. Have you done any impact assessment of your initiative?

The CSR Projects having total outlay of ₹ 1 Crore need to go for Impact assessment in the final year of implementation. There is no such project in year CY2021, hence no Impact assessment was required to be undertaken.

4. What is your company's direct contribution to community development projects - Amount in ₹ and the details of the projects undertaken.

The Company's contribution to community development projects amounts to ₹ 4.60 Million during the Calendar Year 2021. Details of some of the major initiatives the Company has invested in the financial year (CY21) are given in Point 1 above.

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.

The Company ensures that the CSR initiatives are successfully adopted by the community. The projects are implemented through renowned NGOs and they are responsible to conduct periodic assessment of the projects to ensure that targeted deliverables are achieved with maximum benefits to the community.

The Company has signed bi-partite agreement with the reputed NGOs with proven track record in program implementation. The initial agreement and MoUs, stakeholder's engagement during all phases of project management ensure that projects are owned and self managed after handing over.

Principle 9 - Businesses should engage with and provide value to their customers and consumers in a responsible manner

1. What percentage of customer complaints/ consumer cases are pending as on the end of financial year.

Pending Customer complaints of your plant CY21					
Receiving Period	Total Complaints Registered in this period	Open	Close	Open %	Close %
CY-21	856	18	838	2%	98%

2. Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. / Remarks (additional information)

Given the nature of business it is done only as per the Customer Specified Standards of packaging and part labeling.

3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.

Nil

4. Did your company carry out any consumer survey/ consumer satisfaction trends?

Customer satisfaction surveys are conducted by the Business Divisions for their key customers.

STANDALONE FINANCIAL STATEMENTS



INDEPENDENT AUDITOR'S REPORT

To the Members of Mahindra CIE Automotive Limited

Report on the audit of the Standalone Indian Accounting Standards (Ind AS) financial statements

Opinion

1. We have audited the accompanying standalone Ind AS financial statements of Mahindra CIE Automotive Limited ("the Company"), which comprise the Balance Sheet as at December 31, 2021, 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 standalone financial statements, including a summary of significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at December 31, 2021, and total comprehensive income (comprising of profit and other comprehensive income), changes in equity and its cash flows for the year then ended.

Basis for opinion

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

Key audit matters

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	How our audit addressed the key audit matters
<p>Assessment of Carrying Value of Equity Investments in Subsidiaries</p> <p>(Refer note 4(d) and 8 of the standalone financial statements for the related disclosures)</p> <p>The Company has equity investments in subsidiaries aggregating to INR 15,800 million as at December 31, 2021, which are carried at cost (subject to impairment assessment). On an annual basis, the Management evaluates the existence of impairment indicators, such as accumulated losses, to the carrying values of equity investment in its subsidiaries.</p> <p>The processes and methodologies for assessing and determining the recoverable amount of equity investments, involve estimates, assumptions and significant management judgement, in particular with reference to forecasts of future cash flows relating to the period covered by the Company's strategic business plan, as well as the Annual and Terminal sales growth rate, EBITDA margins and discount rates applied to such forecasted cash flows.</p> <p>The testing for impairment in these investments has been identified as a key audit matter in view of the significance of the amounts involved and as the determination of recoverable value for impairment assessment involves significant management judgement.</p>	<p>Our audit procedures for assessment of impairment of investments included the following:</p> <ul style="list-style-type: none"> • Obtained an understanding from the management, assessed and tested the design and operating effectiveness of the Company's key controls over impairment assessment of its investments in subsidiaries. • Together with the auditors' experts (where necessary):- <ol style="list-style-type: none"> a) Evaluated the Company's process regarding impairment assessment in assessing the appropriateness of the impairment model including an independent assessment of the underlying assumptions relating to discount rate, EBITDA Margins, Annual and Terminal sales growth rate, etc. b) Assessed the carrying value and the recoverable amount of the investments in subsidiaries, to determine whether the valuations performed by the Company were within an acceptable range and reasonable. • Evaluated the cash flow forecasts (with underlying economic growth rate) by comparing them to the approved budgets and our understanding of the industry's internal and external factors.

Key audit matters	How our audit addressed the key audit matters
	<ul style="list-style-type: none"> • Checked the mathematical accuracy of the computations and agreed relevant data back to the latest budgets, actual past results and other supporting documents. • Assessed the Company's sensitivity analysis and evaluated whether any reasonably foreseeable change in assumptions could lead to impairment. • Discussed with the auditors of material components to develop an understanding of the operating performance and outlook used in their own valuation model and to assess consistency with the assumptions used in the model. • Evaluated the adequacy of the disclosures made in the standalone financial statements. <p>Based on the above procedures performed, we did not identify any exceptions in the management's assessment in relation to the carrying value of investments in subsidiaries.</p>
<p>Assessment of contingencies, provision for taxes and other litigations and claims</p> <p>(Refer note 4(e), 18 and 30 of the standalone financial statements for the related disclosures)</p> <p>The Company has various legal and tax related claims, in respect of which the Company has recognised a provision of INR 507 million and disclosed contingent liabilities of INR 1,660 million in the standalone financial statements. In respect of the matters relating to contingent liabilities, the Company is in litigation with the appropriate authorities.</p> <p>The assessment of the likely outcome of these matters and the related outflow of resources is an area of significant Management judgement. Management involves legal experts in specific matters where considered necessary.</p> <p>This has been considered a key audit matter in view of the uncertain outcome of the litigations and involvement of significant management judgement in assessing the probability of outflow of economic resources.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> • Understood and evaluated the design and tested the operating effectiveness of controls in respect of assessment of contingencies and provision for taxes and other litigations and claims; • Obtained the summary of all legal and tax cases and independently assessed the decisions and rationale for provisions recognised and contingent liabilities disclosed. • Assessed external legal opinions obtained by the management on specific matters and held discussions with management experts to corroborate their assessment and engaged our tax experts to examine the tax positions. • Assessed the adequacy of disclosures in the standalone financial statements. <p>On the basis of the above procedures performed, we considered the management's assessment in respect of contingencies and provision for taxes and other litigations and claims to be reasonable and disclosures to be appropriate.</p>
<p>Assessment of Impairment of Goodwill</p> <p>(Refer note 4(a) and 6 of the standalone financial statements for the related disclosures)</p> <p>The aggregate carrying value of the goodwill amounts to INR 10,167 million as at December 31, 2021, arising due to business combinations. The management tests the carrying value of goodwill annually for impairment.</p> <p>The Company performed an impairment assessment over the Goodwill by calculating the recoverable value of the Cash Generating Unit (CGU) to which the Goodwill belongs using a discounted cash flow model and comparing the same with the carrying value.</p>	<p>Our audit procedures and assessment of impairment of Goodwill included the following:</p> <ul style="list-style-type: none"> • Obtained an understanding from the management, assessed and tested the design and operating effectiveness of the Company's key controls over impairment assessment of Goodwill, determination of Cash Generating Units (CGUs) and other assumptions used by the management. • Evaluated whether assessment of CGUs was consistent with our knowledge of the Company's operations.

Key audit matters	How our audit addressed the key audit matters
<p>The processes and methodologies for assessing and determining the recoverable amount of Goodwill are based on complex assumptions, that by their nature imply the use of the management's judgement, in particular with reference to identification of CGUs, forecast of future cash flows relating to the period covered by the Company's strategic business plan, terminal and annual sales growth rate, EBITDA margins and discount rates applied to such forecasted cash flows.</p> <p>The matter has been identified as a key audit matter in view of the significant amounts involved and also considering the judgement required for estimating the cash flows and the complexity of the assumptions used.</p>	<ul style="list-style-type: none"> • Together with the auditors' valuation experts (where necessary), we evaluated the Company's processes regarding impairment assessment: <ol style="list-style-type: none"> a) Assessed the appropriateness of the impairment model used by the management to estimate the recoverable value of Goodwill. b) Assessed the cash flow forecasts (with underlying economic growth rate) by comparing them to the budgets provided by the management and our understanding of the industry's factors. c) Assessed the underlying assumptions relating to discount rate, terminal and annual sales growth rate and EBITDA margins etc. d) Assessed the Company's sensitivity analysis and evaluated whether any reasonably foreseeable change in the underlying assumptions could lead to impairment. e) Checked the mathematical accuracy of the impairment model and agreed relevant data back to the latest budgets, actual past results achieved by each CGU with the respective year's budgets and other supporting documents. • Assessed the adequacy of disclosures in the standalone financial statements. <p>Based on the above procedures performed, the management's assessment of impairment of goodwill was considered to be reasonable.</p>

Other Information

5. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the standalone financial statements and our auditor's report thereon.

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

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the Standalone Ind AS financial statements

6. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance

of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

7. In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the Standalone Ind AS financial statements

8. Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.
9. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:
 - Identify and assess the risks of material misstatement of the standalone 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 standalone financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
10. 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.
11. 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.
12. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

13. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
14. As required by Section 143(3) of the Act, we report that:
- 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.
 - In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books of accounts.
 - The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and Statement of Cash Flows dealt with by this Report are in agreement with the books of account.
 - In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act.
 - On the basis of the written representations received from the directors as on December 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on December 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.
 - With respect to the adequacy of the internal financial controls with reference to standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 30 to the standalone financial statements;
 - The Company has long-term contracts including derivative contracts as at December 31, 2021 for which there were no material foreseeable losses.
 - There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended December 31, 2021.
 - The reporting on disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended December 31, 2021.
15. The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

For **Price Waterhouse Chartered Accountants LLP**
Firm Registration Number: 012754N/N500016

Jeetendra Mirchandani
Partner

Place: Pune
Date: February 22, 2022

Membership Number 48125
UDIN: 22048125ADHOOA5806

Annexure A to Independent Auditors' Report

Referred to in paragraph 14(f) of the Independent Auditors' Report of even date to the members of Mahindra CIE Automotive Limited on the standalone Ind AS financial statements for the year ended December 31, 2021

Report on the Internal Financial Controls with reference to standalone Ind AS financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act

1. We have audited the internal financial controls with reference to standalone Ind AS financial statements of Mahindra CIE Automotive Limited ("the Company") as of December 31, 2021 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

2. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to standalone financial statements was established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements included obtaining an understanding of internal financial controls with reference to standalone financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to standalone financial statements.

Meaning of Internal Financial Controls with reference to standalone Ind AS financial statements

6. A company's internal financial controls with reference to standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to standalone financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone 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 standalone financial statements.

Inherent Limitations of Internal Financial Controls with reference to standalone Ind AS financial statements

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

Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to standalone financial

statements and such internal financial controls with reference to standalone financial statements were operating effectively as at December 31, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Price Waterhouse Chartered Accountants LLP**

Firm Registration Number: 012754N/N500016

Jeetendra Mirchandani

Partner

Place: Pune

Date: February 22, 2022

Membership Number 48125

UDIN: 22048125ADHOOA5806

Annexure B to Independent Auditors' Report

Referred to in paragraph 13 of the Independent Auditors' Report of even date to the members of Mahindra CIE Automotive Limited on the standalone Ind AS financial statements as of and for the year ended December 31, 2021

- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
- (b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of 3 years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.
- (c) The title deeds of immovable properties, as disclosed in Note 5 on Property, Plant and Equipment to the standalone financial statements, are held in the name of the Company, except for:-

₹ in million

Nature of property	Total number of cases	Gross Block as at Dec 31, 2021	Net Block as at Dec 31, 2021
Freehold land	5	619	619
Leasehold land	1	14	13
Building	7	982	714

These properties are in the name of Bill Forge Private Limited and Mahindra Ugine Steel Company Limited. These Properties have vested into the company pursuant to amalgamations of these entities with the company. The Company is in the process of getting these properties transferred in its name.

- ii. The physical verification of inventory excluding stocks with third parties have been conducted at reasonable intervals by the Management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
- iii. The Company has 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. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.
- iv. In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of 186 of the Companies Act, 2013 in respect of the loans and investments made, and guarantees and security provided by it. Further, the Company has not granted any loans or made any investments, or provided any guarantees or security to the parties covered under Section 185 and accordingly, to this extent, the provisions of Clause 3(iv) of the said Order are not applicable to the Company.
- v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.
- vi. Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148(1) of the Act in respect of its products. We have broadly reviewed the same, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues in respect of provident fund, employees' state insurance, and income tax, though there has been a slight delay in a few cases, and is regular in depositing undisputed statutory dues, including duty of customs, cess, goods and service tax and other material statutory dues, as applicable, with the appropriate authorities.
- (b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of income tax, sales tax, service tax, duty of customs and duty of excise duty, value added tax or goods and service tax as at December 31, 2021 which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount (₹) in Million	Amount paid under protest	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Income Tax	543*	44	2004-05 to 2019-20	Commissioner of Income Tax (Appeals)
Central Excise Act, 1944	Excise Duty	114	4	2000 to June' 17	Commissioner of Central Excise (Appeals) to The Customs, Excise and Service Tax Appellate Tribunal
Finance Act, 1994	Service Tax	67	1	2005-06 to November'15	The Customs, Excise and Service Tax Appellate Tribunal
Sales Tax Laws	Sales Tax	56	5	1995-96 to Jun'17	Joint Commissioner (Appeals), High Court
Customs Act, 1962	Custom Duty	2	-	2013-14	Commissioner of Customs

* Amount is net of refund adjusted for AY 2008-09 to AY 2013-14 amounting to INR 135 million.

- viii. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of loans or borrowings to any financial institution or bank as at the balance sheet date. Further, as the Company does not have any loans or borrowings from the Government, nor has it issued any debentures as at the balance sheet date, and accordingly, to this extent, the provisions of Clause 3(viii) of the Order are not applicable to the Company.
- ix. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.
- x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.
- xi. The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act. Also refer paragraph 15 of our main audit report.
- xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.
- xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified under Section 133 of the Act.
- xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.
- xv. The Company has not entered into any non cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.
- xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For **Price Waterhouse Chartered Accountants LLP**
Firm Registration Number: 012754N/N500016

Jeetendra Mirchandani
Partner

Place: Pune
Date: February 22, 2022

Membership Number 48125
UDIN: 22048125ADHOOA5806

Balance Sheet as at 31 December, 2021

		(₹ in Million)	
	Note No.	As at 31 December, 2021	As at 31 December, 2020
I ASSETS			
1 NON-CURRENT ASSETS			
(a) Property, Plant and Equipment	5	11,890	11,021
(b) Capital Work-in-Progress	5	587	688
(c) Goodwill	6	10,167	10,167
(d) Other Intangible Assets	7	24	27
(e) Financial Assets			
(i) Investments	8	16,028	15,882
(ii) Other Financial Assets	8A	180	194
(f) Income Tax Assets (net)		374	369
(g) Other Non-Current Assets	10	552	446
TOTAL NON-CURRENT ASSETS		39,802	38,794
2 CURRENT ASSETS			
(a) Inventories	11	4,590	3,300
(b) Financial Assets			
(i) Investments	8	4,014	2,250
(ii) Other Financial Assets	8A	248	604
(iii) Trade Receivables	9	4,481	4,091
(iv) Cash and Cash Equivalents	12	239	551
(v) Other Bank Balances	12	116	119
(c) Income Tax Assets (Net)		-	24
(d) Other Current Assets	10	798	382
TOTAL CURRENT ASSETS		14,486	11,321
TOTAL ASSETS		54,288	50,115
II EQUITY AND LIABILITIES			
1 EQUITY			
(a) Equity Share Capital	13	3,791	3,790
(b) Other Equity	14	36,712	35,660
TOTAL EQUITY		40,503	39,450
LIABILITIES			
2 NON-CURRENT LIABILITIES			
(a) Financial Liabilities	17	440	419
(b) Provisions	18	619	596
(c) Deferred Tax Liabilities (net)	19	2,891	1,667
(d) Other Non-Current Liabilities	22	21	-
TOTAL NON-CURRENT LIABILITIES		3,971	2,682
3 CURRENT LIABILITIES			
(a) Financial Liabilities			
(i) Borrowings	15	1,823	927
(ii) Trade Payables	16		
Total outstanding dues of Micro enterprises and Small enterprises; and		243	236
Total outstanding dues of creditors other than micro enterprises and small enterprises		5,537	4,591
(iii) Other Financial Liabilities	17	389	285
(b) Provisions	18	523	473
(c) Current Tax Liabilities		164	-
(d) Other Current Liabilities	22	1,135	1,471
TOTAL CURRENT LIABILITIES		9,814	7,983
TOTAL EQUITY AND LIABILITIES		54,288	50,115

The accompanying notes 1 to 38 are an integral part of these financial statements.

This is the Balance Sheet referred to in our report of even date.

For **Price Waterhouse Chartered Accountants LLP**
Firm Registration No. 012754N/N500016

Jeetendra Mirchandani
Partner
Membership No. 48125

For and on behalf of the Board of Directors of **Mahindra CIE Automotive Limited**

Ander Arenaza Alvarez
Executive Director

Manoj Menon
Executive Director &
CEO-Business Division

K. Jayaprakash
Chief Financial Officer

Dhananjay Mungale
Director

Anil Haridass
Executive Director &
CEO-Business Division

Pankaj Goyal
Company Secretary & Compliance officer

Pune, February 22, 2022

Pune, February 22, 2022

Statement of Profit and Loss for the year ended 31 December, 2021

(₹ in Million)

	Note No.	Year ended 31 December, 2021	Year ended 31 December, 2020
I Revenue from operations	23	32,906	21,448
II Other Income	24	175	197
III Total Income (I+II)		33,081	21,645
IV Expenses			
(a) Cost of materials consumed	25	17,412	10,186
(b) Changes in inventories of finished goods and work-in-progress	25	(780)	(149)
(c) Employee benefit expense	26	4,435	3,712
(d) Finance costs	27	122	119
(e) Depreciation and amortisation expense	5 & 7	1,193	1,084
(f) Other expenses	28	7,553	5,678
Total Expenses (IV)		29,935	20,630
V Profit before exceptional items and tax (III-IV)		3,146	1,015
VI Exceptional Items	33	128	-
VII Profit before tax (V-VI)		3,018	1,015
VIII Income Tax Expense			
1 Current tax	20	961	(86)
2 Reversal of provision for tax of earlier years	20	(293)	-
3 Deferred tax	20	1,247	361
Total tax expense		1,915	275
IX Profit for the year (VII-VIII)		1,103	740
X Other comprehensive income			
(i) Items that will not be reclassified to profit or loss			
Remeasurement of post-employment benefit obligation	29	(64)	(23)
(ii) Income tax relating to items that will not be reclassified to profit or loss	20	16	6
Other comprehensive Income/(loss) for the year, net of tax		(48)	(17)
XI Total comprehensive income for the year (IX+X)		1,055	723
XII Earnings per equity share of face value of ₹ 10 each :			
Basic	32	2.91	1.95
Diluted	32	2.91	1.95

The accompanying notes 1 to 38 are an integral part of these financial statements.

This is the Statement of profit and loss referred to in our report of even date.

For **Price Waterhouse Chartered Accountants LLP**
Firm Registration No. 012754N/N500016

Jeetendra Mirchandani
Partner
Membership No. 48125

Pune, February 22, 2022

For and on behalf of the Board of Directors of **Mahindra CIE Automotive Limited**

Ander Arenaza Alvarez
Executive Director

Manoj Menon
Executive Director &
CEO-Business Division

K. Jayaprakash
Chief Financial Officer

Pune, February 22, 2022

Dhananjay Mungale
Director

Anil Haridass
Executive Director &
CEO-Business Division

Pankaj Goyal
Company Secretary & Compliance officer

Statement of changes in equity for the year ended 31 December, 2021

(₹ in Million)

A. Equity Share Capital

	Number of Shares	Equity share capital
Balance as at 1 January, 2020	379,010,682	3,790
Changes in equity share capital during the year		
Issue of equity shares pursuant to exercise of employee share options	-	-
Balance as at 31 December, 2020	379,010,682	3,790
Changes in equity share capital during the year		
Issue of equity shares pursuant to exercise of employee share options	64,717	1
Balance as at 31 December, 2021	379,075,399	3,791

B. Other Equity

	Reserves and surplus							Total
	Capital Reserve	Securities Premium Reserve	Equity-settled employee benefits reserve	General Reserve	Capital Redemption Reserve	Retained Earnings	Other Comprehensive Income	
As at 1 January, 2020	6,502	15,285	39	6,536	165	6,467	(69)	34,925
Profit for the year	-	-	-	-	-	740	-	740
Remeasurements of post-employment benefit obligation	-	-	-	-	-	-	(17)	(17)
Total Comprehensive Income for the year	-	-	-	-	-	740	(17)	723
Exercise of employee stock options	-	-	(1)	-	-	-	-	(1)
Any other changes	-	-	-	-	-	13	-	13
As at 31 December, 2020	6,502	15,285	38	6,536	165	7,220	(86)	35,660
Profit for the year	-	-	-	-	-	1,103	-	1,103
Remeasurements of post-employment benefit obligation	-	-	-	-	-	-	(48)	(48)
Total Comprehensive Income for the year	-	-	-	-	-	1,103	(48)	1,055
Exercise of employee stock options	-	16	(7)	-	-	-	-	9
Any other changes	-	-	-	-	-	(9)	(3)	(12)
As at 31 December, 2021	6,502	15,301	31	6,536	165	8,314	(137)	36,712

The accompanying notes 1 to 38 are an integral part of these financial statements.

This is the Statement of Changes in Equity referred to in our report of even date.

For **Price Waterhouse Chartered Accountants LLP**
Firm Registration No. 012754N/N500016

Jeetendra Mirchandani
Partner
Membership No. 48125

Pune, February 22, 2022

For and on behalf of the Board of Directors of **Mahindra CIE Automotive Limited**

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Chief Financial Officer

Pune, February 22, 2022

Dhananjay Mungale
Director

Anil Haridass
Executive Director &
CEO-Business Division

Pankaj Goyal
Company Secretary & Compliance officer

Statement of Cash Flows for the year ended 31 December, 2021

(₹ in Million)

	Year ended 31 December, 2021	Year ended 31 December, 2020
I Cash flows from operating activities		
Profit before tax for the year	3,018	1,015
Adjustments for:		
Finance costs recognised in profit or loss	122	119
Interest income recognised in profit or loss	(44)	(32)
Net Loss/ (Gain) on sale of investment and change in fair value of investments held at Fair value through Profit and Loss Account	(23)	(46)
Allowances for trade receivables	(2)	(4)
Net Gain on disposal of Property, Plant and Equipment	(13)	9
Depreciation and amortisation of non-current assets	1,193	1,084
Provision for slow moving inventories	7	(12)
Provision for Voluntary Retirement Scheme (Refer Note 33)	128	-
Net Foreign exchange (gain)/loss	-	2
Non-cash employee share-based payments	21	-
	4,407	2,135
Change in operating assets and liabilities:		
(Increase)/decrease in trade and other receivables	(388)	1,127
(Increase)/decrease in inventories	(1,297)	(478)
(Increase)/decrease in other assets	(66)	(623)
Increase/(decrease) trade and other payables	953	947
Increase/(decrease) in provisions	9	(41)
Increase/(decrease) in other liabilities	(399)	54
Cash Generated from Operations	(1,188)	986
Income taxes paid	(467)	(36)
Net cash inflow from operating activities	2,752	3,085
II Cash flows from investing activities		
Purchase of Property, Plant and Equipment	(2,097)	(1,217)
(Purchase)/Sale of current investments	(1,741)	(1,358)
Proceeds from sale of Property, Plant and Equipment	190	25
Investment in Associate & Subsidiary companies	(146)	(7)
Interest received	44	32
Net cash outflow from investing activities	(3,750)	(2,525)
III Cash flows from financing activities		
Proceeds from issue of equity instruments of the Company	10	-
Net Proceeds/(Repayment) of borrowings	896	(44)
Interest paid	(75)	(73)
Principal elements of lease payments	(101)	(93)
Interest on lease liabilities	(47)	(46)
Net cash inflow/ (outflow) from financing activities	683	(256)
IV Net increase/(decrease) in cash and cash equivalents	(315)	304
Cash and cash equivalents (including other bank balances) at the beginning of the year	670	366
Effects of exchange rate changes on cash and cash equivalents	-*	-*
V Cash and cash equivalents (including other bank balances) at the end of the year	355	670

* Amount is below the rounding off norm adopted by the Company.

This is the Statement of Cash Flows referred to in our report of even date.

For **Price Waterhouse Chartered Accountants LLP**
Firm Registration No. 012754N/N500016

Jeetendra Mirchandani
Partner
Membership No. 48125

For and on behalf of the Board of Directors of **Mahindra CIE Automotive Limited**

Ander Arenaza Alvarez
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CEO-Business Division

Pankaj Goyal
Company Secretary & Compliance officer

Pune, February 22, 2022

Pune, February 22, 2022

Notes to the Standalone Financial Statements as at and for the year ended 31 December, 2021

(₹ in Million)

1. General information

Mahindra CIE Automotive Limited and activities

Mahindra CIE Automotive Limited (MCIE) is a Company incorporated in India having its registered office in Mumbai. MCIE is engaged in the business of production and sale of automotive components to original equipment manufacturers and other customers (including leading suppliers of components) in India and overseas.

The Company has manufacturing facilities in various locations across the country in India. MCIE has an established presence in each of these locations and supplies automotive components to its customers based there and exports products to customers based in other countries as well.

MCIE is a subsidiary of CIE Automotive S.A. based in Spain. Mahindra & Mahindra Limited (M&M), a Company based in India is a significant shareholder in MCIE. Pursuant to a global alliance between the two companies Mahindra's automotive components businesses across various products in India and Europe were brought together.

These standalone financial statements for the year ended December 31, 2021 were approved for issue by the Board of Directors in accordance with their resolution dated February 22, 2022.

2. Summary of significant accounting policies

2.1 Basis of presentation

The standalone financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Act. The financial statements have been prepared on a historical cost basis, except for share based payments, non-current assets and disposal group classified as held for sale, derivative financial instruments and certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments).

The financial statements are presented in Million INR except earnings per share data and unless stated otherwise. All values are rounded to the nearest Million except when otherwise indicated.

New and amended standards

The company has applied the following amendments to Ind AS for the first time for their annual reporting period commencing 1 April 2020:

- Definition of Material – amendments to Ind AS 1 and Ind AS 8
- Definition of a Business – amendments to Ind AS 103
- COVID-19 related concessions – amendments to Ind AS 116

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

Recent Accounting Pronouncements:

Ministry of Corporate Affairs (MCA), vide its notification dated March 24, 2021, amended Schedule III of the Companies Act, 2013 with effect from 1 January 2021. There are key amendments relating to Division II, which relate to companies whose financial statements are required to comply with Companies (Indian Accounting Standards) Rules 2015. The aforesaid notification is applicable for the financial year commencing from 1 January, 2022 and onwards.

2.2 Segment information

Operating segments (Note 34) are reported consistently with the internal reporting provided to the Board of Directors. The Board of Directors is responsible for allocating resources to and assessing the performance of the operating segments.

2.3 Current and non-current classification

The Company presents assets and liabilities in the balance sheet based on current/non-current classification. An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading

Notes to the Standalone Financial Statements as at and for the year ended 31 December, 2021

(₹ in Million)

- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets or liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

2.4 Foreign currencies

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction. Realized gains and losses and also exchange differences arising on translation at year end exchange rates of monetary assets and monetary liabilities outstanding at the end of the year are recognized in the statement of Profit and Loss.

2.5 Revenue recognition

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has concluded that it is principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer. The policy of recognising the revenue is determined by the five-stage model proposed by Ind AS 115 "Revenue from contract with customers".

Sale of goods

Revenue from sale of goods is recognized at the point in time when control of the asset is transferred to the customer generally on date of bill of lading for export sales and generally on delivery for domestic sales. The normal credit term is 30 to 90 days upon delivery. The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of goods, the Company considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer, if any.

2.6 Other Revenue

Export incentives

Revenue from export incentives are accounted for on export of goods if the entitlements can be estimated with reasonable assurance and condition precedent to claim are fulfilled.

Interest income

For all debt instruments measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in other income in the statement of profit and loss.

Notes to the Standalone Financial Statements as at and for the year ended 31 December, 2021

(₹ in Million)

Dividends

Revenue is recognised when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

2.7 Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognized as income in equal amounts over the expected useful life of the related asset.

When the Company receives grants of non-monetary assets, the asset and the grant are recorded at fair value amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset i.e. by equal annual instalments. When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant. The loan or assistance is initially recognized and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received.

2.8 Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized either in other comprehensive income or in equity. Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Goods and Services taxes paid on acquisition of assets or on incurring expenses

Expenses and assets are recognized net of the amount of Goods and Services taxes paid, except:

Notes to the Standalone Financial Statements as at and for the year ended 31 December, 2021

(₹ in Million)

- When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of tax included

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

2.9 Leases

As a lessee

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the company. Lease payments are allocated between the principal (liability) and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- amounts expected to be payable by the lessee under residual value guarantees
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss.

Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office equipments.

As a Lessor

Lease income from operating leases where the company is a lessor is recognised in income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. The respective leased assets are included in the balance sheet based on their nature.

2.10 Property, plant and equipment

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of items.

Subsequent costs are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit and loss during the reporting period in which they are incurred.

Notes to the Standalone Financial Statements as at and for the year ended 31 December, 2021

(₹ in Million)

Depreciation is calculated on a straight-line basis over the estimated useful lives, of the assets as follows:

- Building 30/60 years
- Furniture and fixtures 5 to 10 years
- Office equipment 5 to 10 years
- Vehicles 3 to 8 years
- Computers 3 to 6 years

The depreciation policy historically applied by MCIE to productive assets (plant, machinery and tools) is to systematically apply depreciation based on the useful lives of the assets concerned. These useful lives were estimated in accordance with the actual production capacity of the assets and their residual value, as well as a maximum useful life for each asset.

For certain plants and machineries, the Management applies unit of production method for depreciation. By using the units of production method, annual depreciation charges adapt to changes in production levels, on the understanding that this best reflects the expected pattern of consumption of the future economic benefits embodied by the assets. Units of production method of depreciation is calculated for these categories of plant, machinery, based on the actual production levels attained by the assets and their residual value.

For other plant and equipment, where usage and efflux of time is primary determinant, the Company continues to depreciate assets using straight-line basis over the estimated useful lives of the assets as follows:

- Plant and equipment (other than those stated above) 5 to 10 years

The Company, based on technical assessment made by technical expert and management estimate, depreciates certain items of building, plant and equipment over estimated useful lives or based on production, which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognized.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

2.11 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

Amortisation is calculated on a straight-line basis over the estimated useful lives of 3 to 5 years.

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognized in the statement of profit and loss.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit or loss when the asset is derecognized.

Notes to the Standalone Financial Statements as at and for the year ended 31 December, 2021

(₹ in Million)

2.12 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

2.13 Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition is accounted for as follows:

- Raw materials: Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.
- Finished goods and work in progress: Cost includes cost of direct materials and labour cost and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs. Cost is determined on weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2.14 Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash flows from other assets or groups of assets (cash-generating units). When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five year. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Company extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries for the market in which the asset is used.

Impairment losses of continuing operations, including impairment on inventories, are recognized in the statement of profit and loss, except for properties previously revalued with the revaluation surplus taken to OCI. For such properties, the impairment is recognized in OCI up to the amount of any previous revaluation surplus.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior year. Such reversal is recognized in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually as at 31 December.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU to which the goodwill relates. In assessing the recoverable amount of the CGU, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money

Notes to the Standalone Financial Statements as at and for the year ended 31 December, 2021

(₹ in Million)

and the risks specific to the asset. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful lives are tested for impairment annually as at 31 December at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

2.15 Provisions

General

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

2.16 Retirement and other employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

The Company operates a defined benefit gratuity plan in India, which requires contributions to be made to a separately administered fund.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit liability), and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognized in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Company recognizes related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

2.17 Share based payments

Share based compensation benefits are provided to employees via the Employee Stock Options Scheme and Stock Appreciation Rights.

The fair value of options granted under the above scheme is recognised as employee benefit expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

- Including any market performance conditions;
- Excluding the impact of any service vesting conditions.

Notes to the Standalone Financial Statements as at and for the year ended 31 December, 2021

(₹ in Million)

Non-market performance and service conditions are included in the assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period during which all the specified vesting conditions are to be satisfied.

At the end of each reporting period, the Company revises the estimates of the number of options that are expected. It recognises the impact of the revision of original estimates, if any, in the income statement, with corresponding adjustment to equity.

The total cost of the services rendered by the beneficiaries is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied (continued service at the Company).

Liabilities for the Company's share appreciation rights are recognised as employee benefit expense over the relevant service period. The liabilities are remeasured to fair value at each reporting date.

2.18 Earnings Per Share

(i) Basic Earnings per share

Basic earnings per share is calculated by dividing

- the profit attributable to owners of the Company
- by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year and excluding treasury shares, if any.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of the additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

2.19 Financial Assets and Financial liabilities

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortized cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

Notes to the Standalone Financial Statements as at and for the year ended 31 December, 2021

(₹ in Million)

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

Subsequent measurement

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

2.20 Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

2.21 Cash dividend

The Company recognizes a liability to make cash or non-cash distributions to equity holders of the parent when the distribution is authorised, and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders.

2.22 Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If the receivable is expected to be collected within a period of 12 months or less from the reporting date, they are classified as current assets otherwise as non-current assets.

Trade receivables are measured at their transaction price unless it contains a significant financing component or pricing adjustments embedded in the contract.

Loss allowance for expected lifetime credit loss is recognised on initial recognition of the trade receivables.

2.23 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from supplier. Account payable is classified as current liabilities if payment is due within one year or less. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.24 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest rate method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer their settlement for at least 12 months after the end of the reporting period.

Fees paid on for availing the loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facilities will be drawn down. In this case, the fees are deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

2.25 Non-current assets held for sale

Non-current assets (or disposal group) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable.

Non-current assets and disposal group classified as held for sale are measured at lower of their carrying amount and fair value less costs to sell.

Notes to the Standalone Financial Statements as at and for the year ended 31 December, 2021

(₹ in Million)

3. Financial risk management**3.1 Financial risk factors**

The Company's activities expose it to a variety of financial risks viz. market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

a. Market risk**(i) Foreign Currency Risk:-**

The Company operates internationally, and the business is transacted in several currencies. Consequently, the Company is exposed to foreign exchange risk through its sale and purchase of goods and services in mainly USD, EURO and GBP.

The exposure on the rest of the assets denominated in other foreign currencies in respect of operations is not material.

The Company's exposure to foreign currency risk at the year end expressed in ₹ million is as follows:

	31 December, 2021				31 December, 2020			
	USD	EUR	GBP	Other Currencies	USD	EUR	GBP	Other Currencies
Financial Assets								
Trade Receivables	347	280	27	-	302	172	17	-
Cash and Cash equivalents	2	1	-	-	17	-	-	-
Net exposure to foreign currency risk (assets)	349	281	27	-	319	172	17	-
Financial Liabilities								
Trade Payables	155	181	46	6	153	52	1	-*
Net exposure to foreign currency risk (liabilities)	155	181	46	6	153	52	1	-*

* Amount is below the rounding off norm adopted by the Company.

For the year ended 31 December, 2021 and 31 December, 2020, every ten percentage appreciation/depreciation in the exchange rate between the Indian rupee and U.S. Dollar, would have affected the Company's incremental operating margins by approximately ₹ 19 Million and ₹ 17 Million, respectively. Further every ten percentage appreciation/depreciation in the exchange rate between the Indian rupee and Euro, would have affected the Company's incremental operating margins by approximately ₹ 10 Million and ₹ 12 Million, respectively. Further every ten percentage appreciation/depreciation in the exchange rate between the Indian rupee and GBP, would have affected the Company's incremental operating margins by approximately ₹ 2 Million and ₹ 2 Million, respectively.

The sensitivity for net exposure of other currencies does not have material impact to the Statement of Profit and Loss.

Sensitivity analysis is computed based on the changes in the receivables and payables in foreign currency upon conversion into functional currency, due to exchange rate fluctuations in the previous reporting period and the current reporting period.

(ii) Interest rate risk

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

Notes to the Standalone Financial Statements as at and for the year ended 31 December, 2021

(₹ in Million)

Interest rate sensitivity

There are no long term borrowings as at the year end.

b. Liquidity risk

- (i) The prudent management of liquidity risk entails maintaining enough cash and available financing through sufficient credit facilities. In this respect MCIE strategy, articulated by its Treasury Department, is to maintain the necessary financing flexibility through the availability of committed credit lines. Additionally, and on the basis of its liquidity needs, the Company uses liquidity facilities (non-recourse factoring and the sale of financial assets representing receivable debts, transferring the related risks and rewards). Management monitors the Company's forecast liquidity requirements together with the trend in net debt.

The calculation of liquidity and net debt at 31 December, 2021 and 31 December, 2020 is calculated as follows:

	31 December, 2021	31 December, 2020
Cash and bank balances (Note 12)	355	670
Other current financial assets – Investments (Note 8)	4,014	2,250
Undrawn credit facilities and loans	1,500	1,500
Liquidity buffer	5,869	4,420
Borrowings (Note 15)	1,823	927
Other Financial Liabilities (Note 17)	829	704
Cash and bank balance (Note 12)	(355)	(670)
Other current financial assets – Investments (Note 8)	(4,014)	(2,250)
Net financial debt/ (Surplus cash and cash equivalents)	(1,717)	(1,289)

(ii) Maturities of financial liabilities

The table below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Contractual maturities of financial liabilities	31 December, 2021		31 December, 2020	
	Less than 1 year	More than 1 year	Less than 1 year	More than 1 year
Borrowings (Note 15)	1,823	-	927	-
Trade payables (Note 16)	5,780	-	4,827	-
Other financial liabilities (Note 17)	389	440	285	419
Total	7,992	440	6,039	419

The Company believes that the on-going initiatives will prevent liquidity shortfalls. In this respect, management expects that the cash generated will be sufficient to service payment obligations for the next twelve months.

The Company monitors the Company's forecast liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining enough headroom on its undrawn committed borrowing facilities at all times so that the Company does not breach borrowing limits or covenants on any of its borrowing facilities.

Noteworthy is the existence at 31 December, 2021 of ₹ 1,500 million in unused loans and credit lines (31 December, 2020: ₹ 1,500 million).

Notes to the Standalone Financial Statements as at and for the year ended 31 December, 2021

(₹ in Million)

One of the Company's strategies is to ensure the optimisation and maximum saturation of the resources assigned to the business. The Company therefore pays special attention to the net operating working capital invested in the business. In this regard, as in previous years, considerable work has been performed to control and reduce collection periods for trade and other receivables, as well as to optimise accounts payable with the support of banking arrangements to mobilise funds and minimise inventories through logistic and industrial management, allowing JIT (just in time) supplies to our customers.

c. Credit Risk

Credit risk from cash and cash equivalents and bank deposits is considered immaterial in view of the creditworthiness of the banks the Company works with. If management detects liquidity risk in respect of its banks under certain specific circumstances, it recognises impairment provisions as warranted.

In addition, company has specific policies for managing customer credit risk; these policies factor in the customers' financial position, past experience and other customer specific factors.

With respect to customer credit limits, it should be noted that the Company policy is to spread its volumes across customers or manufacturing platforms.

One of the customer group exceeds 10% of the Company's turnover for the years 2021 and 2020. Sales to this customer in 2021 are ₹ 10,975 million (2020: ₹ 7,198 million).

i. Trade receivables

Credit risk arises from the possibility that customer will not be able to settle their obligations as and when agreed. To manage this, the Company periodically assesses the financial reliability of customers, taking into account the financial condition, current economic trends, analysis of historical bad debts, ageing of accounts receivable and forward looking information. Individual credit limits are set accordingly.

The company uses Expected Credit Loss (ECL) model to assess the impairment gain or loss. As per ECL simplified approach, the Company uses a provision matrix to compute the expected credit loss allowance for trade receivables. The provision matrix takes into account a continuing credit evaluation of Company's customers financial condition; aging of trade accounts receivable; the value and adequacy of collateral received from the customers in certain circumstances (if any); the Company's historical loss experience; and adjustment based on forward looking information. The Company defines default as an event when there is no reasonable expectation of recovery.

Movement of Loss allowance:

	Amount
Loss allowance as on 31 December, 2020	48
Reversal during the year (net)	(2)
Loss allowance as on 31 December, 2021	46

3.2 Fair Value estimation

Fair value measurement

The Company measures financial instruments, such as short term investments at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

Notes to the Standalone Financial Statements as at and for the year ended 31 December, 2021

(₹ in Million)

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period (Refer Note 21).

3.3 Capital risk management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for the other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company can adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry the Company monitors capital on the basis of the leverage ratio, this ratio is calculated as net debt divided by total capital employed. Net debt is calculated as total borrowings plus current financial liabilities less cash, cash equivalents and current financial assets, all of which are shown in the annual accounts. Total capital employed is calculated as 'equity', as shown in the standalone annual accounts, plus net debt.

Calculation of Gearing ratio.

	31 December, 2021	31 December, 2020
Net Financial Debt (Refer Note 3.1.(b))	(1,717)	(1,289)
Equity	40,503	39,450
Less: Long term investment	(16,028)	(15,882)
Total Capital Employed	22,758	22,279
Gearing Ratio	#	#

Gearing ratio is not applicable since the Company has no Net Financial Debt.

4. Accounting estimates and judgements

The preparation of financial statements requires management to make judgments, estimates and assumptions affecting the application of accounting policies and the amounts presented under assets and liabilities, income and expenses. Actual results may differ from these estimates.

a) Estimated impairment loss on goodwill

The Company tests annually whether goodwill has suffered any impairment. The recoverable amounts of cash-generating units basically which were determined on the basis of calculations of value in use did not give rise to impairment risks on the Company's goodwill at 31 December, 2021.

Notes to the Standalone Financial Statements as at and for the year ended 31 December, 2021

(₹ in Million)

b) Income tax

Income tax expense for the period ended 31 December, 2021 has been estimated based on profit before taxes, as adjusted for any permanent and/or temporary differences envisaged in tax legislation governing the corporate income tax base calculation. The tax is recognized in the income statement, except insofar as it relates to items recognized directly in equity, in which case, it is also recognized in equity.

Tax credits and deductions and the tax effect of applying tax-loss carry forwards that have not been capitalised are treated as a reduction in the corporate income tax expense for the year in which they are applied or offset.

The calculation of income tax expense did not require the use of significant estimates except in tax credits recognized in the year and claim of goodwill, which was at all times consistent with the annual financial statements.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the annual accounts. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred taxes on temporary differences are recognized when arising on investments in subsidiaries, associates and joint ventures, except in those cases where the Company can control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets deriving from the carry forward of unused tax credits and unused tax losses are recognised to the extent that it is probable that future taxable profit will be available against which the tax assets can be utilised. In the case of investment tax credits the counterpart of the amounts recognized is the deferred income account. The tax credit is accrued as a decrease in expense over the period during which the items of property, plant and equipment that generated the tax credit are depreciated, recognizing the right with a credit to deferred income.

c) Pension benefits

The present value of the Company's pension obligations depends on a series of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

The Company determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Company considers the interest rates of Government bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension obligation. Other key assumptions for employee benefits are based in part on current market conditions.

d) Assessment of carrying value of Equity Investments in Subsidiaries

On an annual basis, the Company evaluates whether an impairment is required to the carrying value of Equity investment in its subsidiaries. The recoverable amounts of cash-generating units basically which were determined on the basis of calculations of value in use did not give rise to impairment risks on the carrying value of Company's Equity investments at 31 December, 2021.

e) Legal Contingencies

The Company has received orders and notices from tax authorities in respect of direct taxes, indirect taxes and other litigations. The outcome of these matters may have a material effect on the financial position, results of operations or cash flows. Management regularly analyzes current information about these matters and provides provisions for probable contingent losses including the estimate of legal expense to resolve the matters. In making the decision regarding the need for loss provisions, management considers the degree of probability of an unfavourable outcome and the ability to make a sufficiently reliable estimate of the amount of loss. The filing of a suit or formal assertion of a claim against the Company or the disclosure of any such suit or assertions, does not automatically indicate that a provision of a loss may be appropriate.

Notes to the Standalone Financial Statements as at and for the year ended 31 December, 2021

(₹ in Million)

5. Property, Plant and Equipment

The details and movements in property, plant and equipment are as follows:

For the year 2021	Description of Assets	Land	Building	Plant and Equipment	Furniture and fixtures, tools and furnishings	Office Equipment	Vehicles	Computer Equipment	Right of use assets	Total	Capital Work-in-Progress
I. Gross Carrying Amount											
Balance as at 1 January, 2021		1,155	2,995	12,746	84	56	61	96	1,178	18,371	688
Additions		-	106	1,954	-	8	44	9	128	2,249	2,312
Disposals/ Capitalisation		(129)	(8)	(196)	(3)	(2)	(16)	(8)	(36)	(398)	(2,413)
Balance as at 31 December, 2021		1,026	3,093	14,504	81	62	89	97	1,270	20,222	587
II. Accumulated depreciation and impairment											
Balance as at 1 January, 2021		-	(649)	(6,376)	(54)	(36)	(27)	(71)	(137)	(7,350)	-
Depreciation expense for the year		-	(125)	(897)	(6)	(7)	(12)	(11)	(125)	(1,183)	-
Disposals		-	8	150	5	2	11	8	17	201	-
Balance as at 31 December, 2021		-	(766)	(7,123)	(55)	(41)	(28)	(74)	(245)	(8,332)	-
III. Net carrying amount		1,026	2,327	7,381	26	21	61	23	1,025	11,890	587

Notes to the Standalone Financial Statements as at and for the year ended 31 December, 2021

(₹ in Million)

For the year 2020

Description of Assets	Furniture and Fixtures, tools and furnishings									
	Land	Building	Plant and Equipment	Office Equipment	Vehicles	Computer /EDP Equipment	Right of use assets	Total	Capital work-in-Progress	
I. Gross Carrying Amount										
Balance as at 1 January 2020	1,151	2,920	12,062	87	54	71	99	-	16,444	385
Recognition of Right of use assets on adoption of Ind AS 116 – Leases								1,178	1,178	
Additions	4	99	840	4	5	9	3	-	964	1,264
Disposals / Capitalization	-	(24)	(156)	(7)	(3)	(19)	(6)	-	(215)	(961)
Balance as at 31 December, 2020	1,155	2,995	12,746	84	56	61	96	1,178	18,371	688
II. Accumulated depreciation and impairment										
Balance as at 1 January 2020	-	(553)	(5,762)	(53)	(33)	(27)	(63)	-	(6,491)	-
Depreciation expense for the year	-	(117)	(749)	(7)	(6)	(10)	(14)	(137)	(1,040)	-
Disposals	-	21	135	6	3	10	6	-	181	-
Balance as at 31 December, 2020	-	(649)	(6,376)	(54)	(36)	(27)	(71)	(137)	(7,350)	-
III. Net carrying amount	1,155	2,346	6,370	30	20	34	25	1,041	11,021	688

Notes to the Standalone Financial Statements as at and for the year ended 31 December, 2021

(₹ in Million)

i) Contractual obligation

Refer note 30 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

ii) Capital Work-in-Progress

Capital Work-in-Progress mainly comprises of capital expenditure incurred pertaining to plant and equipment not yet capitalised.

iii) Leases

This note provides the information for leases where the company is a lessee. The company leases various offices, buildings, leasehold land, and vehicles. Rental contracts are typically made for fixed periods of 6 months to 13 years.

i) Amounts recognised in the balance sheet

Property, plant and equipment includes the below amounts recognised as Right of use of assets:

	31 December, 2021	31 December, 2020
Right of use of assets		
Leasehold Land	568	586
Buildings	451	417
Vehicles	6	38
Total	1,025	1,041

The corresponding lease liability as per Ind AS 116 is below:

	31 December, 2021	31 December, 2020
Lease liabilities		
Current	119	139
Non - Current	440	419
Total	559	558

Additions to the right-of-use assets during the current financial year were ₹ 128 Million (31 December 2020 ₹ 13 Million)

ii) Amounts recognised in the statement of profit and loss

The statement of profit or loss shows the amounts relating to leases:

	31 December, 2021	31 December, 2020
Depreciation / Amortisation charge of right of use of assets		
Leasehold Land *	25	22
Buildings	75	72
Vehicles	25	43
Total	125	137

Notes to the Standalone Financial Statements as at and for the year ended 31 December, 2021

(₹ in Million)

	31 December, 2021	31 December, 2020
Interest expense (included in finance costs)	47	46
Expense relating to short term leases (included in other expenses)	50	43
Expense relating to leases of low- value assets that are not shown above as short term leases (included in other expenses)	3	15

The total cash outflow for leases for the year ended 31 December 2021 was ₹ 201 Million (31 December 2020 ₹ 139 Million)

* This pertains to amortisation of lease premium paid in advance on leasehold land.

6. Goodwill

Goodwill is tested for impairment on an annual basis. Goodwill is monitored by management at the level of cash generating units, which is India in this case. For the current and previous financial year, the recoverable amount of Cash Generating Unit (CGU) was determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by management covering a five year period.

Key assumptions used in the calculation of value in use:

The following table sets out the key assumptions for the CGU:

Particulars	31 December, 2021	31 December, 2020
Discount rate	10.58%	11.57%
EBIDTA Margins (range)	13% to 26%	15% to 27%
Annual sales growth rate	-2% to 23%	0% to 26%
Terminal sales growth rate	7.5%	7%

Management has determined the values assigned to each of the above key assumptions as follows:

Assumptions	Approach used to determine values
Discount rate	Discount rate represents the current market assessment of the risks specific to the CGU, taking into consideration the time value of money and individual risks of the underlying assets that have been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the CGU and is derived from the CGU's weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the investors. The cost of debt is based on the interest-bearing borrowings the Company is obliged to service. CGU specific risk is incorporated by applying individual beta factor. The beta factor is evaluated annually based on publicly available market data.
EBITDA Margins	EBITDA margins are based on the actual EBITDA of respective CGU based on the past trend and future expectations.
Annual sales growth rate	Annual growth rate over the five-year forecast period; based on past performance, current industry trends including long-term inflation forecast and management's expectation of market development.
Terminal sales growth rate	The Company has considered growth rate to extrapolate cash flows beyond the forecast period, consistent with the industry forecasts, based on GDP growth estimates and the inflation rate in each market, and evaluating the level of investment required to achieve such growth.

Notes to the Standalone Financial Statements as at and for the year ended 31 December, 2021

(₹ in Million)

Sensitivity to changes in assumptions of CGU

The management believes that no reasonably possible change (say 10%) in any of the key assumptions used in the value in use calculation would cause the carrying value of the CGU to materially exceed its value in use.

Results of the analysis

Based on the above assessment, the Company concluded that in both current year as well as previous year, goodwill has not suffered any impairment. Further, the result of using before-tax cash flows and discount rates does not differ significantly from the outcome of using after-tax cash flows and discount rates.

Movement of Goodwill

	31 December, 2021	31 December, 2020
Opening Goodwill as at 1 January	10,167	10,167
Add: Movement during the year	-	-
Closing Goodwill as at 31 December	10,167	10,167

7. Other Intangible assets

The details and movements of the main classes of intangible assets are shown below:

For the year 2021

Description of Assets	Technical Knowhow	Computer Software	Development Cost	Total
I. Gross Carrying Amount				
Balance as at 1 January, 2021	3	145	55	203
Additions	-	7	-	7
Disposals	-	(11)	-	(11)
Balance as at 31 December, 2021	3	141	55	199
II. Accumulated depreciation and impairment				
Balance as at 1 January, 2021	(3)	(118)	(55)	(176)
Amortization expense for the year	-	(10)	-	(10)
Disposals	-	11	-	11
Balance as at 31 December, 2021	(3)	(117)	(55)	(175)
III. Net carrying amount	-	24	-	24

For the year 2020

Description of Assets	Technical Knowhow	Computer Software	Development Cost	Total
I. Gross Carrying Amount				
Balance as at 1 January, 2020	25	137	55	217
Additions	-	11	-	11
Disposals	(22)	(3)	-	(25)
Balance as at 31 December, 2020	3	145	55	203
II. Accumulated depreciation and impairment				
Balance as at 1 January, 2020	(25)	(107)	(25)	(157)
Amortisation expense for the year	(1)	(13)	(30)	(44)
Disposal	23	2	-	25
Balance as at 31 December, 2020	(3)	(118)	(55)	(176)
III. Net carrying amount	-	27	-	27

Notes to the Standalone Financial Statements as at and for the year ended 31 December, 2021

(₹ in Million)

8. Investments

	As at 31 December, 2021			As at 31 December, 2020		
	No of Shares/ Units	Amounts Current	Amounts Non Current	No of Shares/ Units	Amounts Current	Amounts Non Current
A Investment in equity instruments (unquoted-fully paid up)						
Subsidiary Companies						
UAB CIE Galfor SA	5,500	-	7,034	5,500	-	7,034
BF Precision Private Limited	9,999	-	-	9,999	-	-
Bill Forge de Mexico SA de CV	2,970	-	-*	2,970	-	-*
(2,970 shares of Pesos 1 each 2,033,710 shares of Class II Series B Pesos 1 each)	2,033,710	-	7	2,033,710	-	7
CIE Hosur Limited (Refer note 'a')	10,000	-	-*	-	-	-
Aurangabad Electricals Limited	2,940,000	-	8,759	2,940,000	-	8,759
Total investment in Subsidiaries		-	15,800		-	15,800
Associate Companies						
Gescrap India Private Limited (30% share)	3,720,000	-	37	3,720,000	-	37
Clean Max Deneb Power LLP (26% Share)	-	-	32	-	-	32
Sunbarn Renewables Private Limited (26.16% Share) (Refer note 'b')	872,813	-	70	87,500	-	7
ReNew Surya Alok Private Limited (31.20% Share) (Refer note 'b')	8,260,000	-	83	-	-	-
Others						
Clean Wind Power (Manvi) Private Limited	420,000	-	4	420,000	-	4
Clean Wind Power (Pratapgarh) Private Limited	27,600	-	2	27,600	-	2
The Saraswat Cooperative Bank Limited	2,550	-	-*	2,550	-	-*
Total investment in Associate Companies & Others		-	228		-	82
Subtotal (A)		-	16,028		-	15,882
B Investments in Mutual Funds (unquoted)						
Axis Liquid Fund - Direct Growth	352,415	826	-	589,932	1,070	-
ICICI Prudential Liquid Plan - Direct Growth	2,642,551	826	-	3,311,767	1,070	-
HDFC ultra short term fund - Direct Growth	-	-	-	9,086,569	107	-
Aditya Birla Sunlife Liquid Fund - Direct Growth	-	-	-	9,605	3	-
Axis Ultra Short - Direct Growth	16,370,106	202	-	-	-	-
Axis Money Market - Direct Growth	184,596	210	-	-	-	-
ICICI Money Market - Direct Growth	692,375	210	-	-	-	-
ICICI Overnight Fund DP Growth	7,657,549	870	-	-	-	-
Axis Overnight Fund - Direct Growth	780,992	870	-	-	-	-
Subtotal (B)		4,014	-		2,250	-

Notes to the Standalone Financial Statements as at and for the year ended 31 December, 2021

(₹ in Million)

	As at 31 December, 2021			As at 31 December, 2020		
	No of Shares/Units	Amounts Current	Amounts Non Current	No of Shares/Units	Amounts Current	Amounts Non Current
C Investment in Subsidiary (Disposal Group)						
Stokes Group Limited	138,329,310	2,063	-	138,329,310	2,063	-
Subtotal (C)		2,063	-		2,063	-
Total (A+B+C)		6,077	16,028		4,313	15,882
Less: Provision for impairment		(2,063)	-		(2,063)	-
Total investments		4,014	16,028		2,250	15,882

* Amount is below the rounding off norm adopted by the Company.

- a) During the year, CIE Hosur Limited was incorporated as the Company's wholly owned subsidiary. CIE Hosur is in the business of manufacturing of auto components.
- b) During the year, the Company has made investment in Sunbarn Renewables Private Limited and ReNew Surya Alok Private Limited which are engaged in solar energy business.

8A Other Financial Assets

	As at 31 December, 2021		As at 31 December, 2020	
	Current	Non-Current	Current	Non-Current
Security Deposits	-	180	-	194
Loan*	236	-	-	-
Others	12	-	604	-
Total	248	180	604	194

* The amount pertains to short term unsecured loan given to CIE Hosur Limited for operational support at an average interest rate of 4.5% p.a.

9. Trade Receivables

	As at 31 December, 2021	As at 31 December, 2020
(a) Unsecured, considered good	4,481	4,091
(b) Doubtful	46	48
Less: Allowance for doubtful debt	(46)	(48)
Total	4,481	4,091
Current portion	4,481	4,091
Non-Current portion	-	-
Of the above, trade receivables from:		
- Related Parties (Note 31)	3,381	2,678
- Others	1,100	1,413
	4,481	4,091

Transferred Receivables

The carrying amount of the trade receivable includes receivables which are subject to factoring arrangement. Under this arrangement, the Company has transferred the relevant receivables to the factor in exchange for Cash and is prevented from selling or pledging the receivables. However, the Company has retained late payment and credit risk. The Company therefore continues to recognize the transferred assets in their entirety in its balance sheet. The amount repayable under the factoring agreement is presented as borrowing. The company considers the held to collect business model to remain appropriate for these receivables and hence continues measuring them at amortized cost.

Notes to the Standalone Financial Statements as at and for the year ended 31 December, 2021

(₹ in Million)

The relevant carrying amounts are as follows:

	As at 31 December, 2021	As at 31 December, 2020
Transferred trade receivables	130	117
Associated short term borrowings (Included in Note 15)	130	117

10. Other Assets

	As at 31 December, 2021		As at 31 December, 2020	
	Current	Non- Current	Current	Non- Current
(a) Capital advances	-	230	-	144
(b) Other Deposits	-	268	-	270
(c) Balances with government authorities	107	-	133	-
(d) Other advances*	691	54	249	32
Total	798	552	382	446

* Other advances includes ₹ 418 Million (December 31, 2020 - Nil) receivable from related party, CIE Hosur Limited.

11. Inventories

	As at 31 December, 2021	As at 31 December, 2020
(a) Raw materials	1,235	860
(b) Work-in-progress	1,645	1,304
(c) Finished and semi-finished goods	1,034	595
(d) Stores and spares	302	217
(e) Loose Tools	374	324
Total	4,590	3,300

Included above, goods-in-transit:

(i) Raw materials	31	6
(ii) Finished and semi-finished goods	176	215
Total	207	221

Amounts recognised in the Statement of Profit and Loss:

Write-downs in inventories of finished goods, work-in-progress & raw materials amounted to ₹ 301 million (31 December 2020: ₹ 294 million) as at the period end. Accordingly, an amount of ₹ 7 million was recognised as an expense during the year.

Notes to the Standalone Financial Statements as at and for the year ended 31 December, 2021

(₹ in Million)

12. Cash and Cash Equivalents

	As at 31 December, 2021	As at 31 December, 2020
Cash and cash equivalents		
(a) Balances with banks		
i) Current Accounts	224	525
ii) EEFC Accounts	-	17
(b) Cheques, drafts on hand	14	8
(c) Cash in hand	1	1
Total Cash and cash equivalents	239	551
Other Bank Balances		
(a) Earmarked balances with banks	1	1
(b) Balances with Banks:		
(i) On margin accounts	13	14
(ii) Fixed Deposits with maturity greater than 3 months but less than 12 months	102	104
Total Other Bank balances	116	119
Total cash, cash equivalents and other bank balances	355	670

13. Equity Share Capital

	As at 31 December, 2021		As at 31 December, 2020	
	No. of shares	Amount	No. of shares	Amount
Authorized:				
Equity shares of ₹ 10/- each with voting rights	516,592,621	5,166	516,592,621	5,166
4% non-cumulative redeemable preference shares of ₹ 31/- each	5	-*	5	-*
Compulsory convertible Preference share of ₹ 10/- each	250,000	2	250,000	2
Issued:				
Equity shares of ₹ 10/- each with voting rights	379,076,344	3,791	379,011,627	3,790
Subscribed and Paid Up:				
Equity shares of ₹ 10/- each with voting rights ^	379,075,399	3,791	379,010,682	3,790

Terms and rights attached to Equity Shares

Equity shares have a par value of ₹ 10/-. They entitle the holder to participate in dividends, and to share in the proceeds of winding up the company in proportion to the number of and amounts paid on the shares held.

Every holder of equity shares present at a meeting in person or by proxy is entitled to one vote, and upon a poll each share is entitled to one vote.

Notes to the Standalone Financial Statements as at and for the year ended 31 December, 2021

(₹ in Million)

Reconciliation of the number of shares outstanding at the beginning and at the end of the year.

		Opening Balance	Issue of Equity Shares on account of Employee Stock Option Scheme	Closing Balance
Equity Shares with voting rights				
Year Ended 31 December, 2021	No. of Shares	379,010,682	64,717	379,075,399
	Amount	3,790	1	3,791
Year Ended 31 December, 2020	No. of Shares	379,010,682	-	379,010,682
	Amount	3,790	-	3,790

*Shareholders of the Company had approved reclassification of authorised preference share capital vide EGM held on 13th Oct 2016. Amount is below the rounding off norm adopted by the Company.

^Mahindra Composites Limited which was merged with the company in the year 2013 had issued 1,050 equity shares and not allotted the same to the shareholders. Based on the swap ratio the Company has issued 945 equity shares and not allotted the same and the same has been kept in abeyance.

Shares reserved for issue under options

Information relating to Mahindra CIE Automotive Limited Employee Option Plan, including details of options issued, exercised and lapsed during the financial year and options outstanding at the end of the reporting period, is set out in note 36.

Details of shares held by the holding Company, the ultimate holding Company, their subsidiaries and associates:

	Equity Shares with Voting rights
As at 31 December, 2021	
Participaciones Internacionales Autometal, Dos S.L. (PIA2), the holding Company	230,282,773
As at 31 December, 2020	
Participaciones Internacionales Autometal, Dos S.L. (PIA2), the holding Company	228,082,332

Details of shares held by each shareholder holding more than 5% shares:

Class of shares / Name of shareholder	31 December, 2021		31 December, 2020	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Equity shares with voting rights				
Participaciones Internacionales Autometal, Dos S.L. (PIA2)	230,282,773	60.75%	228,082,332	60.18%
Mahindra Vehicle Manufacturing Limited (MVML)	-	-	43,344,512	11.44%
Mahindra & Mahindra Limited (M&M Limited)	43,344,512	11.44%	-	-

Notes to the Standalone Financial Statements as at and for the year ended 31 December, 2021

(₹ in Million)

14. Other Equity

(i) Securities premium reserve

	As at 31 December, 2021	As at 31 December, 2020
Opening balance	15,285	15,285
Addition on Exercise of options- Proceeds Received	16	-
Closing balance	15,301	15,285

(ii) Equity settled employees' benefits reserve

	As at 31 December, 2021	As at 31 December, 2020
Opening balance	38	39
Employee stock option expenses	-	-
Less: -		
Transfer to retained earnings on cancellation/lapse	-	(1)
Options exercised during the year	(7)	-
Closing Balance	31	38

(iii) Retained earnings including other comprehensive income

	As at 31 December, 2021	As at 31 December, 2020
Opening Balance	7,134	6,398
Add: -		
Profit for the year	1,103	740
Any other changes	(12)	13
<i>Items of Other Comprehensive income recognized directly in retained earnings</i>		
Re-measurement of post-employment benefit obligation (net of tax)	(48)	(17)
Closing balance	8,177	7,134

(iv) Capital reserve

	As at 31 December, 2021	As at 31 December, 2020
Balance as at beginning and end of the year	6,502	6,502

(v) Capital Redemption reserve

	As at 31 December, 2021	As at 31 December, 2020
Balance as at beginning and end of the year	165	165

(vi) General Reserve

	As at 31 December, 2021	As at 31 December, 2020
Balance as at beginning and end of the year	6,536	6,536
Grand Total	36,712	35,660

Notes to the Standalone Financial Statements as at and for the year ended 31 December, 2021

(₹ in Million)

Nature and purpose of Reserves

Securities premium reserve

Securities premium reserve is used to record the premium on issue of shares. The reserve is utilized in accordance with the provisions of the law.

Equities settled employees' benefits reserve

The Equities settled employees benefits reserve is used to recognize the grant date fair value of options issued to employees under the MCIE Stock Options Scheme.

Capital reserve

Capital reserve is reserves generated on account of:

1. Merger under the Integrated Scheme of Amalgamation and the Composite Scheme of Amalgamation (Sections 391-395 of the Companies Act, 1956) for the merger of Mahindra Ugin Steel Company Limited (MUSCO), Mahindra Hinoday Industries Limited (MHIL), Mahindra Gears International Limited (MGIL), Mahindra Investment India Private Limited (MIPL), Participaciones Internacionales Autometal Tres S.L. (PIA3) and Mahindra Composites Limited (MCL). The merger was approved by the Honorable High Court of Judicature at Bombay on October 31, 2014. The Schemes came into effect on December, 10, 2014, the day on which the order was delivered to the Registrar of Companies. The reserve is capital in nature and is not available for distribution as dividend.
2. Merger under the Scheme of Amalgamation (Sections 230-234 and other applicable provisions of the Companies Act, 2013) of Mahindra Gears and Transmission Private Limited, Mahindra Forging Global Limited, Mahindra Forging International Limited and Crest Geartech Private Ltd. The merger was approved by the Honorable National Company Law Tribunal (NCLT) at Mumbai on December 13, 2017. The reserve is capital in nature and is not available for distribution as dividend.

General reserve

General reserve created by virtue of merger of Mahindra Stokes Holding Company Limited, Mahindra Forgings Overseas Limited and Mahindra Forgings Mauritius Limited into the Company vide High Court Order dated 27th December, 2007, is reserve available for distribution as dividend.

Capital redemption reserve

Capital redemption reserve is transferred by virtue of the merger referred to above, which was in the books of MUSCO and was created to redeem preference shares issued by MUSCO before merger. These shares have since been redeemed and this reserve is available for use as per the relevant provisions of Companies Act, 2013.

Retained Earnings

Merger under The Scheme of Amalgamation (Sections 230-234 and other applicable provisions of the Companies Act, 2013) of Bill Forge Private Limited with the Company was approved by the Honorable National Company Law Tribunal (NCLT) at Mumbai on November 4, 2019 and filed with Ministry of Corporate Affairs on November 15, 2019 with an appointed date of April 1, 2018. The reserves are transferred by virtue of such Scheme of Amalgamation.

15. Borrowings

	As at 31 December, 2021	As at 31 December, 2020
Unsecured Borrowings		
(a) Loans from related parties	1,010	60
(b) Loans repayable on demand		
From Banks	813	867
Total Current Borrowings	1,823	927

Notes to the Standalone Financial Statements as at and for the year ended 31 December, 2021

(₹ in Million)

Movement of Borrowings

	Current borrowings
Balance as on 31 December, 2020 (including accrued interest)	927
Changes	
Cash flows	896
Interest expense	(75)
Interest paid	75
Balance as on 31 December, 2021	1,823

Interest rate ranges from 4.2% to 4.5% p.a.

The loan from related party is an unsecured short-term loan repayable on demand.

Loan from banks is unsecured and is repayable on demand.

16. Trade Payables

	As at 31 December, 2021	As at 31 December, 2020
Trade payable - Micro and small enterprises	243	236
Trade payable - Other than micro and small enterprises	4,735	3,926
Acceptances	802	665
Total	5,780	4,827
Of the above, trade payable from:		
- Related Parties (Note 31)	562	335
- Others	5,218	4,492

The identification of suppliers as micro and small enterprises covered under the "Micro Small and Medium Enterprises Development Act, 2006" was done on the basis of the information to the extent provided by the supplier to the company. Total outstanding dues to micro and small enterprises, are given below:

	As at 31 December, 2021	As at 31 December, 2020
Principal amount due at year end	234	229
Interest due and remaining unpaid	9	7
Principal amount paid beyond due date	52	95
Interest paid in terms of section 16 of the Act	-*	-*
Amount of interest due and payable for period of delay in payment made beyond the appointed day	1	7
Amount of interest accrued and remaining unpaid for earlier year	8	6

*Amount is below rounding off norm adopted by the company

Notes to the Standalone Financial Statements as at and for the year ended 31 December, 2021

(₹ in Million)

17. Other Financial Liabilities

	As at 31 December, 2021		As at 31 December, 2020	
	Current	Non-Current	Current	Non-Current
(a) Unclaimed Fractional coupon shares	1	-	1	-
(b) Creditors for capital supplies/services	269	-	145	-
(c) Lease liabilities (Refer note 5(iii))	119	440	139	419
Total	389	440	285	419

18. Provisions

	As at 31 December, 2021		As at 31 December, 2020	
	Current	Non-Current	Current	Non-Current
(a) Provision for Gratuity (Note 29)	142	90	96	71
(b) Provision for compensated absences	34	220	30	215
(c) Provision for water charges #	-	262	-	262
(d) Provision for Litigative matters ^	245	-	245	-
(e) Others*	102	47	102	48
Total	523	619	473	596

Provision for Water charges

Provision of ₹ 262 million is towards an ongoing dispute with the Irrigation Department (Water Resource Department) in respect of levy of charge for use of water for the period July 1991 to May 2012 for an aggregate amount of ₹ 587 million including penal charge of ₹ 102 million and late fee charge of ₹ 223 million. Presently the matter is being legally pursued. The Company has provided ₹ 262 million towards arrears of water charges. Refer Note 30 Contingent liabilities and commitments.

^ Provision of ₹ 145 million has been recognised for Provident Fund liability basis Supreme Court judgement in 'Regional provident fund commissioner (II) West Bengal vs Vivekananda Vidyamandir and Others' in accordance with Ind AS-37. The remaining amount pertains to provision against levy of cross subsidy charges and additional surcharge by Maharashtra State Electricity Distribution Company Limited during the year on account of power consumption from non-captive generating plant.

* This represents provisions made for probable liabilities payable to regulatory authorities. Above provisions are affected by various uncertainties and management has taken all efforts to make a best estimate. It is not practicable for the Company to estimate the accurate timing of cash outflows, if any, in respect of the above.

Movements in Provisions:

Movement in other provisions during the financial year is set out below:

	Other provisions
As at 1 January, 2021	150
Charged / (Credited) to profit or loss	
- Additional provisions recognized	(1)
- Unused amounts reversed	-
Amounts used during the year	-
As at 31 December, 2021	149

There is no movement during the year ended 31 December, 2021 in the provision for water charges and litigative matters.

Notes to the Standalone Financial Statements as at and for the year ended 31 December, 2021

(₹ in Million)

19. Deferred Taxes

2021

	Opening Balance	Recognized in profit and Loss	Recognized in OCI	Other	Closing Balance
Tax effect of items constituting deferred tax liabilities					
Property, Plant and Equipment and Intangible assets	2,053	1,161	-	-	3,214
Subtotal (A)	2,053	1,161	-	-	3,214
Tax effect of items constituting deferred tax assets					
Expenses allowable on payment basis	69	1	-	-	70
Timing differences	317	(86)	16	6	253
Subtotal (B)	386	(85)	16	6	323
Net Tax Asset (Liabilities) [B-A]	(1,667)	(1,246)	16	6	(2,891)

2020

	Opening Balance	Recognized in profit and Loss	Recognized in OCI	Other	Closing Balance
Tax effect of items constituting deferred tax liabilities					
Property, Plant and Equipment and Intangible assets	1,615	438	-	-	2,053
Subtotal (A)	1,615	438	-	-	2,053
Tax effect of items constituting deferred tax assets					
Expenses allowable on payment basis	97	(28)	-	-	69
Timing differences	198	105	6	8	317
Subtotal (B)	295	77	6	8	386
Net Tax Asset (Liabilities) [B-A]	(1,320)	(361)	6	8	(1,667)

20. Corporate income tax expense

(i) Income Tax recognised in Profit or loss

	Year ended 31 December, 2021	Year ended 31 December, 2020
Current Tax	961	(86)
Reversal of provision for tax of earlier years	(293)	-
Deferred Tax	1,247	361
Total income tax expense	1,915	275

(ii) Income tax recognised on Other comprehensive income

	Year ended 31 December, 2021	Year ended 31 December, 2020
Income taxes related to items that will not be reclassified to profit or loss	16	6
Total income tax recognised on Other comprehensive income	16	6

Notes to the Standalone Financial Statements as at and for the year ended 31 December, 2021

(₹ in Million)

(iii) Reconciliation of tax expense and the accounting profit multiplied by Company's domestic tax rate:

	Year ended 31 December, 2021	Year ended 31 December, 2020
Profit before tax	3,018	1,015
Income tax expenses calculated at 25.168% (Dec'20: 25.168%)	760	255
Deferred tax liability on Goodwill *	1,426	-
Reversal of provision for tax of earlier years	(293)	-
Other Items	22	21
Total	1,915	276

*The Finance Act, 2021 has introduced an amendment to section 32 of the Income Tax Act, 1961, whereby Goodwill of a business will not be considered as a depreciable asset and depreciation on goodwill will not be allowed as deductible expenditure effective April 1, 2020.

In accordance with the requirements of Ind AS 12 - Income Taxes, the Company has recognised tax expense amounting to ₹ 1,426 million as the outcome on the difference between Goodwill as per the books of account and its updated tax base of NIL resulting from the aforementioned amendment, in addition to the current tax expense debited to the statement of profit and loss. This deferred tax liability is not expected to be a cash outflow in the future and its reversal is deemed unlikely as the value of its associated goodwill is expected by value in use.

21. Fair Value Measurements

Financial instruments by category

	As at 31 December, 2021			As at 31 December, 2020		
	FVTPL	FVOCI	Amortised Cost	FVTPL	FVOCI	Amortised Cost
Financial assets						
Investments	4,014	-	228	2,250	-	82
Trade Receivables	-	-	4,481	-	-	4,091
Other Financial Assets	-	-	428	-	-	798
Cash and Cash Equivalents	-	-	239	-	-	551
Other Bank balances	-	-	116	-	-	119
Total financial assets	4,014	-	5,492	2,250	-	5,641
Financial liabilities						
Borrowings	-	-	1,823	-	-	927
Trade Payables	-	-	5,780	-	-	4,827
Other Financial Liabilities	-	-	270	-	-	146
Total financial liabilities	-	-	7,873	-	-	5,900

Financial instrument carried at amortized cost

Fair value of financial assets and financial liabilities carried at amortized cost is not materially different from the carrying amount.

Fair Value Hierarchy

	As at 31 December, 2021			As at 31 December, 2020		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets						
Short term investments in Mutual Funds	4,014	-	-	2,250	-	-
Total	4,014	-	-	2,250	-	-

Notes to the Standalone Financial Statements as at and for the year ended 31 December, 2021

(₹ in Million)

22. Other Liabilities

	As at 31 December, 2021		As at 31 December, 2020	
	Current	Non- Current	Current	Non- Current
(a) Taxes payable (other than income taxes)	206	-	126	-
(b) Payable to employees	741	21	555	-
(c) Consideration payable for acquisition of subsidiary *	20	-	600	-
(d) Others	168	-	190	-
Total	1,135	21	1,471	-

* Amount mainly comprises of consideration payable for acquisition of Aurangabad Electricals Limited towards incentive receivable under Package Scheme of Incentive (PSI scheme).

23. Revenue from Operations

	Year ended 31 December, 2021	Year ended 31 December, 2020
Revenue from contracts with customers		
(a) Sale of Products	30,299	20,114
(b) Sale of Services	121	52
Other Operating Revenue (Including Scrap Sales, Export incentives)	2,486	1,282
Total	32,906	21,448

Reconciliation of revenue with contract price :-

	Year ended 31 December, 2021	Year ended 31 December, 2020
Revenue as per Statement of Profit and loss	32,906	21,448
Add: Incentive/rebates	-	-
Contract Price	32,906	21,448

24. Other Income

	Year ended 31 December, 2021	Year ended 31 December, 2020
(a) Interest Income on financial assets measured at amortised cost	44	32
(b) Net Gain on Investment held at Fair value through Profit & loss	23	46
(c) Government Grants	-	2
(d) Miscellaneous income (including net exchange gain)	108	117
Total	175	197

Notes to the Standalone Financial Statements as at and for the year ended 31 December, 2021

(₹ in Million)

25. Cost of material consumed

	Year ended 31 December, 2021	Year ended 31 December, 2020
Opening stock of raw materials	860	506
Add: Purchases	17,787	10,540
	18,647	11,046
Less: Closing stock of raw materials	1,235	860
Cost of materials consumed	17,412	10,186

Changes in inventories of finished goods and work in progress:

	Year ended 31 December, 2021	Year ended 31 December, 2020
Inventories at the end of the year		
Finished goods	1,034	595
Work in progress	1,645	1,304
	2,679	1,899
Inventories at the beginning of the year		
Finished goods	595	640
Work in progress	1,304	1,110
	1,899	1,750
Net (Increase)/Decrease	(780)	(149)

26. Employee benefit expenses

	Year ended 31 December, 2021	Year ended 31 December, 2020
(a) Salaries and wages, including bonus	3,935	3,288
(b) Contribution to provident and other funds (Note 29)	205	193
(c) Staff welfare expenses	295	231
Total	4,435	3,712

27. Finance costs

	Year ended 31 December, 2021	Year ended 31 December, 2020
(a) Interest expense	60	52
(b) Finance Charges	15	21
(c) Interest on Lease Liabilities (Refer Note 5 (iii))	47	46
Total	122	119

Notes to the Standalone Financial Statements as at and for the year ended 31 December, 2021

(₹ in Million)

28. Other expenses

	Year ended 31 December, 2021	Year ended 31 December, 2020
(a) Tools & Stores consumed	1,875	1,314
(b) Power & Fuel	1,958	1,565
(c) Repairs and maintenance	732	577
(d) Freight outward	641	443
(e) Subcontracting, Hire and Service Charges	1,538	1,055
(f) Expenditure on corporate social responsibility (CSR) under section 135 of the Companies Act, 2013. (Note 35)	87	71
(g) Auditors remuneration and out-of-pocket expenses		
(i) Audit fee	10	10
(ii) Other services	2	2
(iii) For reimbursement of expenses	- *	-
(h) Other Expenses	710	641
Total	7,553	5,678

* Amount is below the rounding off norm adopted by the Company.

29. Defined benefits and contribution

(a) Defined Contribution plan

The Company's contribution to Provident Fund and other funds aggregating ₹ 147 Million (₹ 137 Million) has been recognised in the statement of Profit or Loss under the head Employee Benefit expenses.

(b) Defined benefit plans

(i) Gratuity

The Company operates gratuity plan covering qualifying employees. The benefit payable is the greater of the amount calculated as per the Payment of Gratuity Act, 1972 or the Company's scheme applicable to the employee. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting. The Company makes annual contribution to the Company gratuity scheme administered by the Life Insurance Corporation of India through its Gratuity Trust Fund.

(ii) Voluntary Retirement Scheme

Onetime expenses incurred towards voluntary retirement scheme are charged off in the statement of Profit and loss.

(iii) Compensated absences

Company's liability towards leave encashment are determined using the Projected Unit Credit method which considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. Past service costs are recognised on straight line basis over the statement of Profit or loss as income or expense. Obligation is measured at the present value of estimated future cash flow using a discount rate that is determined by reference to market yields at the Balance Sheet date on government bonds where the currency and terms of the government bonds are consistent with the currency and estimated terms of the defined benefit obligation.

Notes to the Standalone Financial Statements as at and for the year ended 31 December, 2021

(₹ in Million)

(c) Risks

Through its defined benefit plans the Company is exposed to risks, the most significant of which are detailed below:

(i) Asset Volatility

The plan liabilities are calculated using a discount rate set with references to government bond yields; if plan assets under perform compared to the government bond's discount rate, this will create or increase a deficit.

(ii) Changes in Bond Yields

A decrease in government bond yields will increase plan liabilities, although this is expected to be partially offset by an increase in the value of the plans' bond holdings.

1. Provisions for Gratuity, Voluntary Retirement Scheme (VRS): -

	Funded Plan-Gratuity		Unfunded Plans-VRS	
	31 December, 2021	31 December, 2020	31 December, 2021	31 December, 2020
Amounts recognised in comprehensive income in respect of these defined benefit plans are as follows:				
Service Cost				
Current Service Cost	55	52	-	-
- Past service cost and (gains)/losses from settlements	-	-	-	-
Net interest expense	9	11	-	-
Components of defined benefit costs recognised in profit or loss	64	63	-	-
Re-measurement on the net defined benefit liability				
Actuarial gains and loss arising from changes in financial assumptions	42	22	-	-
Actuarial gains and loss arising from experience adjustments	17	1	-	-
Actuarial gains and loss arising from Demographic assumptions	5	-	-	-
Components of defined benefit costs recognised in other comprehensive income	64	23	-	-
Total	128	86	-	-

I. Net Asset/(Liability) recognised in the Balance Sheet as at 31 December

1. Present value of defined benefit obligation as at 31 December	(827)	(695)	(128)	-
2. Fair value of plan assets as at 31 December	595	528	-	-
3. Surplus/(Deficit)	(232)	(167)	(128)	-
4. Current portion of the above	(142)	(96)	(128)	-
5. Non-current portion of the above	(90)	(71)	-	-

Notes to the Standalone Financial Statements as at and for the year ended 31 December, 2021

(₹ in Million)

	Funded Plan-Gratuity		Unfunded Plans-VRS	
	31 December, 2021	31 December, 2020	31 December, 2021	31 December, 2020
II. Change in the obligation during the year ended 31 December				
1. Present value of defined benefit obligation at the beginning of the year	696	651	-	64
2. Expenses Recognised in Profit and Loss Account				
- Current Service Cost	55	52	-	-
- Past Service Cost	-	-	128	-
- Interest Expense (Income)	42	45	-	-
3. Recognised in Other Comprehensive Income				
Re-measurement gains / (losses)				
- Actuarial Gain (Loss) arising from:				
i. Demographic Assumptions	5	-	-	-
ii. Financial Assumptions	42	25	-	-
iii. Experience Adjustments	18	1	-	-
4. Benefit payments	(31)	(79)	-	(64)
5. Present value of defined benefit obligation at the end of the year	827	695	128	-
III. Change in fair value of assets during the year ended 31 December				
1. Fair value of plan assets at the beginning of the year	529	500	-	-
2. Expenses Recognised in Profit and Loss Account				
- Expected return on plan assets	33	34	-	-
3. Recognised in Other Comprehensive Income				
Re-measurement gains / (losses)	-	-	-	-
- Actual Return on plan assets in excess of the expected return				
i. Demographic Assumptions	-	-	-	-
ii. Financial Assumptions	-	3	-	-
iii. Experience Adjustments	1	-	-	-
4. Contributions by employer (including benefit payments recoverable)	62	64	-	-
5. Benefit payments	(30)	(73)	-	-
6. Fair value of plan assets at the end of the year	595	528	-	-

Notes to the Standalone Financial Statements as at and for the year ended 31 December, 2021

(₹ in Million)

	Funded Plan-Gratuity		Unfunded Plans-VRS	
	31 December, 2021	31 December, 2020	31 December, 2021	31 December, 2020
IV. The Major categories of plan assets				
- List the plan assets by category here				
Funds managed by Insurer	595	528	-	-
% to total assets	100%	100%	-	-
V. Actuarial assumptions				
1. Discount rate	6.45% to 6.9%	5% to 6.6%	0%	0%
2. Expected rate of return on plan assets	6% to 6.5%	7% to 7.2%	-	-
3. Attrition rate	1.75% to 17.75%	2% to 15%	-	-
4. Salary Escalation	5% to 8%	5% to 8%	-	-
5. Mortality	Indian Assured Lives Mortality (2012-14) Ultimate			
6. Life expectancy of person retiring at year end	9 to 17 years			

VI. The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	Change	31 December, 2021	31 December, 2020
Decrease in Discount rate	1%	Increase by 9.56%	Increase by 8%
Increase in Discount rate	1%	Decrease by 8.41%	Decrease by 7%
Decrease in Salary increment	1%	Decrease by 7.77%	Decrease by 7%
Increase in Salary increment	1%	Increase by 8.62%	Increase by 7%

VII. The weighted average duration of the defined benefit obligation is 10.3 years (2020 – 10.5 years). The expected maturity analysis of undiscounted gratuity is as follows:

	Less than a year	Between 1-2 years	Between 3-5 years	Over 5 years	Total
December 31, 2021					
Defined benefit obligation	88	59	228	749	1,124
December 31, 2020					
Defined benefit obligation	68	63	173	613	917

*Amount is below rounding off norm adopted by the company

Notes to the Standalone Financial Statements as at and for the year ended 31 December, 2021

(₹ in Million)

30. Contingent Liabilities and Commitments

	31 December, 2021	31 December, 2020
Contingent liabilities (to the extent not provided for):		
(a) Claims against the Company not acknowledged as debt		
Income tax claims against which the Company has preferred an appeal	499	341
Excise cases against the Company	104	104
Service Tax	69	67
Sales Tax and VAT	47	93
MSEDCL Related Litigations *	504	504
Stamp Duty, Government Cess and others	107	183
Water Charges (Refer Note 18)	325	325
The Company had imported capital goods under the Export Promotion Capital Goods (EPCG), of the Government of India, at concessional rate of duty on an understanding to fulfill quantified exports against future obligation.	5	5
(b) Commitment		
Capital expenditure contracted for at the end of the reporting period but not recognized as liabilities.	993	559

* Maharashtra State Electricity Distribution Company Limited (MSEDCL) has levied the Cross Subsidy Surcharge (CSS) and Additional Surcharge levied (ASC) on the units of power consumed by the Company from two Captive Generating Plant (CGP) Units of Sai Wardha Power Generation Limited (SWPGL) as a captive consumer. The Hon'ble Maharashtra Electricity Regulatory Commission vide its separate orders dated October 22, 2020 and October 29, 2020 has rejected the captive status of the said two CGP units of SWPGL for the year 2016-17 and the year 2017-18 respectively. MSEDCL has raised supplementary invoices of ₹ 208 million (including interest) for the year 2016-17 and of ₹ 263 million (including interest) for the year 2017-18 towards alleged Cross Subsidy Surcharge and Additional Surcharge applicable for non-captive power consumption. The Company has challenged the impugned orders before Hon'ble Appellate Authority of Electricity (APTEL) and is sub-judice.

The Hon'ble MERC vide its Order dated March 19, 2018 had upheld the captive status of the units of SWGGL. However, it had treated the units supplied by SWGGL from other two non-CGP units of SWGGL, as non-contracted power. MSEDCL has accordingly raised a supplementary bill of ₹ 33 million for the year 2015-16 towards the units supplied by SWGGL from non-CGP units. The impugned order has been challenged to the extent it deals with the issue of treating the units supplied by SWGGL from non-CGP units as non-contracted energy by an appeal preferred before Hon'ble Appellate Authority of Electricity (APTEL) and is sub-judice.

31. Related Party Transactions

Names of Related Parties:

- (a) Ultimate Holding Company - CIE Automotive S.A.
Principal Shareholder of the Holding Company - CIE Berriz, S.L
Holding Company - Participaciones Internacionales Autometal, DOS S.L
- (b) Names of Subsidiary Companies
1. Stokes Group Limited
 2. CIE Galfor S. A.U
 3. Mahindra Forgings Europe AG
 4. Jeco Jellinghaus GmbH
 5. Gesenkschmiede Schneider GmbH
 6. Falkenroth Umformtechnik GmbH
 7. Schoneweiss & Co. GmbH
 8. CIE Legazpi S.A.,

Notes to the Standalone Financial Statements as at and for the year ended 31 December, 2021

(₹ in Million)

9. UAB CIE LT Forge
 10. Metalcastello S.p.A .
 11. BF Precision Private Limited
 12. Bill Forge de Mexico S.A de C.V.
 13. Aurangabad Electricals Limited
 14. Aurangabad Deutschland GmbH
 15. CIE Hosur Limited (w.e.f. 6th August, 2021)
- (c) Names of the Associate Companies where transactions have taken place during the period
1. Gescrap India Private Limited
 2. Clean Max Deneb Power LLP
 3. Sunbarn Renewables Private Limited (w.e.f. 25th November, 2020)
 4. Galfor Eolica S.L.
 5. Renew Surya Alok Private Limited (w.e.f. 23rd February, 2021)
- (d) Names of the Companies exercising significant influence over the Company where transactions have taken place during the period
1. Mahindra Vehicle Manufacturers Limited (MVML) (investing company in respect of which the Company is an Associate) (Merged with Mahindra and Mahindra Limited w.e.f. 1st July, 2021)
 2. Mahindra & Mahindra Limited (M&M) (Holding Company of the investing company in respect of which the Company is an Associate (investing company in respect of which the Company is an Associate w.e.f. 1st July, 2021)
- (e) Names of other related parties where transactions have taken place during the period

Fellow Subsidiaries

1. Gameko Fabricacion de Components, S.A.
2. CIE Automotive Goian, S.L.U.
3. Somaschini North America, LLC
4. Somaschini SRL
5. Somaschini S.p.A
6. Transformaciones Metalurgicas Norma, S.A.

Subsidiary Companies of the investing company (MVML) in respect of which the Company is an Associate

1. Mahindra Intertrade Limited
2. Mahindra Steel Service Centre Limited
3. Mahindra Auto Steel Private Limited
4. Mahindra Electric Mobility Limited
5. Mahindra Heavy Engines Limited
6. Mahindra MiddleEast Electrical Steel Service Centre
7. Mahindra Two Wheelers Limited
8. Mahindra MSTC Recycling Private Limited

Fellow Subsidiary Companies of the investing company (MVML)

1. Mahindra Trucks & Buses Private Limited.
2. Gromax Agri Equipments Limited
3. Mahindra Integrated Business Solutions Private Limited
4. NBS International Limited
5. Mahindra Sanyo Special Steels Private Limited
6. Mahindra Consulting Engineers Limited
7. Mahindra Defence Naval Systems Limited
8. Mahindra Logistics Limited
9. Bristlecone Limited

Notes to the Standalone Financial Statements as at and for the year ended 31 December, 2021

(₹ in Million)

Subsidiary Companies of the investing company (M&M) in respect of which the Company is an Associate

1. Mahindra Intertrade Limited
2. Mahindra Steel Service Centre Limited
3. Mahindra Auto Steel Private Limited
4. Mahindra Electric Mobility Limited
5. Mahindra Heavy Engines Limited
6. Mahindra MiddleEast Electrical Steel Service Centre
7. Mahindra Two Wheelers Limited
8. Mahindra MSTC Recycling Private Limited
9. Mahindra Trucks & Buses Private Limited.
10. Gromax Agri Equipments Limited (Formerly known as Mahindra Gujarat Tractor Limited)
11. Mahindra Integrated Business Solutions Private Limited
12. NBS International Limited
13. Mahindra Sanyo Special Steels Private Limited
14. Mahindra Consulting Engineers Limited
15. Mahindra Defence Naval Systems Limited (Formerly known as Mahindra Defence Naval Systems Private Limited)
16. Mahindra Logistics Limited
17. Bristlecone Limited
18. Mahindra Logistics Limited

(f) Key Managerial Personnel (KMP)

Name	Designation
1) Mr. Shriprakash Shukla	Non-Executive Director
2) Mr. Ander Arenaza Alvarez	Executive Director
3) Mr. Manoj Mullassery Menon	Executive Director Chief Executive Officer - Stampings, Composites, Foundry, Magnetism and Gears Divisions
4) Mr. Anil Haridass	Executive Director (Upto 31 st August, 2021), Executive Director & Chief Executive Officer - Forging and Bill Forge Divisions (w.e.f. 1 st September, 2021)
5) Mr. Jesus Maria Herrera Barandiaran	Non-Executive Director
6) Mr. Zhooben Dossabhoy Bhiwandiwalla	Non-Executive Director
7) Mr. Manojkumar Maheshwari	Independent Director
8) Mr. Dhananjay Narendra Mungale	Independent Director
9) Mr. Kadambi Narahari	Independent Director
10) Mrs. Roxana Meda Inoriza	Independent Director
11) Mr. Alan Savio D'Silva Picardo	Independent Director
12) Mr. Suhail Amin Nathani	Independent Director
13) Mr. Hari Krishnan	Chief Executive Officer - Forgings and Bill Forge Divisions (Upto 31 st August, 2021)
14) Mr. K. Jayaprakash	Chief Financial Officer
15) Mr. Pankaj Vijay Goyal	Company Secretary and Compliance Officer

Notes to the Standalone Financial Statements as at and for the year ended 31 December, 2021

(₹ in Million)

(g) Transactions with Related parties during the period

	For the year ended	Entities having significant influence over Company	Subsidiaries (Including Fellow subsidiaries)	Subsidiaries of Entities having significant influence over Company	Associate Company
Nature of transactions with Related Parties					
Sale of goods	31 December, 2021	10,975	568	442	1,580
	31 December, 2020	7,198	332	302	566
Purchase of goods	31 December, 2021	-	123	1,667	-
	31 December, 2020	15	74	616	-
Purchase of property and other assets	31 December, 2021	-	-	-	-
	31 December, 2020	-	20	-*	-
Receiving of services	31 December, 2021	1	9	100	73
	31 December, 2020	-*	1	69	-
Rent received	31 December, 2021	-	-	1	-
	31 December, 2020	-	-	1	-
Rent paid	31 December, 2021	19	-	-	-
	31 December, 2020	30	-	-	-
Interest received	31 December, 2021	-	1	-	-
	31 December, 2020	-	1	-	-
Interest paid	31 December, 2021	-	19	-	-
	31 December, 2020	-	6	-	-
Reimbursements received	31 December, 2021	-	92	-	-
	31 December, 2020	-*	57	-	-
Reimbursements paid	31 December, 2021	-	60	-	-
	31 December, 2020	-*	64	-	-
Investment in Subsidiary and Associate	31 December, 2021	-	-	-	145
	31 December, 2020	-	-	-	7
Sale of Assets	31 December, 2021	-	376	-	-
	31 December, 2020	-	-	-	-
Loans Given	31 December, 2021	-	1,554	-	-
	31 December, 2020	-	1,647	-	-
Loans Taken	31 December, 2021	-	2,267	-	-
	31 December, 2020	-	1,615	-	-

Notes to the Standalone Financial Statements as at and for the year ended 31 December, 2021

(₹ in Million)

	For the year ended	Entities having significant influence over Company	Subsidiaries (Including Fellow subsidiaries)	Subsidiaries of Entities having significant influence over Company	Associate Company
Dividend Received	31 December, 2021	-	-	-	3
	31 December, 2020	-	-	-	-

(h) Balances with Related parties at the end of the period

Nature of Balances with Related Parties	Balance as on	Entities having significant influence over Company	Subsidiaries (Including Fellow subsidiaries)	Subsidiaries of Entities having significant influence over Company	Associate Company
Trade payables	31 December, 2021	4	5	550	3
	31 December, 2020	1	3	331	-
Trade receivables	31 December, 2021	2,761	508	111	1
	31 December, 2020	2,534	34	110	-
Borrowings	31 December, 2021	-	1,010	-	-
	31 December, 2020	-	60	-	-
Loans Receivable	31 December, 2021	-	236	-	-
	31 December, 2020	-	-	-	-
Advances received	31 December, 2021	-	-	-	6
	31 December, 2020	-	-	-	3
Advances Given	31 December, 2021	-	-	-	-
	31 December, 2020	-	37	-	-
Other balances	31 December, 2021	9	-	-	-
	31 December, 2020	9	-	-	-

*Amount is below rounding off norm adopted by the Company.

Note 1

The transactions with Related parties during the period have been disclosed net off Goods and Services Tax.

(i) Remuneration to Key Managerial Personnel

Details of Remuneration	31 December, 2021	31 December, 2020
Short term employment benefits	53	55
Share based payments	2	-
Director sitting fees & Commission	15	14
Total	70	69

As gratuity and compensated absences are computed for all the employees in aggregate, the amount relating to the key managerial personnel, cannot be individually identified.

Notes to the Standalone Financial Statements as at and for the year ended 31 December, 2021

(₹ in Million)

32. Earnings per share

- a) Calculation of basic and diluted earnings per share

Basic earnings per share are calculated by dividing the profit attributable to the parent Company's shareholders by the weighted average number of ordinary shares in the year.

The diluted earnings per share has been computed by dividing the Net profit after tax available for Equity shareholders by the weighted average number of equity shares, after giving dilutive effect of the outstanding Stock options for the respective periods.

	31 December, 2021	31 December, 2020
	₹ Per Share	₹ Per Share
Basic earnings per share	2.91	1.95
Diluted earnings per share	2.91	1.95

- b) The earnings and weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share are as follows:

	31 December, 2021	31 December, 2020
a. Profit for the year	1,103	740
b. Weighted average number of equity shares	379,031,015	379,010,682
Add: Effect of Stock options	89,322	124
c. Weighted average number of equity shares used in the calculation of Diluted EPS	379,120,337	379,010,806
d. Basic earnings per share (a/b)	2.91	1.95
e. Diluted earnings per share (a/c)	2.91	1.95

33. Exceptional Item

	Year Ended 31 December, 2021	Year Ended 31 December, 2020
a) Onetime payment made to employees opting for early retirement under the Voluntary Retirement Scheme declared in December 2021 in Stampings Division.	128	-
Total	128	-

34. Segment Information

In accordance with paragraph 4 of notified IND AS 108 "Operating Segments", the Company has disclosed segment information only in consolidated financial statements.

35. Corporate Social Responsibility (CSR)

	31 December, 2021	31 December, 2020
Contribution to various social welfare projects and fund	22	27
Accruals towards unspent obligation in relation to:		
Ongoing project	20	
Total	42	27

Notes to the Standalone Financial Statements as at and for the year ended 31 December, 2021

(₹ in Million)

	31 December, 2021	31 December, 2020
Amount required to be spent under section 135 of the Act	42	44
Amount spent during the year on		
(i) Construction of assets	3	14
(ii) On the purpose other than (i) above	19	13
Total	22	27

The unspent amount in relation to ongoing projects during the year ended December 31, 2021 has been deposited in the unspent CSR account within the stipulated timeline.

Expenditure on corporate social responsibility as disclosed in the note on Other Expenses includes unspent amount of earlier years which was spent during the year on CSR projects or deposited in the unspent CSR account.

36. Employee Stock Option Scheme (ESOS 2007)

The Company instituted the Employees Stock Options Scheme 2007 (ESOS 2007) plan for employees in pursuance of a special resolution passed by the shareholders approving the scheme on July 25, 2007, amended by special resolution dated July 29, 2008, August 02, 2011 and pursuant to the Integrated scheme of Amalgamation and Composite Scheme of Amalgamation in terms of High Court dated October 13, 2014. Further, the company instituted the Employees Stock Options Scheme 2015 (ESOS 2015) plan for employees in pursuance of a special resolution passed by the shareholders approving the scheme on September 15, 2015.

Pursuant to the schemes, the Company has granted options to eligible employees at various exercise prices per equity share of ₹10 each. Under the terms of scheme, the vesting period will be spread equally over 4 years (ESOS 2007) and 3 years (ESOS 2015). Options will vest at 25% (ESOS 2007) and 33% (ESOS 2015) from the grant date. When exercisable, each option is convertible into one equity share of the Company.

Movement of share options are as under:

Date of the Tranche	Opening Balance		Forfeited during the year	Exercised during the year	Outstanding at the end of the year	Exercisable at the end of the year
	Number of Options	Weighted average exercise price	Number of Options	Number of Options	Number of Options	Number of Options
On 20 January 2012	188	44	188	-	-	-
On 22 February 2016	363,866	150	4,443	64,717	294,706	294,706
Total	364,054		4,631	64,717	294,706	294,706

Share options outstanding at the end of the year have the following expiry dates and exercise prices:

Grant Date	Expiry Date	Exercise price	Number of Options- 31 December, 2021	Number of Options- 31 December, 2020
20-Jan-12	20-Jan-21	44	-	188
22-Feb-16	24-Feb-24	150	294,706	363,866
Total			294,706	364,054
Weighted average remaining contractual life of options outstanding at end of period (years)			2.15	3.15

Notes to the Standalone Financial Statements as at and for the year ended 31 December, 2021

(₹ in Million)

Expense arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognized in profit and loss as part of employee benefit expense were as follows:

	31 December, 2021	31 December, 2020
Employee share-based payment expense	21	-
Total employee share-based payment expense	21	-

- 37.** The Company has considered the possible effects that may result from the COVID-19 pandemic and has also taken into account external and internal information for assessing the possible impact of COVID-19 in the preparation of the financial information including the recoverability of carrying amounts of financial and non-financial assets. The management continues to be vigilant to assess any impact on the financial results and currently it is not expected to have any material impact on the financial information.
- 38.** The Board of Directors of company at their meeting held on February 22, 2022 recommended final dividend of ₹ 2.50 per Equity Share of ₹ 10 each fully paid up for financial year 2021.

For **Price Waterhouse Chartered Accountants LLP**
Firm Registration No. 012754N/N500016

Jeetendra Mirchandani
Partner
Membership No. 48125

Pune, February 22, 2022

For and on behalf of the Board of Directors of **Mahindra CIE Automotive Limited**

Ander Arenaza Alvarez
Executive Director

Manoj Menon
Executive Director &
CEO-Business Division

K. Jayaprakash
Chief Financial Officer

Pune, February 22, 2022

Dhananjay Mungale
Director

Anil Haridass
Executive Director &
CEO-Business Division

Pankaj Goyal
Company Secretary &
Compliance officer

CONSOLIDATED FINANCIAL STATEMENTS.



INDEPENDENT AUDITOR'S REPORT

To the Members of Mahindra CIE Automotive Limited

Report on the Audit of the Consolidated Indian Accounting Standards (Ind AS) Financial Statements

Opinion

1. We have audited the accompanying Consolidated Indian Accounting Standards (Ind AS) financial statements of Mahindra CIE Automotive Limited (hereinafter referred to as the 'Holding Company') and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), its associates (refer Note 1 to the attached consolidated financial statements), which comprise the consolidated Balance Sheet as at December 31, 2021, and the consolidated Statement of Profit and Loss (including Other Comprehensive Income), the consolidated Statement of Changes in Equity and the consolidated Statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information prepared based on the relevant records (hereinafter referred to as "the consolidated financial statements").
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its associates as at December 31, 2021, of consolidated total comprehensive income (comprising of profit and other comprehensive income), consolidated changes in equity and its consolidated cash flows for the year then ended.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group and its associates in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in India in terms of the Code of Ethics issued by ICAI and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph 17 and 18 of the Other Matters paragraph below, other than the unaudited financial information as certified by the management and referred to in sub-paragraph 19 of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	How our audit addressed the key audit matters
Assessment of Impairment of Goodwill (Refer note 4 (a) and 7 of the consolidated financial statements for the related disclosures) <p>The aggregate carrying value of the Group's goodwill amounts to ₹ 36,265 million (including ₹ 5,180 million towards Goodwill as reported by the component auditors of the Galfor Group) as at December 31, 2021, which comprises of ₹ 10,167 million towards goodwill arising out of business combinations and ₹ 20,918 million towards goodwill on consolidation. The management tests the carrying value of goodwill annually for impairment.</p>	<p>Our audit procedures and assessment of impairment of Goodwill included the following:</p> <ul style="list-style-type: none"> • Obtained an understanding from the management, assessed and tested the design and operating effectiveness of the Group's key controls over impairment assessment of Goodwill, determination of Cash Generating Units (CGUs) and other assumptions used by the management. • Evaluated whether assessment of CGUs was consistent with our knowledge of the Group's operations.

Key audit matters	How our audit addressed the key audit matters
<p>The Group has performed an impairment assessment over the Goodwill by calculating the recoverable value of the cash generating unit (CGU) to which the Goodwill belongs using a discounted cash flow model and comparing the same with the carrying value.</p> <p>The processes and methodologies for assessing and determining the recoverable amount of Goodwill are based on complex assumptions, that by their nature imply the use of the management's judgement, in particular with reference to identification of CGU, forecast of future cash flows relating to the period covered by the Group's strategic business plan in the Discounted Cash flow Model, terminal and annual sales growth rates, EBITDA margins and discount rates applied to such forecasted cash flows.</p> <p>The matter has been identified as a key audit matter in view of the significant amounts involved and also considering the judgement required for estimating the cash flows and the complexity of the assumptions used.</p>	<ul style="list-style-type: none"> • Together with the auditors' experts (where necessary), we evaluated the Group's processes regarding impairment assessment: <ol style="list-style-type: none"> a) Assessed the appropriateness of the impairment model used by the management to estimate the recoverable value of Goodwill. b) Assessed the cash flow forecasts (with underlying economic growth rate) by comparing them to the budgets provided by the management and our understanding of the industry's factors. c) Assessed the underlying assumptions relating to discount rate, terminal and annual sales growth rate, EBITDA margins, etc. d) Assessed the Group's sensitivity analysis and evaluated whether any reasonably foreseeable change in the underlying assumptions could lead to impairment. e) Checked the mathematical accuracy of the impairment model and agreed relevant data back to the latest budgets, actual past results achieved by each CGU with the respective year's budgets and other supporting documents. • Assessed the adequacy of disclosures in the consolidated financial statements. <p>Based on the above procedures performed, the management's assessment of impairment of goodwill was considered to be reasonable.</p>
<p>Assessment of contingencies and provision for taxes and other litigations and claims</p> <p>(Refer note 4 (e), 21 and 33 respectively, of the consolidated financial statements for the related disclosures)</p> <p>The Group has various legal and tax related claims, in respect of which the Group has recognised a provision of ₹ 507 million, and disclosed contingent liabilities of ₹ 1,696 million (including ₹ 36 million towards contingent liability as reported by the component auditors of Aurangabad Electricals Limited) in the consolidated financial statements. In respect of the matters relating to contingent liabilities, the Group is in litigation with the appropriate authorities.</p> <p>The assessment of the likely outcome of these matters and the related outflow of resources is an area of significant management judgement. Management involves legal experts in specific matters where considered necessary.</p> <p>This has been considered a key audit matter in view of the uncertain outcome of the litigations and involvement of significant management judgement in assessing the probability of outflow of economic resources.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> • Understood and evaluated the design and tested the operating effectiveness of key controls in respect of assessment of contingencies and provision for taxes and other litigations and claims; • Obtained the summary of all legal and tax cases and independently assessed the decisions and rationale for provisions recognised and contingent liabilities disclosed. • Assessed external legal opinions obtained by the management on specific matters and held discussions with management experts to corroborate their assessment and engaged our tax experts to examine the tax positions. • Assessed the adequacy of disclosures in the consolidated financial statements. <p>On the basis of the above procedures performed, we considered the management's assessment in respect of contingencies and provision for taxes and other litigations and claims to be reasonable and disclosures to be appropriate.</p>

5. The following Key Audit Matters were included in the audit report dated February 15, 2022 and February 17, 2022, containing an unmodified audit opinion on the Consolidated financial information of CIE Galfor S.A.U. (Galfor Group) and financial statements of Aurangabad Electricals Limited respectively, subsidiaries of the Holding Company issued by their respective auditors:

Key audit matters	How our audit addressed the key audit matters
<p>Recovery of goodwill, as reported by the auditors of Galfor Group</p> <p>[Refer note 4(a) and 7 of the consolidated financial statements for the related disclosures]</p> <p>The Galfor Group's goodwill represents a substantial part of its assets, amounting to €61.5 million (₹ 5,180 million) at year-end. The Galfor Group carries out tests on the recoverability of the amounts recorded under this balance sheet heading on an annual basis.</p> <p>Such impairment testing is based mainly on estimated cash flows of the cash generating units (value in use) to which the assets analysed relate and therefore require that Group Management makes judgements and significant estimates. These estimates include, among other things, expectations regarding sales and future margins, growth rate projections, estimates of discount rates in order to calculate the present value of cash flows (WACC - Weighted average cost of capital), etc.</p> <p>Deviations in these rates and estimates trigger significant variations in the calculations performed and therefore in the analysis of the recoverability of goodwill.</p>	<p>The audit procedures applied by the auditors of Galfor Group included the following :</p> <ul style="list-style-type: none"> • Component auditor gained an understanding of the internal process used by Galfor Group Management to test goodwill for impairment, verifying the calculation criteria applied for consistency and the methodology of value in use established in the applicable regulations. • For cash flows, component auditor checked not only the calculations made but also the projected annual cash flows, based on the plans and budgets approved by Galfor Group management, and analysed the key assumptions used to determine the growth rates and forecast future margins, verifying them against available comparable (historical results and sector margins) and analysing, if appropriate, their reasonableness using available third-party contracts or agreements. The discount rates applied (WACC) were assessed with the collaboration of our firm's specialist team. • As a result of the analysis and tests performed, component auditor considers that Galfor Group Management's conclusion concerning the absence of impairment of goodwill; the estimates made are adequately supported and are consistent with the information currently available.
<p>Recoverability of deferred tax assets, as reported by auditors of Galfor Group</p> <p>[Refer note 24 of the consolidated financial statements for the related disclosures]</p> <p>The Galfor Group recognises deferred tax assets amounting to €10.2 million (₹ 861 million) as non-current assets at year-end, recovery of which depends on the generation of taxable income in future years.</p> <p>Recovery of these deferred tax assets is analysed annually by the Group by estimating the tax bases for the next years.</p> <p>The estimation of future tax bases is based on the business plans of the different Group companies and the planning possibilities permitted under applicable tax legislation, taking into account, in each case, the different consolidated tax groups in which the Group companies are taxed.</p> <p>Therefore, the conclusion concerning the recovery of the deferred tax assets recognised on the subconsolidated balance sheet is subject to judgments and significant estimates by Galfor Group Management with respect to both future tax results and applicable tax legislation in the different jurisdictions in which it operates.</p>	<p>The audit procedures applied by auditors of Galfor Group included the following:</p> <ul style="list-style-type: none"> • On the basis of the business plans, which are based on the plans and budgets approved by Galfor Group management, component auditor analysed the key assumptions used to determine growth rates and forecast future margins, comparing them against available comparable (historical results and sector margins) and analysing if appropriate, their reasonableness using available third-party contracts or agreements. • Further, component auditor gained an understanding and assessed the criteria used by the Galfor Group's tax management to estimate the possibility of using and recovering deferred tax assets in subsequent years, in light of the business plans. • As part of these analysis, component auditor reviewed the tax adjustments taken into account to estimate taxable income, applicable tax legislation and the decisions concerning the possibilities of using applicable tax benefits with respect to the Group companies.

Key audit matters	How our audit addressed the key audit matters
	<ul style="list-style-type: none"> The analysis performed permitted their auditors to verify that the calculations and estimates made by the Galfor Group and the conclusions reached in relation to the recognition and recovery of deferred tax assets are consistent with the current situation, with expectations of the future results of the Galfor Group and its individual companies and with the tax planning possibilities available under current legislation.
<p>Recognition and valuation of litigations and claims i.e., assessment of contingencies and provision for taxes and other litigations and claims as reported by auditors of Aurangabad Electricals Limited (AEL) (Refer note 4 (e), 21 and 33 respectively, of the consolidated financial statements for the related disclosures)</p> <p>AEL operates across a large number of jurisdictions and is subject to a number of legal, regulatory and tax cases. The level of judgement required to establish the level of provisioning, increases the risk that provisions and contingent liabilities may not be appropriately provided against or adequately disclosed. Management involves legal experts in specific matters wherever considered necessary. Accordingly, the component auditors have considered this matter as a key audit matter.</p>	<p>The audit procedures applied by auditors of Aurangabad Electricals Limited included the following:</p> <ul style="list-style-type: none"> Evaluated the design, tested the operating effectiveness of the relevant controls, and assessed how the management monitors legal, tax and regulatory developments and their assessment of the potential impact on AEL. Read the summary of litigation matters provided by the management and discussed each of the material cases noted in the report to determine the management's assessment of the likelihood and magnitude of any liability that may arise. Read the external legal or regulatory advice sought by the management and reviewed related correspondence and held discussions with management's expert to corroborate their assessment. Obtained risk assessment of tax litigations from our tax specialists to assess management's judgements and assumptions on such matters. On the basis of the above procedures performed, their auditors considered the management's assessment in respect of contingent liabilities, provision for taxes and other litigations and claims to be reasonable and disclosures to be appropriate.

Other Information

- The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the consolidated financial statements and our auditor's report thereon.
- Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed and the reports of the

other auditors as furnished to us (Refer paragraph 17 and 18 below), we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Ind AS Financial Statements

- The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows, and changes in equity of the Group including its Associates in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. The respective

Board of Directors of the companies included in the Group and of its associates are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

10. In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its associates are responsible for assessing the ability of the Group and of its associates to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.
11. The respective Board of Directors of the companies included in the Group and of its associates are responsible for overseeing the financial reporting process of the Group and of its associates.

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

12. Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.
13. 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 consolidated financial statements, whether due to fraud or error, design and perform audit procedures

responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associates to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associates to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associates to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by

other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

14. We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
15. 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.
16. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

17. The financial information of nine subsidiaries located outside India, included in the consolidated financial statements, which constitute total assets of ₹ 38,063 million and net assets of ₹ 11,097 million as at December 31, 2021, total revenue of ₹ 40,590 million, total comprehensive income (comprising of profit and other comprehensive income) of ₹ 2,471 million and net cash flows amounting to ₹ (503) million for the year then ended and one associate company located outside India, which constitute total comprehensive income (comprising of loss and other comprehensive income) of ₹ Nil for the year then ended, have been prepared in accordance with accounting principles generally accepted in their respective countries. The Company's management has converted the financial information of such subsidiaries located outside India from the accounting principles generally accepted in their respective countries to the accounting principles generally accepted in India. We have audited these conversion adjustments made by the Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiaries and

associate located outside India, including other information, is based on the report of other auditors and the conversion adjustments prepared by the management of the Company and audited by us.

18. We did not audit the financial statements of one subsidiary whose financial statements reflect total assets of ₹ 6,968 million and net assets of ₹ 3,060 million as at December 31, 2021, total revenue of ₹ 9,636 million, total comprehensive income (comprising of profit and other comprehensive income) of ₹ 707 million and net cash flows amounting to ₹ 111 million for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditor whose reports have been furnished to us by the Management, and our opinion on the consolidated financial statements insofar as it relates to the amounts and disclosures included in respect of this subsidiary and our report in terms of sub-section (3) of Section 143 of the Act including report on Other Information insofar as it relates to the aforesaid subsidiary is based solely on the reports of the other auditors.
19. We did not audit the financial information of four subsidiaries whose financial information reflect total assets of ₹ 3,305 million and net assets of ₹ (967) million as at December 31, 2021, total revenue of ₹ 1,162 million, total comprehensive income (comprising of loss and other comprehensive income) of ₹ (209) million and net cash flows amounting to ₹ 46 million for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of total comprehensive income (comprising of profit and other comprehensive income) of ₹ 12 million for the year ended December 31, 2021 as considered in the consolidated financial statements, in respect of four associates whose financial information have not been audited by us. These financial information are unaudited and have been furnished to us by the Management, and our opinion on the consolidated financial statements insofar as it relates to the amounts and disclosures included in respect of these subsidiaries and associate companies and our report in terms of sub-section (3) of Section 143 of the Act including report on Other Information insofar as it relates to the aforesaid subsidiaries and associates, is based solely on such unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, these financial information are not material to the Group.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

20. As required by Section 143(3) of the Act, we report, to the extent applicable, that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- (b) In our opinion, proper books of account as required by law, maintained by the Holding Company and its subsidiaries included in the Group incorporated in India including relevant records relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the records of the Holding Company, its subsidiary companies included in the Group incorporated in India and the reports of the other auditors.
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), Consolidated Statement of Changes in Equity and the Consolidated Statement of cash flows dealt with by this Report are in agreement with the relevant books of account and records maintained for the purpose of preparation of the consolidated financial statements.
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act.
- (e) On the basis of the written representations received from the directors of the Holding Company as on December 31, 2021 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies and its associate companies incorporated in India is disqualified as on December 31, 2021 from being appointed as a director in terms of Section 164(2) of the Act.
- (f) With respect to the adequacy of internal financial controls with reference to financial

statements of the Group and the operating effectiveness of such controls, refer to our separate report in Annexure A.

- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The consolidated financial statements disclose the impact, if any, of pending litigations on the consolidated financial position of the Group and its associates—Refer Note 33 to the consolidated financial statements.
 - ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies incorporated in India.
 - iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Group for the year ended December 31, 2021.

21. The Group has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

For **Price Waterhouse Chartered Accountants LLP**
Firm Registration Number: 01275N/N500016

Jeetendra Mirchandani
Partner

Place: Pune
Date: February 22, 2022

Membership Number 48125
UDIN: 22048125ADHOUU7809

Annexure A to Independent Auditors' Report

Referred to in paragraph 20(f) of the Independent Auditors' Report of even date to the members of Mahindra CIE Automotive Limited on the consolidated Ind AS financial statements for the year ended December 31, 2021

Report on the Internal Financial Controls with reference to consolidated Ind AS financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act

1. In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended December 31, 2021, we have audited the internal financial controls with reference to financial statements of Mahindra CIE Automotive Limited (hereinafter referred to as "the Holding Company") and its subsidiary companies, which are companies incorporated in India, as of that date. Reporting under clause (i) of sub section 3 of Section 143 of the Act in respect of the adequacy of the internal financial controls with reference to financial statements is not applicable to three associates incorporated in India namely Gescrap India Private Limited, Renew Surya Alok Private Limited and Sunbarn Renewables Private Limited, pursuant to MCA notification GSR 583(E) dated 13 June 2017 and to Clean Max Deneb Power LLP as it is not a company under Companies Act, 2013.

Management's Responsibility for Internal Financial Controls

2. The respective Board of Directors of the Holding company, its subsidiary companies, to whom reporting under clause (i) of sub section 3 of Section 143 of the Act in respect of the adequacy of the internal financial controls with reference to financial statements is applicable, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to consolidated financial statements based on our audit. We conducted our audit in accordance with

the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements was established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to consolidated financial statements.

Meaning of Internal Financial Controls with reference to Consolidated Ind AS financial statements

6. A company's internal financial control with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to consolidated financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of

the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to Consolidated Ind AS financial statements

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

Opinion

8. In our opinion, the Holding Company and its subsidiary companies which are companies incorporated in India, have, in all material respects,

an adequate internal financial controls system with reference to consolidated financial statements and such internal financial controls with reference to consolidated financial statements were operating effectively as at December 31, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

9. Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to financial statements insofar as it relates to one subsidiary company, which is company incorporated in India, is based on the corresponding reports of the auditor of such company incorporated in India. Our opinion is not qualified in respect of this matter.

For **Price Waterhouse Chartered Accountants LLP**
Firm Registration Number: 01275N/N500016

Jeetendra Mirchandani

Partner

Place: Pune
Date: February 22, 2022

Membership Number 48125
UDIN: 22048125ADHOUU7809

Consolidated Balance Sheet as at 31 December, 2021

		₹ in Million	
	Note No.	As at 31 December, 2021	As at 31 December, 2020
I ASSETS			
1 NON-CURRENT ASSETS			
(a) Property, Plant and Equipment	6	30,586	29,709
(b) Goodwill	7	36,265	37,554
(c) Other Intangible Assets	8	263	273
(d) Financial Assets			
(i) Investments	9	246	87
(ii) Loans	12	820	-
(iii) Other Financial Assets	10	228	246
(e) Deferred Tax Assets	24	1,349	1,535
(f) Income Tax Assets		394	458
(g) Other Non-Current Assets	13	609	533
TOTAL NON-CURRENT ASSETS		70,760	70,395
2 CURRENT ASSETS			
(a) Inventories	14	13,486	10,062
(b) Financial Assets			
(i) Investments	9	4,134	2,253
(ii) Trade Receivables	11	6,687	7,054
(iii) Cash and Cash Equivalents	15	1,444	2,226
(iv) Other Bank Balances	15	151	155
(v) Loans	12	-	8
(vi) Other Financial Assets	10	867	1,623
(c) Current Tax Assets		516	85
(d) Other Current Assets	13	1,459	1,237
TOTAL CURRENT ASSETS		28,744	24,703
Disposal group assets classified as held for sale	23	51	72
TOTAL ASSETS		99,555	95,170
II EQUITY AND LIABILITIES			
1 EQUITY			
(a) Equity Share Capital	16	3,791	3,790
(b) Other Equity	17	48,175	45,290
		51,966	49,080
LIABILITIES			
2 NON-CURRENT LIABILITIES			
(a) Financial liabilities			
(i) Borrowings	18	6,522	9,373
(ii) Other Financial Liabilities	20	1,737	2,137
(b) Provisions	21	3,084	3,465
(c) Deferred Tax Liabilities	24	3,808	2,771
(d) Other Non-Current Liabilities	22	1,086	908
		16,237	18,654
3 CURRENT LIABILITIES			
(a) Financial Liabilities			
(i) Borrowings	18	6,294	7,103
(ii) Trade Payables	19		
Total outstanding dues of Micro enterprises and Small enterprises; and		394	345
Total outstanding dues of creditors other than micro enterprises and small enterprises		18,991	14,245
(iii) Other Financial Liabilities	20	908	804
(b) Provisions	21	892	879
(c) Current Tax Liabilities		894	245
(d) Other Current Liabilities	22	2,929	3,742
		31,302	27,363
Disposal group liabilities classified as held for sale	23	50	73
TOTAL EQUITY AND LIABILITIES		99,555	95,170

The accompanying notes 1 to 42 are an integral part of these consolidated financial statements.

This is the Consolidated Balance Sheet referred to in our report of even date.

For **Price Waterhouse Chartered Accountants LLP**
Firm Registration No. 012754N/N500016

Jeetendra Mirchandani
Partner
Membership No. 48125

Pune, February 22, 2022

For and on behalf of the Board of Directors of **Mahindra CIE Automotive Limited**

Ander Arenaza Alvarez
Executive Director

Manoj Menon
Executive Director &
CEO-Business Division

K. Jayaprakash
Chief Financial Officer

Pune, February 22, 2022

Dhananjay Mungale
Director

Anil Haridass
Executive Director &
CEO-Business Division

Pankaj Goyal
Company Secretary & Compliance officer

Consolidated Statement of Profit and Loss for the year ended 31 December, 2021

		₹ in Million	
	Note No.	Year ended 31 December, 2021	Year ended 31 December, 2020
Continuing operations			
I Revenue from operations		83,867	60,501
Sale of products and services		79,459	58,181
Other operating revenues		4,408	2,320
II Other Income	27	556	549
III Total Revenue (I+II)		84,423	61,050
IV Expenses			
(a) Cost of materials consumed	28	42,127	26,791
(b) Changes in inventories of finished goods and work-in-progress		(2,048)	1,272
(c) Employee benefit expense	29	13,478	12,618
(d) Finance costs	30	532	548
(e) Depreciation and amortisation expense	6,8	3,431	3,064
(f) Other expenses	31	20,137	14,804
Total Expenses (IV)		77,657	59,097
V Profit before exceptional items and tax (III-IV)		6,766	1,953
VI Exceptional Items	40	(128)	-
VII Share of profit / (loss) of joint ventures and associates		12	-
VIII Profit before tax (V+VI+VII)		6,650	1,953
IX Income Tax Expense			
1 Current tax	25	1,431	457
2 Deferred tax	25	1,290	430
Total tax expense		2,721	887
X Profit for the year from continuing operations (VIII-IX)		3,929	1,066
XI Discontinued operations			
Loss for the year from discontinued operations	23	-	(2)
XII Profit for the year (X+XI)		3,929	1,064
XIII Other comprehensive income			
(i) Items that will not be reclassified to profit or loss:			
Remeasurement of post-employment benefit obligation	32	102	27
Income tax relating to items that will not be reclassified to profit or loss	25	15	(7)
(ii) Items that may be reclassified to profit or loss:			
Exchange differences in translating the financial statements of foreign operations		(1,168)	1,659
Total comprehensive income for the year, net of tax		(1,051)	1,679
XIV Total comprehensive income for the year attributable to Owners of the Group (XII+XIII):		2,878	2,743
From continuing operations		2,878	2,745
From discontinued operations		-	(2)
XV Earnings per share from continuing and discontinued operations of the owners of the Group (expressed in ₹ 10 per share):			
-Basic earnings per share	35	10.36	2.80
From continuing operations		10.36	2.81
From discontinued operations		-	(0.01)
-Diluted earnings per share	35	10.36	2.80
From continuing operations		10.36	2.81
From discontinued operations		-	(0.01)

The accompanying notes 1 to 42 are an integral part of these consolidated financial statements.

This is the Consolidated Statement of profit and loss referred to in our report of even date.

For **Price Waterhouse Chartered Accountants LLP**
Firm Registration No. 012754N/N500016

Jeetendra Mirchandani
Partner
Membership No. 48125

Pune, February 22, 2022

For and on behalf of the Board of Directors of **Mahindra CIE Automotive Limited**

Ander Arenaza Alvarez
Executive Director

Manoj Menon
Executive Director &
CEO-Business Division

K. Jayaprakash
Chief Financial Officer

Pune, February 22, 2022

Dhananjay Mungale
Director

Anil Haridass
Executive Director &
CEO-Business Division

Pankaj Goyal
Company Secretary & Compliance officer

Consolidated Statement of Changes in Equity for the year ended 31 December, 2021

₹ in Million

A. Equity Share Capital

	Number of Shares	Equity share capital
Balance as at 1 January 2020	379,010,682	3,790
Issue of equity shares pursuant to exercise of employee share options *	-	-
Balance as at 31 December, 2020	379,010,682	3,790
Issue of equity shares pursuant to exercise of employee share options	64,717	1
Balance as at 31 December, 2021	379,075,399	3,791

* Amount is below the rounding off norm adopted by the Company.

B. Other Equity

	Reserves and surplus					Other reserves			Total
	Capital Reserve	Securities Premium Reserve	Equity-settled employee benefits reserve	General Reserve	Capital Redemption Reserve	Retained Earnings	Foreign Currency Translation Reserve	Remeasurement of post employment benefit obligation	
As at 1 January, 2020	7,693	15,285	39	6,028	165	11,803	1,757	(222)	42,548
Profit for the year	-	-	-	-	-	1,064	-	-	1,064
Other comprehensive income	-	-	-	-	-	-	1,659	20	1,679
Total Comprehensive Income for the year	-	-	-	-	-	1,064	1,659	20	2,743
Any other changes	-	-	-	-	-	-	-	-	-
As at 31 December, 2020	7,693	15,285	38	6,028	165	12,867	3,416	(202)	45,290
Profit for the year	-	-	-	-	-	3,929	-	-	3,929
Other comprehensive income	-	-	-	-	-	-	(1,168)	117	(1,051)
Total Comprehensive Income for the year	-	-	-	-	-	3,929	(1,168)	117	2,878
Exercise/ (Forfeiture) of employee stock options	-	15	(7)	-	-	-	-	-	7
As at 31 December, 2021	7,693	15,300	31	6,028	165	16,796	2,248	(85)	48,175

The accompanying notes 1 to 42 are an integral part of these consolidated financial statements

This is the Consolidated Statement of Changes in Equity referred to in our report of even date.

For **Price Waterhouse Chartered Accountants LLP**
Firm Registration No. 012754N/N500016

Jeetendra Mirchandani
Partner
Membership No. 48125

Pune, February 22, 2022

For and on behalf of the Board of Directors of **Mahindra CIE Automotive Limited**

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Chief Financial Officer

Pune, February 22, 2022

Dhananjay Mungale
Director

Anil Haridass
Executive Director &
CEO-Business Division

Pankaj Goyal
Company Secretary & Compliance officer

Consolidated Statement of Cash Flows for the year ended 31 December, 2021

	Note No.	Year ended 31 December, 2021	₹ in Million Year ended 31 December, 2020
I Cash flows from operating activities			
Profit before tax for the year		6,650	1,953
Adjustments for:			
Finance costs recognized in profit and loss		532	548
Net Gain on sale of investments and change in fair value of investments held at FVTPL		(24)	(46)
Provision for voluntary retirement scheme	40	128	-
Other income		(9)	(7)
Provision for doubtful debts		23	(15)
Provision for obsolescence of inventory		(29)	130
Interest income		(38)	(59)
Grant income		(376)	(252)
Loss/ (gain) on disposal of property, plant and equipment		(109)	(181)
Depreciation and amortisation		3,431	3,064
Employee Share based payment expenses		21	-
		10,200	5,135
Change in operating assets and liabilities:			
(Increase)/decrease in trade and other receivables		820	227
(Increase)/decrease in inventories		(3,396)	1,342
(Decrease)/Increase in other liabilities		3,941	(808)
		1,365	761
Income taxes paid		(1,053)	(503)
Net cash generated by operating activities		10,512	5,393
II Cash flows from investing activities			
(Purchase)/Sale of current investments		(1,880)	(1,376)
Net Gain on investments held at FVTPL		24	46
Interest income received		38	59
Investment in Associate companies		(146)	(7)
Dividend received from associates		3	-
Loans given		(812)	-
Payments for Property, Plant and Equipment & Intangible assets	6, 8	(5,267)	(3,343)
Proceeds from disposal of Property, Plant and Equipment & Intangible assets		489	327
Net cash (used in)/generated by investing activities		(7,551)	(4,294)
III Cash flows from financing activities			
Proceeds from issue of equity instruments of the Group*		10	-
Principal elements of lease payments		(318)	(338)
Interest on lease liabilities		(67)	(71)
Net Proceeds/(Repayment) of borrowings		(2,787)	506
Interest paid		(465)	(477)
Net cash used in financing activities		(3,627)	(380)
IV Net increase/(decrease) in cash and cash equivalents		(666)	719
Cash and cash equivalents at the beginning of the year		2,386	1,590
Effects of exchange rate changes (on cash held in foreign currencies)		(74)	77
V Cash and cash equivalents at the end of the year		1,646	2,386
* Amount is below the rounding off norm adopted by the Company.			
		31 December, 2021	31 December, 2020
Reconciliation of cash and cash equivalents			
Total cash and cash equivalents as per Balance Sheet		1,444	2,226
Cash and cash equivalents in discontinued operations		51	5
Bank balances		151	155
Total cash and cash equivalents as per Statement of cash flow		1,646	2,386

Consolidated Statement of Cash Flows includes cash flows of disposal group. For details of cash flows of disposal group, refer note 23.

The accompanying notes 1 to 42 are an integral part of these consolidated financial statements.

This is the Consolidated Cash Flow statement referred to in our report of even date

For **Price Waterhouse Chartered Accountants LLP**
Firm Registration No. 012754N/N500016

Jeetendra Mirchandani
Partner
Membership No. 48125

Pune, February 22, 2022

For and on behalf of the Board of Directors of **Mahindra CIE Automotive Limited**

Ander Arenaza Alvarez
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Chief Financial Officer

Pune, February 22, 2022

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Director

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Executive Director &
CEO-Business Division

Pankaj Goyal
Company Secretary & Compliance officer

Notes to the Consolidated Financial Statements as at and for the year ended 31 December, 2021

(₹ in Million)

1 General information Mahindra CIE Automotive Group and Background

Mahindra CIE Automotive Limited and activities

Mahindra CIE Automotive Limited (MCIE) is a company incorporated in India having its registered office in Mumbai. The company and its subsidiaries (collectively referred to as "the Group") are engaged in the business of production and sale of automotive components to original equipment manufacturers and other customers (including leading suppliers of components) in India and overseas.

The Group has manufacturing facilities in India, Germany, Spain, Lithuania, Italy, Mexico and the United Kingdom. The group has an established presence in each of these locations and supply automotive components to its customers based there and export products to customers based in other countries as well. The group's manufacturing locations are generally located close to major automotive manufacturing hubs in order to facilitate supplies to the customers.

MCIE is a subsidiary of CIE Automotive S.A based in Spain. The Mahindra Group based in India is a significant shareholder in MCIE. Pursuant to a global alliance between the two companies Mahindra's automotive components businesses across various product segments in India and Europe were brought together with the forgings business of CIE in Spain.

The subsidiaries and associates included in these consolidated financial statements along with the proportion of ownership and beneficial interest of the Group in such subsidiaries is included in the details on Interest in other entities mentioned below.

These consolidated financial statements for the year ended December 31, 2021 were approved for issue by the Board of Directors in accordance with their resolution dated February 22, 2022.

Interest in other entities

Sr. No.	Name of the entity	% of Holding		Country of Incorporation
		31 December, 2021	31 December, 2020	
1	Stokes Group Limited (SGL) (subsidiary of MCIE)	100%	100%	U.K
2	Stokes Forgings Dudley Limited (subsidiary of SGL) (Dissolved on July 30, 2020)	-	-	U.K
3	Stokes Forgings Limited (subsidiary of SGL) (Dissolved on August 1, 2020)	-	-	U.K
4	Mahindra Forgings Europe AG (subsidiary of Galfor)	100%	100%	Germany
5	Jeco Jellinghaus GmbH (subsidiary of MFE)	100%	100%	Germany
6	Gesensschmiede Schneider GmbH (subsidiary of MFE)	100%	100%	Germany
7	Falkenroth Unformtechnik GmbH (subsidiary of MFE)	100%	100%	Germany
8	Schonoeweiss& Co GmbH (subsidiary of MFE)	100%	100%	Germany
9	Metalcastello S.p.A (MC) (subsidiary of Galfor)	99.96%	99.96%	Italy
10	CIE Galfor S.A.U. (Galfor) (subsidiary of MCIE)	100%	100%	Spain
11	CIE Legazpi SA (subsidiary of Galfor)	100%	100%	Spain
12	UAB CIE LT Forge (subsidiary of Galfor)	100%	100%	Lithuania
13	Galfor Eólica, S.L (Associate of Galfor)	25%	25%	Spain
14	Aurangabad Electricals Limited (AEL) (w. e. f. April 9, 2019)	100%	100%	India
15	BF Precision Private Limited (subsidiary of MCIE)	100%	100%	India
16	Bill Forge Mexico S. A. de.C V (subsidiary of MCIE)	100%	100%	Mexico
17	AE Deutschland GmbH (Subsidiary of AEL) (dissolved on August 12, 2021)	-	100%	Germany

Notes to the Consolidated Financial Statements as at and for the year ended 31 December, 2021

(₹ in Million)

Sr. No.	Name of the entity	% of Holding		Country of Incorporation
		31 December, 2021	31 December, 2020	
18	Gescrap India Private Limited (w.e.f. March 27, 2018) (Associate of MCIE)	30%	30%	India
19	Clean Max Deneb Power LLP (w.e.f. March 21, 2019) (Associate of MCIE)	26%	26%	India
20	Sunbarn Renewables Private Limited (w.e.f. November 25, 2020) (Associate of MCIE)	26.16%	27.16%	India
21	Renew Surya Alok Private Limited (Associate of MCIE) (w.e.f. February 25, 2021)	31.20%	-	India
22	CIE Hosur Limited (w.e.f. August 6, 2021) (Subsidiary of MCIE)	100%	-	India

2. Summary of significant accounting policies**2.1 Basis of presentation**

The consolidated financial statements of the Group have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the act. The financial statement have been prepared on a historical cost basis, except for share based payment, assets held for sale, derivative financial instrument and certain financial assets and liabilities measured at fair value.

The consolidated financial statements are presented in Million ₹ and all values are rounded to the nearest Million except when otherwise indicated.

2.2 Amended standards adopted by the Group

The Group has applied the following amendments to Ind AS for the first time for their annual reporting period commencing 1st January 2021:

- Definition of Material – amendments to Ind AS 1 and Ind AS 8
- Definition of a Business – amendments to Ind AS 103
- COVID-19 related concessions – amendments to Ind AS 116

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

2.3 Consolidation principles and equity accounting**Subsidiaries**

The consolidated financial statements comprise the financial statements of the company and its subsidiaries as at 31st December 2021. Subsidiaries are all entities over which the Group has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights
- The size of the Group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the

Notes to the Consolidated Financial Statements as at and for the year ended 31 December, 2021

(₹ in Million)

Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's financial statements in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent Group, i.e., year ended on 31st December 2021.

Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

Consolidation procedure:

- (a) Combine like items of assets, liabilities, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.
- (b) Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.
- (c) Eliminate in full intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group (profits or losses resulting from intra-group transactions that are recognised in assets, such as inventory and Property, Plant and equipment, are eliminated in full). Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intra-group transactions.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-Group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interests
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

2.4 Segment information

Operating segments (Note 5) are reported consistently with the internal reporting provided to the Board of Directors. The Board of Directors is responsible for allocating resources to and assessing the performance of the operating segments.

Notes to the Consolidated Financial Statements as at and for the year ended 31 December, 2021

(₹ in Million)

2.5 Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

At the acquisition date, the identifiable assets acquired, and the liability assumed are recognised at their acquisition date fair value. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. However, the following assets and liabilities acquired in a business combination are measured at the basis indicated below:

- Deferred tax assets or liabilities, and the assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with Ind AS 12 Income Tax and Ind AS 19 Employee Benefits respectively.
- Liabilities or equity instruments related to share based payment arrangements of the acquiree or share – based payments arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with Ind AS 102 Share-based Payments at the acquisition date.
- Assets (or disposal Groups) that are classified as held for sale in accordance with Ind AS 105 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard.
- Reacquired rights are measured at a value determined on the basis of the remaining contractual term of the related contract. Such valuation does not consider potential renewal of the reacquired right.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognized in profit or loss or OCI, as appropriate.

Any contingent consideration to be transferred by the acquirer is recognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of Ind AS 109 Financial Instruments, is measured at fair value with changes in fair value recognized in profit or loss. If the contingent consideration is not within the scope of Ind AS 109, it is measured in accordance with the appropriate Ind AS. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and subsequent its settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in OCI and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognizes the gain directly in equity as capital reserve, without routing the same through OCI.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount

Notes to the Consolidated Financial Statements as at and for the year ended 31 December, 2021

(₹ in Million)

of each asset in the unit. Any impairment loss for goodwill is recognized in profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted through goodwill during the measurement period, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date. These adjustments are called as measurement period adjustments. The measurement period does not exceed one year from the acquisition date.

2.6 Current and non-current classification

The Group presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets or liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Group has identified twelve months as its operating cycle.

2.7 Foreign currencies

The Group's consolidated financial statements are presented in ₹, which is also the parent Group's functional currency. For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. However, for practical reasons, the Group uses an average rate if the average approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognized in profit or loss with the exception of the following:

- Exchange differences arising on monetary items that forms part of a reporting entity's net investment in a foreign operation are recognized in profit or loss in the separate financial statements of the reporting entity or the individual financial statements of the foreign operation, as appropriate. In the financial statements that include the foreign operation and the reporting entity (e.g., consolidated financial statements when

Notes to the Consolidated Financial Statements as at and for the year ended 31 December, 2021

(₹ in Million)

the foreign operation is a subsidiary), such exchange differences are recognized initially in OCI. These exchange differences are reclassified from equity to profit or loss on disposal of the net investment.

- Exchange differences arising on monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognized in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss.
- Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item.

Group companies

On consolidation, the assets and liabilities of foreign operations are translated into ₹ at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognized in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognized in profit or loss.

2.8 Revenue recognition

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has concluded that it is principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer. The policy of recognising the revenue is determined by the five-stage model proposed by Ind AS 115 "Revenue from contract with customers".

Sale of goods

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer generally on date of bill of lading for export sales and generally on delivery for domestic sales. The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of goods, the Group considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer, if any.

Other Revenue

Export incentives

Revenue from export incentives are accounted for on export of goods if the entitlements can be estimated with reasonable assurance and condition precedent to claim are fulfilled.

Interest income

For all debt instruments measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in other income in the statement of profit and loss.

Dividends

Income is recognized when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.

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(₹ in Million)

2.9 Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognized as income in equal amounts over the expected useful life of the related asset.

When the Group receives grants of non-monetary assets, the asset and the grant are recorded at fair value amounts and recognised in profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset i.e. by equal annual instalments. When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant. The loan or assistance is initially recognized and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received.

2.10 Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Notes to the Consolidated Financial Statements as at and for the year ended 31 December, 2021

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Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized either in other comprehensive income or in equity. Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognized subsequently if new information about facts and circumstances change. Acquired deferred tax benefits recognized within the measurement period reduce goodwill related to that acquisition if they result from new information obtained about facts and circumstances existing at the acquisition date. If the carrying amount of goodwill is zero, any remaining deferred tax benefits are recognized in OCI/ capital reserve depending on the principle explained for bargain purchase gains. All other acquired tax benefits realised are recognized in profit or loss.

Goods and Services Tax paid on acquisition of assets or on incurring expenses

Expenses and assets are recognized net of the amount of sales/ Value added (Goods & Service) taxes paid, except:

- When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of tax included

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

2.11 Property, plant and equipment

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of items.

Subsequent costs are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit and loss during the reporting period in which they are incurred.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

- Building 30 / 60 years
- Furniture & Fixtures 5 to 10 years
- Office equipment's 5 to 10 years
- Vehicles 3 to 8 years
- Computers 3 to 6 years

The depreciation policy historically applied by the MCIE to productive assets (plant, machinery and tools) is to systematically apply depreciation based on the useful lives of the assets concerned. These useful lives were estimated in accordance with the actual production capacity of the assets and their residual value, as well as a maximum useful life for each asset.

For certain plants and machineries, the Management applies unit of production method for depreciation. By using the units of production method, annual depreciation charges adapt to changes in production levels, on the understanding that this best reflects the expected pattern of consumption of the future economic benefits embodied by the assets. Units of production method of depreciation is calculated for these categories of plant, machinery, based on the actual production levels attained by the assets and their residual value.

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(₹ in Million)

For other plant and machinery, where usage and efflux of time is primary determinant, the Group continues to depreciate assets using straight-line basis over the estimated useful lives of the assets as follows:

- Plant and machinery (other than those stated above) 5 to 25 years

The Group, based on technical assessment made by technical expert and management estimate, depreciates certain items of building, plant and equipment over estimated useful lives or based on production, which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognized.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

2.12 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognized in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit or loss when the asset is derecognized.

Research and development expenses

Research expenditure is recognised as an expense as incurred. The costs incurred in development projects (associated with the design and testing of new products or product upgrades) are recognised as an intangible asset when the success of the development is deemed probable taking into account its technical and commercial feasibility, management intends to complete the project and has the technical and financial resources to do so, has the ability to use or sell the asset and generate potential economic benefits and the costs involved may be reliably estimated. Other development expenditures are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Development costs with a finite useful life that have been capitalised are amortised from the start of commercial production of the product on a straight-line basis over the period in which it is expected to generate economic benefits, which does not exceed five years.

Licences

Trademarks and licences have a finite useful life and are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method to allocate the cost of trademarks and licences over their estimated useful lives.

2.13 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist

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(₹ in Million)

of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

2.14 Leases

As a lessee

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Lease payments are allocated between the principal (liability) and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- amounts expected to be payable by the lessee under residual value guarantees
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss.

Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office equipments.

As a Lessor

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. The respective leased assets are included in the balance sheet based on their nature.

2.15 Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition is accounted for as follows:

- Raw materials: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average cost.
- Finished goods and work in progress: cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs. Cost is determined on weighted average cost.
- Traded goods: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average.

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(₹ in Million)

Initial cost of inventories includes the transfer of gains and losses on qualifying cash flow hedges, recognized in OCI, in respect of the purchases of raw materials.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2.16 Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating units (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicator.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Group extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

Impairment losses of continuing operations, including impairment on inventories, are recognized in the statement of profit and loss, except for properties previously revalued with the revaluation surplus taken to OCI. For such properties, the impairment is recognized in OCI up to the amount of any previous revaluation surplus.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior year. Such reversal is recognized in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually as at 31st December.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU to which the goodwill relates. In assessing the recoverable amount of the CGU, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful lives are tested for impairment annually as at each reporting period at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

2.17 Provisions

General

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized

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as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Warranty provisions

Provisions for warranty-related costs are recognized when the product is sold or service provided to the customer. Initial recognition is based on historical experience. The initial estimate of warranty-related costs is revised annually.

Restructuring provisions

Restructuring provisions are recognized only when the Group has a constructive obligation, which is when a detailed formal plan identifies the business or part of the business concerned, the location and number of employees affected, a detailed estimate of the associated costs, and an appropriate timeline, and the employees affected have been notified of the plan's main features.

2.18 Retirement and other employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The Group has no obligation, other than the contribution payable to the provident fund. The Group recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

The Group operates a defined benefit gratuity plan in India, which requires contributions to be made to a separately administered fund.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Pension provisions are for operations in Germany and are entirely internally funded. These benefits are in the nature of long term service awards and lifetime pension and retirement plans. Liabilities are determined using projected unit credit method together with mortality tables. Obligation is measured at the present value of estimated future cash flow using the discount rate that is determined by reference to average market yields of ten years.

Past service costs are recognized in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Group recognizes related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation as an expense in the consolidated statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

2.19 Share based payments

Share based compensation benefits are provided to employees via the Employee Stock Options Scheme and Stock Appreciation Rights.

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The fair value of options granted under the above scheme is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

- Including any market performance conditions;
- Excluding the impact of any service vesting conditions (for example, remaining an employee of the entity over a specified time period)

Non-market performance and service conditions are included in the assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period during which all the specified vesting conditions are to be satisfied.

At the end of each reporting period, the Group revised the estimates of the number of options that are expected. It recognises the impact of the revision of original estimates, if any, in the income statement, with corresponding adjustment to equity.

The total cost of the services rendered by the beneficiaries is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied (continued service at the Group).

Liabilities for the Company's share appreciation rights are recognised as employee benefit expense over the relevant service period. The liabilities are remeasured to fair value at each reporting date.

2.20 Earnings Per Share

(i) Basic Earnings per share

Basic earnings per share is calculated by dividing

- the profit attributable to owners of the Group
- by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year and excluding treasury shares, if any.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of the additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

2.21 Financial Assets and Financial liabilities

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Notes to the Consolidated Financial Statements as at and for the year ended 31 December, 2021

(₹ in Million)

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans, lease liabilities and borrowings including bank overdrafts.

Subsequent measurement

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

2.22 Share Capital

Ordinary equity shares are classified as equity.

Incremental cost directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.23 Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

2.24 Cash dividend

The Group recognizes a liability to make cash or non-cash distributions to equity holders of the parent when the distribution is authorised and the distribution is no longer at the discretion of the Group. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognized directly in equity.

2.25 Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If the receivable is expected to be collected within a period of 12 months or less from the reporting date, they are classified as current assets otherwise as non-current assets.

Trade receivables are measured at their transaction price unless it contains a significant financing component or pricing adjustments embedded in the contract.

Loss allowance for expected life time credit loss is recognised on initial recognition of the trade receivables.

2.26 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payable is classified as current liabilities if payment is due within one year or less.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Notes to the Consolidated Financial Statements as at and for the year ended 31 December, 2021

(₹ in Million)

2.27 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest rate method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer their settlement for at least 12 months after the end of the reporting period.

Fees paid on for availing the loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facilities will be drawn down. In this case, the fees are deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

2.28 Disposal groups and discontinued operations

An operation is classified as discontinued operations when component of the entity that has been disposed of or is classified as held for sale and that represent a separate major line of business or geographical area of operations and is a part of a single coordinated plan to dispose off. The result of discontinued operation is presented separately, in statement of profit and loss. Assets of disposal group classified as held for sale are presented separately from other assets in balance sheet. The liabilities of disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

2.29 Recent Accounting Pronouncements:

Ministry of Corporate Affairs (MCA), vide its notification dated March 24, 2021, amended Schedule III of the Companies Act, 2013 with effect from 1 January 2021. There are key amendments relating to Division II, which relate to companies whose financial statements are required to comply with Companies (Indian Accounting Standards) Rules 2015. The aforesaid notification is applicable for the financial year commencing from January 1, 2022.

3. Financial risk management

3.1. Financial risk factors

The Group's activities expose it to a variety of financial risks viz. market risk (including currency risk, interest rate risk and price risk), liquidity risk and credit risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

a. Market risk

(i) Foreign Currency Risk:-

The overriding objective is to reduce the adverse impact on its activities in general and on the income statement in particular of the variation in exchange rates so that it is possible to hedge against adverse movements and, if appropriate, leverage favourable trends.

In order to arrange such a policy, the Group uses the management scope concept. This concept encompasses all collection/ payment flows in a currency other than the Indian Rupees expected to materialise over a specific time period. The management scope includes assets and liabilities denominated in foreign currency and firm or highly probable commitments for purchases or sales in a currency other than the Indian Rupees. Assets and liabilities denominated in foreign currency are subject to management, irrespective of timing, while firm commitments for purchases or sales that form part of the Management Scope are also subject to management if they are expected to be recognised on the balance sheet within a period of no more than 18 months. Once defined the Management Scope, the Group may use financial instruments for risk management.

The Group has investments in foreign operations whose net assets are denominated in EURO and USD, exposing it to only foreign exchange translation risk. The exchange risk on the net assets of the Group's foreign operations is managed through natural hedges by denominating liabilities including borrowings (loans) in the corresponding foreign currency.

If at 31st December, 2021, the Rupee had depreciated/ appreciated by 10% with respect to all other functional currencies other than the Rupee, all other variables remaining constant, equity would have

Notes to the Consolidated Financial Statements as at and for the year ended 31 December, 2021

(₹ in Million)

increased/decreased by ₹ 344 Million (2020 increased/ decreased by ₹ 220 Million), due to the impact of the net assets contributed by the subsidiaries operating in a functional currency different from Rupee.

If the average rate of exchange of the Euro and USD had depreciated/ appreciated by 10% in 2021 with respect to all other functional currencies other than Euro, all other variables remaining constant, profit after tax for the year would have been higher/ lower by ₹ 208 Million, (2020 ₹ 12 Million), mainly as a result of the exchange gain/ losses on the translation of accounts of subsidiaries denominated in currencies other than Rupee.

(ii) Interest rate risk

The Group's borrowings are benchmarked to variable rates. The expectation of any change in the benchmark rate is monitored regularly and hedging is initiated as and when required. During the year the impact of such expected change was not material.

Out of total Borrowings, ₹ 12,328 Million (2020 ₹ 14,878 Million) are at variable interest rate.

If the average rate of interest had increased/ decreased by 10bps p.a. in 2021, all other variables remaining constant, interest costs for the year would have been higher/ lower by ₹ 12 Million, (2020 ₹ 15 Million).

b. Liquidity risk

The prudent management of liquidity risk entails maintaining enough cash and available financing through sufficient credit facilities. In this respect, the MCIE Automotive Group strategy, articulated by its Treasury Department, is to maintain the necessary financing flexibility through the availability of committed credit lines. Additionally, and on the basis of its liquidity needs, the Group uses liquidity facilities (non-recourse factoring and the sale of financial assets representing receivable debts, transferring the related risks and rewards). Management monitors the Group's forecast liquidity requirements together with the trend in net debt. The calculation of liquidity and net debt at 31st December 2021 and 31st December 2020 is as follow:

	Note	31 December, 2021	31 December, 2020
Cash, cash equivalents and bank balances	Note 15	1,595	2,381
Current and Non-current financial Assets – Loans	Note 12	820	8
Current financial assets– Investments	Note 9	4,134	2,340
Current and non- current financial assets– Others	Note 10	1,095	1,869
Loans given by disposal group	Note 23	-	67
Total Cash and financial assets		7,645	6,665
Borrowings	Note 18	12,816	16,476
Current and non- current Financial Liabilities– Others	Note 20	2,645	2,941
Cash and cash equivalent and bank balances	Note 15	(1,595)	(2,381)
Current and non-current financial assets – Loans	Note 12	(820)	(8)
Current and non-current financial assets – investments	Note 9	(4,134)	(2,340)
Current and non- current financial assets– Others	Note 10	(1,095)	(1,869)
Loans given by disposal group	Note 23	-	(67)
Net financial debt		7,816	12,752

The Group believes that the on-going initiatives will prevent liquidity shortfalls. In this respect, management expects that the cash generated will be sufficient to service payment obligations for the next twelve months.

The Group monitors the Group's forecast liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining enough headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities.

Noteworthy is the existence at 31st December 2021 of ₹ 3,499 Million in unused loans and credit lines (31st December 2020 of ₹ 3,714 Million).

Notes to the Consolidated Financial Statements as at and for the year ended 31 December, 2021

(₹ in Million)

One of the Group's strategies is to ensure the optimisation and maximum saturation of the resources assigned to the business. The Group therefore pays special attention to the net operating working capital invested in the business. In this regard, as in previous years, considerable work has been performed to control and reduce collection periods for trade and other receivables, as well as to optimise accounts payable with the support of banking arrangements to mobilise funds and minimise inventories through logistic and industrial management, allowing JIT (just in time) supplies to our customers.

As a result of the above, it may be confirmed that there is no liquidity risk for the group.

c. Credit Risk

Credit risk from cash and cash equivalents and bank deposits is considered immaterial in view of the creditworthiness of the banks the Group works with. If management detects liquidity risk in respect of its banks under certain specific circumstances, it recognises impairment provisions as warranted.

In addition, each segment has specific policies for managing customer credit risk; these policies factor in the customers' financial position, past experience and other customer specific factors.

With respect to customer credit limits, it should be noted that Group policy is to spread its volumes across customers or manufacturing platforms.

Given the characteristics, of the Group's customers, management has historically deemed that receivables due within 60 days present no credit risk. The Group continues to consider the credit quality of these outstanding balances to be strong. Based on past trends, expected credit loss is provided. Details of such provision and analysis of the age of assets that are past due but are not impaired is provided in note 11.

Top 30 customers make for 75% of Group's sale, thus reflecting limited credit risk.

i. Trade receivables

The Group uses Expected Credit Loss (ECL) model to assess the impairment gain or loss. As per ECL simplified approach, the Group uses a provision matrix to compute the expected credit loss allowance for trade receivables. The provision matrix takes into account a continuing credit evaluation of Group's customers financial condition; aging of trade accounts receivable; the value and adequacy of collateral received from the customers in certain circumstances (if any); the Group's historical loss experience; and adjustment based on forward looking information. The Group defines default as an event when there is no reasonable expectation of recovery.

Movement of Loss allowance:

	Amount
Loss allowance as on 31 December, 2020	92
Additions/ (reversal) during the year (net)	23
Loss allowance as on 31 December, 2021	115

3.2 Fair Value estimation

Fair value measurement

The Group measures financial instruments, such as, derivatives at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant

Notes to the Consolidated Financial Statements as at and for the year ended 31 December, 2021

(₹ in Million)

that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period

Refer Note 26

3.3 Capital risk management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for the other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group can adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the leverage ratio. This ratio is calculated as net debt divided by total capital employed. Net debt is calculated as total borrowings plus current financial liabilities less cash, cash equivalents and current financial assets, all of which are shown in the consolidated annual accounts. Total capital employed is calculated as 'equity', as shown in the consolidated annual accounts, plus net debt.

Calculation of Gearing ratio.

	31 December, 2021	31 December, 2020
Net Financial Debt (Refer Note 3.1.(b))	7,816	12,752
Equity	51,966	49,080
Total Capital Employed	59,782	61,832
Gearing Ratio	0.13	0.21

4. Accounting estimates and judgements

The preparation of financial statements requires management to make judgments, estimates and assumptions affecting the application of accounting policies and the amounts presented under assets and liabilities, income and expenses. Actual results may differ from these estimates.

a) Estimated impairment loss on goodwill

The Group tests whether goodwill has suffered any impairment on an annual basis. Impairment exists when the carrying value of an asset or cash generating unit (CGU) exceeds its recoverable amount. The recoverable amount of a CGU is determined based on value in use calculations. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include any activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the

Notes to the Consolidated Financial Statements as at and for the year ended 31 December, 2021

(₹ in Million)

discount rate used for the DCF model as well as the expected future cash inflows and the growth rate. The key assumptions used to determine the recoverable amount for goodwill including a sensitivity analysis are disclosed and further explained in note 7.

b) **Estimated fair value of assets, liabilities and contingent liabilities associated with a business combination.**

In business combinations, the Group classifies or designates, at the acquisition date, the identifiable assets acquired, and liabilities assumed as necessary, based on contractual agreements, financial conditions, accounting policies and operating conditions or other pertinent circumstances that exist at the acquisition date.

In accounting of business combination, judgement is required for valuation of assets and identifying whether an intangible asset is to be recognised separately from goodwill.

The measurement of the assets acquired and liabilities assumed at fair value requires the use of estimates that depend on the nature of those assets and liabilities in accordance with their prior classification and which, in general, are based on generally accepted measurement methods that take into consideration discounted cash flows associated with those assets and liabilities, comparable quoted prices on active markets and other procedures, as disclosed in the relevant notes to the annual financial statements, broken down by nature. In the case of the fair value of property, plant and equipment the Group uses appraisals prepared by independent experts.

c) **Income tax and deferred tax**

Income tax expense for the period ended 31st December 2021 has been estimated based on profit before taxes, as adjusted for any permanent and/or temporary differences envisaged in tax legislation governing the corporate income tax base calculation. The tax is recognized in the income statement, except insofar as it relates to items recognized directly in equity, in which case, it is also recognized in equity.

Tax credits and deductions and the tax effect of applying tax-loss carry forwards that have not been capitalised are treated as a reduction in the corporate income tax expense for the year in which they are applied or offset.

The calculation of income tax expense did not require the use of significant estimates except in tax credits recognized in the year, which was at all times consistent with the annual financial statements.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated annual accounts. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled.

Deferred taxes on temporary differences are recognized when arising on investments in subsidiaries, associates and joint ventures, except in those cases where the Group can control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets deriving from the carry forward of unused tax credits and unused tax losses are recognised to the extent that it is probable that future taxable profit will be available against which the tax assets can be utilised. In the case of investment tax credits, the counterpart of the amounts recognized is the deferred income account. The tax credit is accrued as a decrease in expense over the period during which the items of property, plant and equipment that generated the tax credit are depreciated, recognizing the right with a credit to deferred income.

d) **Pension benefits**

The present value of the Group's pension obligations depends on a series of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group considers the interest rates of Government bonds that are denominated in the currency in which the benefits will be

Notes to the Consolidated Financial Statements as at and for the year ended 31 December, 2021

(₹ in Million)

paid and that have terms to maturity approximating the terms of the related pension obligation. Other key assumptions for employee benefits are based in part on current market conditions.

The present value of defined benefit obligation denominated in INR is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period government bonds that have terms approximating to the terms of the related obligation. The estimated future payments which are denominated in currency other than INR, are discounted using market yields determined by reference to high quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation.

e) Legal Contingencies

The Group has received orders and notices from tax authorities in respect of direct taxes, indirect taxes and other litigations. The outcome of these matters may have a material effect on the financial position, results of operations or cash flows. Management regularly analyzes current information about these matters and provides provisions for probable contingent losses including the estimate of legal expense to resolve the matters. In making the decision regarding the need for loss provisions, management considers the degree of probability of an unfavourable outcome and the ability to make a sufficiently reliable estimate of the amount of loss. The filing of a suit or formal assertion of a claim against the Group or the disclosure of any such suit or assertions, does not automatically indicate that a provision of a loss may be appropriate.

Notes to the Consolidated Financial Statements as at and for the year ended 31 December, 2021

(₹ in Million)

5. Segment Information

The Board of Directors of Mahindra CIE Automotive Limited is the Group's decision-making body. The Board reviews the Group's internal financial information for the purposes of evaluating performance and assigning resources to segments. The Group has determined the operating segments based on the structure of the reports reviewed by the Board.

All companies within the Mahindra CIE Group belong to the same business segment (Automotive) and to two geographical segments, India and Europe.

31 December, 2021*	India #	Europe	Total Segments	Inter-segment transactions	Consolidated
Revenue	43,945	40,590	84,535	(668)	83,867
Income/ (Expenses)	(38,212)	(35,710)	(73,922)	668	(73,254)
Depreciation, amortization and Impairment	1,816	1,615	3,431	-	3,431
Segment profit (EBIT)	3,917	3,265	7,182	-	7,182
EBIDTA	5,733	4,880	10,613	-	10,613
Total assets	54,786	44,718	99,504	-	99,504
Total liabilities	20,933	26,606	47,539	-	47,539
Property, Plant and Equipment Addition	3,979	1,288	5,267	-	5,267
31 December, 2020*	India #	Europe	Total Segments	Inter-segment transactions	Consolidated
Revenue	29,704	31,200	60,904	(403)	60,501
Income/ (Expenses)	(26,460)	(28,880)	(55,340)	403	(54,937)
Depreciation, amortization and Impairment	1,668	1,396	3,064	-	3,064
Segment profit (EBIT)	1,577	923	2,500	-	2,500
EBIDTA	3,245	2,319	5,564	-	5,564
Total assets	49,619	45,479	95,098	-	95,098
Total liabilities	17,321	28,696	46,017	-	46,017
Property, Plant and Equipment Addition	2,150	1,193	3,343	-	3,343

Inter-segment transactions between segments are carried out under market terms and conditions as usual commercial transactions with third parties.

The reconciliation of operating results and results attributable to the parent Group is as follows:

	31 December, 2021	31 December, 2020
Operating results (EBIT)	7,182	2,500
Financial income (expense)	(532)	(548)
Corporate income tax and deferred tax	(2,721)	(886)
Profit attributed to the parent Group	3,929	1,066

India includes Mexico.

Segment assets includes goodwill, property, plant and equipment, intangible assets, deferred tax assets, inventories, accounts receivable and cash, excluding intra Group assets eliminated on consolidation.

Segment liabilities include operating liabilities and long-term financing, excluding intra Group liabilities eliminated on consolidation.

* Segment information is exclusive of discontinued operation Refer Note 23

Notes to the Consolidated Financial Statements as at and for the year ended 31 December, 2021

(₹ in Million)

6. (i) Property, Plant and Equipment

The details and movements in property, plant and equipment are as follows:

a) For the year 2021

Description of Assets	Land	Buildings	Plant and Equipment	Furniture and Fixtures, tools and furnishings	Other assets	Right of use assets	Total
I. Gross Carrying Amount							
Balance as at 1 January, 2021	3,068	6,191	34,447	5,416	596	3,371	53,089
Additions	9	611	1,764	1,054	496	192	4,126
Disposals	(10)	(68)	(1,581)	(1,970)	(26)	(461)	(4,116)
Transfer	-	-	(316)	953	(468)	-	169
Exchange differences	(68)	(303)	(1,896)	(492)	(11)	(122)	(2,892)
Balance as at 31 December, 2021	2,999	6,431	32,418	4,961	587	2,980	50,376
II. Accumulated depreciation and impairment							
Balance as at 1 January, 2021	-	(1,971)	(17,427)	(3,523)	(179)	(319)	(23,419)
Depreciation expense for the year	-	(272)	(2,010)	(718)	(27)	(346)	(3,373)
Disposals	-	63	1,466	1,970	28	225	3,752
Transfer	-	-	802	(842)	37	-	(3)
Exchange differences	-	198	1,445	407	7	27	2,084
Balance as at 31 December, 2021	-	(1,982)	(15,724)	(2,706)	(134)	(413)	(20,959)
Impairment	-	-	(78)	-	-	-	(78)
III. Net carrying amount							
Capital Work in progress	2,999	4,450	16,617	2,254	451	2,567	29,339
Total	2,999	4,450	16,617	2,254	451	2,567	30,586

Notes to the Consolidated Financial Statements as at and for the year ended 31 December, 2021

(₹ in Million)

For the year 2020

Description of Assets	Land	Building	Plant and Equipment	Furniture and Fixtures, tools and furnishings	Other assets	Right of use assets	Total
I. Gross Carrying Amount							
Balance as at 1 January, 2020	2,920	5,426	29,421	3,623	558	-	41,948
Adopted as on 1 January, 2020 as per Ind AS 116 Leases						3,173	3,173
Additions	4	294	1,968	1,020	21	95	3,402
Additions on account of business combination	-	-	-	-	-	-	-
Disposals	-	(4)	(402)	(106)	(2)	(123)	(637)
Exchange difference	144	475	3,460	879	19	226	5,203
Balance as at 31 December, 2020	3,068	6,191	34,447	5,416	596	3,371	53,089
II. Accumulated depreciation and impairment							
Balance as at 1 January, 2020	-	(1,406)	(13,114)	(2,327)	(164)	-	(17,011)
Adopted as on 1 January, 2020 as per Ind AS 116 Leases						-	-
Depreciation expense for the year	-	(227)	(1,939)	(450)	(6)	(359)	(2,981)
Additions on account of business combination	-	-	-	-	-	-	-
Disposals	-	-	236	8	2	80	326
Exchange difference	-	(338)	(2,610)	(754)	(11)	(40)	(3,753)
Balance as at 31 December, 2020	-	(1,971)	(17,427)	(3,523)	(179)	(319)	(23,419)
Impairment	-	-	(84)	-	-	-	(84)
III. Net carrying amount							
Capital work in progress	3,068	4,220	16,936	1,893	417	3,052	29,586
Total	3,068	4,220	16,936	1,893	417	3,052	29,709

For contractual commitments with respect to the acquisition of Property, plant and equipments, refer note 33

Capital work in progress mainly comprises of new facilities being constructed in India and upgradation of existing facilities

Notes to the Consolidated Financial Statements as at and for the year ended 31 December, 2021

(₹ in Million)

ii) Leases

This note provides the information for leases where the Group is a lessee. The Group leases various offices, buildings, leasehold land, and vehicles. Rental contracts are typically made for fixed periods of 6 months to 13 years.

i) Amounts recognised in the balance sheet

Property, plant and equipment includes the below amounts recognised as Right of use of assets:

	31 December, 2021	31 December, 2020
Right of use of assets		
Leasehold Land *	584	590
Property and plant	1,817	2,151
Other assets	166	311
Total	2,567	3,052

The corresponding lease liability as per Ind AS 116 is below:

	31 December, 2021	31 December, 2020
Lease liabilities		
Current	316	382
Non - Current	1,737	2,137
Total	2,053	2,519

Additions to the right-of-use assets during the current financial year were ₹ 192 Million (31 December 2020, ₹ 95 Million).

b) Amounts recognised in the statement of profit and loss

The statement of profit or loss shows the amounts relating to leases:

	31 December, 2021	31 December, 2020
Depreciation/ Amortisation charge of right of use of assets		
Leasehold Land *	12	10
Property and plant	207	296
Other assets	127	53
Total	346	359

Interest expense (included in finance costs)	67	71
Expense relating to short term leases (included in other expenses)	50	43
Expense relating to leases of low- value assets that are not shown above as short term leases (included in other expenses)	3	15

The total cash outflow for leases for the year ended 31 December 2021 was ₹ 385 Million. (31 December 2020 ₹ 409 Million)

* This pertains to amortisation of lease premium paid in advance on leasehold land.

Notes to the Consolidated Financial Statements as at and for the year ended 31 December, 2021

(₹ in Million)

7. Goodwill

	As at 31 December, 2021	As at 31 December, 2020
Cost		
Balance at beginning of the year	39,740	37,202
Foreign exchange fluctuation	(1,421)	2,538
Balance at end of the year	38,319	39,740
Accumulated impairment losses	(2,054)	(2,186)
Balance at the end of the year	(2,054)	(2,186)
Net carrying amount	36,265	37,554

Impairment testing of goodwill

Goodwill is tested for impairment on an annual basis. Goodwill is monitored by management at the level of cash generating units, which is India and Europe in this case. For the current and previous financial year, the recoverable amount of Cash Generating Unit (CGU) was determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by management covering a five year period.

The net carrying amount breakup of goodwill at the resulting CGU level is as below:

Cash Generating units	31 December, 2021	31 December, 2020
India	16,244	16,244
Europe	20,021	21,310
Total	36,265	37,554

Key assumptions used in the calculation of value in use:

The following table sets out the key assumptions for the CGU:

Particulars	31 December, 2021	31 December, 2020
Discount rate	4.65% to 10.58%	4.7% to 11.6%
EBITDA Margins (range)	4.96% to 25.81%	3.8% to 26.6%
Annual sales growth rate	-5.88% to 22.83%	(3.8%) to 21.6%
Terminal sales growth rate	1.5% to 7.5%	1.5% to 7%

Management has determined the values assigned to each of the above key assumptions as follows:

Assumptions	Approach used to determine values
Discount rate	Discount rate represents the current market assessment of the risks specific to the CGU, taking into consideration the time value of money and individual risks of the underlying assets that have been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the CGU and is derived from the CGU's weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the investors. The cost of debt is based on the interest-bearing borrowings the Company is obliged to service. CGU specific risk is incorporated by applying individual beta factor. The beta factor is evaluated annually based on publicly available market data.
EBITDA Margins	EBITDA margins are based on the actual EBITDA of respective CGU based on the past trend and future expectations.
Annual sales growth rate	Annual growth rate over the five-year forecast period; based on past performance, current industry trends including long-term inflation forecast and management's expectation of market development.
Terminal sales growth rate	The Company has considered growth rate to extrapolate cash flows beyond the forecast period, consistent with the industry forecasts, based on GDP growth estimates and the inflation rate in each market, and evaluating the level of investment required to achieve such growth.

Notes to the Consolidated Financial Statements as at and for the year ended 31 December, 2021

(₹ in Million)

Sensitivity to changes in assumptions of CGU

The management believes that no reasonably possible change (say 10%) in any of the key assumptions used in the value in use calculation would cause the carrying value of the CGU to materially exceed its value in use.

Results of the analysis

Based on the above assessment, the Company concluded that in both current year as well as previous year, goodwill has not suffered any impairment. Further, the result of using before-tax cash flows and discount rates does not differ significantly from the outcome of using after-tax cash flows and discount rates.

8. Other Intangible assets

The details and movements of the main classes of intangible assets are shown below:

For the year 2021

Description of Assets	Development expenditure	Customer relationships	Computer software	Total
I. Gross Carrying Amount				
Balance as at 1 January, 2021	55	202	438	695
Additions	-	-	64	64
Disposals	-	-	(168)	(168)
Exchange difference	-	-	(47)	(47)
Balance as at 31 December, 2021	55	202	287	544
II. Accumulated amortization and impairment				
Balance as at 1 January, 2021	(55)	(35)	(332)	(422)
Amortization expense for the year	-	(20)	(38)	(58)
Eliminated on disposal of assets	-	-	153	153
Exchange difference	-	-	46	46
Balance as at 31 December, 2021	(55)	(55)	(171)	(281)
III. Net carrying amount	-	147	116	263

For the year 2020

Description of Assets	Development expenditure	Customer relationships	Computer software	Total
I. Gross Carrying Amount				
Balance as at 1 January, 2020	55	202	340	597
Additions	-	-	36	36
Additions on account of business combination	-	-	-	-
Disposals	-	-	(23)	(23)
Exchange differences	-	-	85	85
Balance as at 31 December, 2020	55	202	438	695
II. Accumulated amortization and impairment				
Balance as at 1 January, 2020	(25)	(15)	(244)	(284)
Amortisation expense for the year	(30)	(20)	(33)	(83)
Additions on account of business combination	-	-	-	-
Eliminated on disposal of assets	-	-	23	23
Exchange difference	-	-	(78)	(78)
Balance as at 31 December, 2020	(55)	(35)	(332)	(422)
III. Net carrying amount	-	167	106	273

Notes to the Consolidated Financial Statements as at and for the year ended 31 December, 2021

(₹ in Million)

9. Investments

	As at 31 December, 2021			As at 31 December, 2020		
	No. of Shares/ Units	Amounts Current	Amounts Non Current	No. of Shares/ Units	Amounts Current	Amounts Non Current
A Investment in equity instruments (unquoted-fully paid up)						
Associate Companies						
Gescrap India Private Limited (30% share)	3,720,000	-	37	3,720,000	-	37
Galfor Eolica, S.L. (25% share)	68,000	-	5	68,000	-	5
Clean Max Deneb Power LLP (26% share)	-	-	32	-	-	32
Sunbarn Renewables Private Limited (26.16% share)	872,813	-	70	87,500	-	7
Renew Surya Alok Private Limited (31.20% share)	8,260,000	-	83	-	-	-
Others						
The Saraswat Cooperative Bank Limited	2,550	-	-*	2,550	-	-*
Clean Wind Power (Manvi) Private Limited	420,000	-	4	420,000	-	4
Clean Wind Power (Pratapgarh) Private Limited	27,600	-	2	27,600	-	2
B Investments in Mutual Funds (unquoted)						
Axis Liquid Fund - Direct Growth	352,415	826	-	589,932	1,070	-
ICICI Prudential Liquid Plan - Direct Growth	2,642,551	826	-	3,311,767	1,070	-
HDFC ultra short term fund - Direct Growth	-	-	-	9,086,569	107	-
Axis ultra short term fund - Direct Growth	16,370,106	202	-	-	-	-
Axis Money Market - Direct Growth	184,596	210	-	-	-	-
ICICI Money Market - Direct Growth	692,375	210	-	-	-	-
ICICI Overnight Fund DP Growth	7,657,549	870	-	-	-	-
Axis Overnight Fund - Direct Growth	780,992	870	-	-	-	-
Aditya Birla Sunlife Liquid Fund - Direct Growth	-	-	-	9,605	3	-
Nippon India Quarterly Interval Fund- Series III- Growth	539,940	15	-	-	-	-
Nippon India Overnight Fund- Regular- Growth	239,545	27	-	-	-	-

Notes to the Consolidated Financial Statements as at and for the year ended 31 December, 2021

(₹ in Million)

	As at 31 December, 2021			As at 31 December, 2020		
	No. of Shares/Units	Amounts Current	Amounts Non Current	No. of Shares/Units	Amounts Current	Amounts Non Current
C Investment in Commercial Papers & Bonds (unquoted)						
8.15% SBI Perpetual Bond	-	20	-	-	-	-
8.65% BOB Perpetual Bond	-	50	-	-	-	-
C Others	-	8	13	-	3	-
Total quoted investments	-	-	-	-	-	-
Total unquoted investments	-	4,134	246	-	2,253	87
Total investments	-	4,134	246	-	2,253	87

* Amount is below the rounding off norm adopted by the Company.

10. Other Financial Assets

	As at 31 December, 2021		As at 31 December, 2020	
	Current	Non-Current	Current	Non-Current
Security deposits	-	228	11	246
Others	21	-	600	-
Incentive receivable (Refer Note 27)	846	-	1,012	-
Total	867	228	1,623	246

11. Trade Receivables

	As at 31 December, 2021	As at 31 December, 2020
(a) Unsecured, considered good	6,687	7,054
(b) Unsecured, considered doubtful	115	92
Less: Allowance for doubtful debt	(115)	(92)
Total	6,687	7,054
Current portion	6,687	7,054
Non-Current portion	-	-
Of the above, trade receivables from:		
Related parties refer note 34	3,013	2,813
- Others	3,674	4,241
	6,687	7,054

Transferred Receivables

The carrying amount of the trade receivable includes receivables which are subject to factoring arrangement. Under this arrangement, the Group has transferred the relevant receivables to the factor in exchange for Cash and is prevented from selling or pledging the receivables. However, the Group has retained late payment and credit risk. The Group therefore continues to recognize the transferred assets in their entirety in its balance sheet. The amount repayable under the factoring agreement is presented as borrowing. The Group considers the held to collect business model to remain appropriate for these receivables and hence continues measuring them at amortized cost.

Notes to the Consolidated Financial Statements as at and for the year ended 31 December, 2021

(₹ in Million)

The relevant carrying amounts are as follows:

	As at 31 December, 2021	As at 31 December, 2020
Transferred trade receivables	137	117
Associated short term borrowings Note 18	137	117

12. Loans

	As at 31 December, 2021		As at 31 December, 2020	
	Current	Non-Current	Current	Non-Current
Loans to related parties				
-unsecured, considered good	-	820	8	-
	-	820	8	-

13. Other Assets

	As at 31 December, 2021		As at 31 December, 2020	
	Current	Non-Current	Current	Non-Current
(a) Capital advances	-	240	-	201
(b) Other assets				
Other Deposits	-	268	-	266
Prepaid expenses	252	54	215	31
Balances with government authorities	724	47	581	23
Advance to suppliers	120	-	93	-
Incentive receivable (grants)	169	-	126	-
Other advances	195	-	222	12
Total	1,459	609	1,237	533

14. Inventories

	As at 31 December, 2021	As at 31 December, 2020
(a) Raw materials	3,687	2,493
(b) Work-in-progress	5,041	4,058
(c) Finished and semi-finished goods	2,972	2,259
(d) Stores and spares	1,268	928
(e) Loose Tools	518	324
Total	13,486	10,062

Included above, goods-in-transit:

(i) Raw materials	31	6
(ii) Finished and semi-finished goods	248	241
Total	279	247

Amounts recognised in the Statement of Profit and Loss:

Write-downs in inventories of finished goods, work-in-progress & raw materials amounted to ₹ 790 million (31st December 2020: ₹ 819 million) as at the period end. Accordingly, an amount of ₹ 29 million was reversed during the year.

Notes to the Consolidated Financial Statements as at and for the year ended 31 December, 2021

(₹ in Million)

15. Cash and Cash Equivalents

	As at 31 December, 2021	As at 31 December, 2020
Cash and cash equivalents		
(a) Balances with banks		
i) Current Accounts	900	2,080
ii) EEFC Accounts	-	17
(b) Cheques, drafts on hand	14	8
(c) Cash in hand	1	1
(d) Fixed deposits with maturity less than 3 months	529	120
Total Cash and cash equivalents	1,444	2,226
Other Bank Balances		
(a) Earmarked balances with banks	1	1
(b) Balances with Banks:		
(i) On margin accounts	13	14
(ii) Fixed Deposits with maturity greater than 3 months but less than 12 months	137	140
Total Other Bank balances	151	155
Total cash, cash equivalents and other bank balances	1,595	2,381

16. Equity Share capital

	As at 31 December, 2021		As at 31 December, 2020	
	No. of shares	Amount	No. of shares	Amount
Authorised:				
Equity shares of ₹ 10/- each with voting rights	516,592,621	5,166	516,592,621	5,166
4% non-cumulative redeemable preference shares of ₹ 31/- each	5	-*	5	-*
Compulsory convertible Preference share of ₹ 10/- each	250,000	2	250,000	2
Issued:				
Equity shares of ₹ 10/- each with voting rights	379,076,344	3,791	379,011,627	3,790
Subscribed and Paid Up:				
Equity shares of ₹ 10/- each with voting rights ^	379,075,399	3,791	379,010,682	3,790

Terms and rights attached to Equity Shares

Equity shares have a par value of ₹ 10/-. They entitle the holder to participate in dividends, and to share in the proceeds of winding up the company in proportion to the number of and amounts paid on the shares held.

Every holder of equity shares present at a meeting in person or by proxy is entitled to one vote, and upon a poll each share is entitled to one vote.

Notes to the Consolidated Financial Statements as at and for the year ended 31 December, 2021

(₹ in Million)

Reconciliation of the number of shares outstanding at the beginning and at the end of the year.

		Opening Balance	Issue of Equity Shares on account of Employee Stock Option Scheme	Closing Balance
Equity Shares with voting rights				
Year Ended 31 December, 2021				
	No. of Shares	379,010,682	64,717	379,075,399
	Amount	3,790	1	3,791
Year Ended 31 December, 2020				
	No. of Shares	379,010,682	-	379,010,682
	Amount	3,790	-	3,790

*Shareholders of the Company had approved reclassification of authorised preference share capital vide EGM held on 13th Oct 2016. Amount is below the rounding off norm adopted by the Company.

^ Mahindra Composites Limited which was merged with the company in the year 2013 had issued 1,050 equity shares and not allotted the same to the shareholders. Based on the swap ratio the Company has issued 945 equity shares and not allotted the same and the same has been kept in abeyance.

Shares reserved for issue under options

Information relating to Mahindra CIE Automotive Limited Employee Option Plan, including details of options issued, exercised and lapsed during the financial year and options outstanding at the end of the reporting period, is set out in note 37.

Details of shares held by the holding Company, the ultimate holding Company, their subsidiaries and associates:

	Equity Shares with Voting rights
As at 31 December, 2021	
Participaciones Internacionales Autometal, Dos S.L. (PIA2), the holding Company	230,282,773
As at 31 December, 2020	
Participaciones Internacionales Autometal, Dos S.L. (PIA2), the holding Company	228,082,332
Details of shares held by each shareholder holding more than 5% shares:	

Class of shares / Name of shareholder	31 December, 2021		31 December, 2020	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Equity shares with voting rights				
Participaciones Internacionales Autometal, Dos S.L. (PIA2)	230,282,773	60.75%	228,082,332	60.18%
Mahindra Vehicle Manufacturing Limited (MVML)	-	-	43,344,512	11.44%
Mahindra & Mahindra Limited (M&M)	43,344,512	11.44%	-	-

Notes to the Consolidated Financial Statements as at and for the year ended 31 December, 2021

(₹ in Million)

17. Other Equity

	As at 31 December, 2021	As at 31 December, 2020
(i) Securities premium reserve		
Opening balance	15,285	15,285
Addition on Exercise of options- Proceeds Received	15	-
Closing balance	15,300	15,285
(ii) Equity settled employees' benefits reserve		
Opening balance	38	39
Employee stock option expenses	-	-
Less: -		
Transfer to retained earnings on cancellation/lapse	-	-
Options exercised during the year	(7)	-
Closing Balance	31	38
(iii) Retained earnings		
Opening Balance	12,665	11,581
Add: -		
Profit for the year	3,929	1,064
Items of Other Comprehensive income recognized directly in retained earnings		
Remeasurement of post employment benefit obligation, net of tax	117	20
Closing balance	16,711	12,665
(iv) Capital reserves		
Balance as at beginning and end of the year	7,693	7,693
(v) Capital Redemption reserve		
Balance as at beginning and end of the year	165	165
(vi) General Reserve		
Balance as at beginning and end of the year	6,028	6,028

Notes to the Consolidated Financial Statements as at and for the year ended 31 December, 2021

(₹ in Million)

	As at 31 December, 2021	As at 31 December, 2020
(vii) Foreign currency translation reserve		
Opening balance	3,416	1,757
Other Comprehensive income	(1,168)	1,659
Closing balance	2,248	3,416
Grand Total	48,175	45,290

Nature and purpose of Reserves**Securities premium reserve**

Securities premium reserve is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Act.

Equities settled employees' benefits reserve

The Equities settled employees benefits reserve is used to recognize the grant date fair value of options issued to employees under the MCIE Stock Options Scheme.

Capital reserve

Capital reserve is reserves generated on account of:

a. Merger under The Integrated Scheme of Amalgamation and the Composite Scheme of Amalgamation (Sections 391-395 of the Companies Act, 1956) for the merger of Mahindra UGINE Steel Group Limited (MUSCO), Mahindra Hinoday Industries Limited (MHIL), Mahindra Gears International Limited (MGIL), Mahindra Investment India Private Limited (MIPL), Participaciones Internacionales Autometal Tres S.L. (PIA3) and Mahindra Composites Limited (MCL). The merger was approved by the Honorable High Court of Judicature at Bombay on 31st October, 2014. The Schemes came into effect on 10th December, 2014, the day on which the order was delivered to the Registrar of Companies. The reserve is capital in nature and is not available for distribution as dividend.

b. Merger under the Scheme of Amalgamation (Sections 230-234 and other applicable provisions of the Companies Act, 2013) of Mahindra Gears and Transmission Pvt Ltd, Mahindra Forging Global Limited, Mahindra Forging International Limited and Crest Geartech Pvt Ltd. The merger was approved by the Honourable National Company Law Tribunal (NCLT) at Mumbai on December 13, 2017. The reserve is capital in nature and is not available for distribution as dividend.

General reserve

General reserve created by virtue of merger of Mahindra Stokes Holding Company Limited, Mahindra Forgings Overseas Limited and Mahindra Forgings Mauritius Limited into the Group vide High Court Order dated December 27, 2007. The reserve is available for distribution as dividend.

Capital redemption reserve

Capital redemption reserve is transferred by virtue of the merger referred to above which was in the books of MUSCO and was created to redeem preference shares issued by MUSCO before merger. These shares have since been redeemed and is available for use as per the relevant provisions of Companies Act, 2013.

Other reserves – Foreign currency translation reserve

Exchange differences arising on translation of the foreign operations are recognized in other comprehensive income and accumulated in a separate reserve with equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed off.

Notes to the Consolidated Financial Statements as at and for the year ended 31 December, 2021

(₹ in Million)

18. Borrowings

	Rate of interest % p.a.	Maturity	As at 31 December, 2021	As at 31 December, 2020
Non-current borrowings				
Measured at amortised cost				
A. Secured borrowings:*				
Term loans				
From banks	0.3% to 4.50%	2023 to 2025	2,291	3,137
Total secured borrowings			2,291	3,137
B. Unsecured borrowings				
Loans from related parties (Refer Note 34)	1.5% to 3.5%	2023 to 2025	4,231	6,236
Total unsecured borrowings			4,231	6,236
Total non-current borrowings			6,522	9,373
Current borrowings				
A. Secured Borrowings:*				
Loans repayable on demand				
From Banks	0.3% to 4.50%		1,737	2,543
Total Secured Borrowings			1,737	2,543
B. Unsecured Borrowings:				
Loans from related parties (Refer Note 34)	1.5% to 4.8%		3,737	2,996
Loans repayable on demand				
From Banks	4.2% to 4.5%		820	1,564
Total Unsecured Borrowings			4,557	4,560
Total Current Borrowings			6,294	7,103
Total borrowings			12,816	16,476

The Group's policy is to diversify its financing sources. There is no concentration risk in respect of its bank borrowings as it works with multiple entities.

Current borrowings includes current maturities of long term borrowings.

*Secured borrowings includes borrowings secured by mortgage of land and building and hypothecation of other fixed assets and current assets.

Non-current borrowings have the following maturities:

	As at 31 December, 2021	As at 31 December, 2020
Between 1 and 2 years	587	1,662
Between 3 and 5 years	5,935	7,686
More than 5 years	-	25
	6,522	9,373

Notes to the Consolidated Financial Statements as at and for the year ended 31 December, 2021

(₹ in Million)

Borrowing reconciliation:

	Current borrowings	Non-current borrowings	Total borrowings
Borrowings as on 31 December, 2020	7,103	9,373	16,476
Cash flows	(938)	(1,849)	(2,787)
Foreign Exchange adjustments	(308)	(565)	(873)
Interest expense	224	241	465
Interest paid	(224)	(241)	(465)
Transfers	437	(437)	-
Borrowings as on 31 December, 2021	6,294	6,522	12,816

19. Trade Payables

	As at 31 December, 2021	As at 31 December, 2020
Trade payable – Micro and small enterprises (Refer Note 36)	394	345
Trade payable – Other than micro and small enterprises	18,189	13,580
Acceptances	802	665
Total	19,385	14,590

Of the above, trade payable from:

- Related Parties (Refer Note 34)	624	373
- Others	18,761	14,217
	19,385	14,590

20. Other Financial Liabilities

	As at 31 December, 2021		As at 31 December, 2020	
	Current	Non- Current	Current	Non- Current
Lease Liabilities	316	1,737	382	2,137
Creditors for capital supplies/services	592	-	422	-
Total	908	1,737	804	2,137

21. Provisions

	As at 31 December, 2021		As at 31 December, 2020	
	Current	Non- Current	Current	Non- Current
Provision for employee benefits				
Long term Employee Benefits (Note 32)	327	2,474	298	2,843
Other provisions				
Provisions for Litigative Matters (Other than water charges)	245	-	245	-
Water Charges*	-	262	-	262
Other Provisions #	320	348	336	360
Total provisions	892	3,084	879	3,465

* Provisions of ₹ 262 million is towards an ongoing dispute with the Irrigation Department (Water Resource Department) in respect of levy of charge for use of water for the period July 1991 to May 2012 for an aggregate amount of ₹ 587 million including penal charge of ₹ 102 million and late fee charge of ₹ 223 million. Presently the

Notes to the Consolidated Financial Statements as at and for the year ended 31 December, 2021

(₹ in Million)

matter is being legally pursued. The group has provided ₹ 262 million towards arrears of water charges. Refer note 33 Contingent liabilities and commitments.

This represents provisions made for probable liabilities payable to regulatory authorities. Above provisions are affected by various uncertainties and management has taken all efforts to make a best estimate. It is not practicable for the Group to estimate the timing of cash outflows accurately, if any, in respect of the above.

Details of Provision for employee benefits Note 32

	As at 31 December, 2021		As at 31 December, 2020	
	Current	Non- Current	Current	Non- Current
Provision for Gratuity	161	99	119	71
Provision for pension fund- non- funded	128	1,982	126	2,355
Provision for employee termination benefits	-	148	-	203
Provision for compensated absences	39	245	53	214
Total	328	2,474	298	2,843

Details of movement in other provisions – non- current	Other provisions
Balance at 31 December, 2019	957
Additional provisions recognised/(used)	(90)
Movement from non-current to current	(245)
Balance at 31 December, 2020	622
Additional provisions recognised/(used)	(12)
Movement from non-current to current	-
Balance at 31 December, 2021	610

Details of movement in other provisions current	Other provisions
Balance at 31 December, 2019	170
Movement from non-current to current	245
Additional provisions recognized/(used)	166
Balance at 31 December, 2020	581
Movement from non-current to current	-
Additional provisions recognized/(used)	(16)
Balance at 31 December, 2021	565

22. Other Liabilities

	As at 31 December, 2021		As at 31 December, 2020	
	Current	Non- Current	Current	Non- Current
Advances received from customers	222	-	278	-
Taxes payable (other than income taxes)	576	-	758	-
Payable to employees	2,004	-	2,001	-
Consideration payable for acquisition of subsidiary*	20	-	600	-
Deferred Income	-	760	-	558
Other Payables	107	326	105	350
Total	2,929	1,086	3,742	908

* Amount comprises of consideration payable for acquisition of Aurangabad Electricals Limited towards incentive receivable under Package Scheme of Incentive (PSI scheme).

Notes to the Consolidated Financial Statements as at and for the year ended 31 December, 2021

(₹ in Million)

23. Discontinued operations

In September 2018, The Board of Directors of Mahindra CIE Automotive Limited has decided to dispose the forging business in United Kingdom, corresponding to the company Stokes Group Limited. Due to that decision, the Group has discontinued the operations of Stokes Group Limited, classifying them as disposal group, and reclassifying the profit and loss account of the Company to results from discontinued operations.

Assets and liabilities held for sale

	As at 31 December, 2021	As at 31 December, 2020
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Financial Assets

Cash and Cash Equivalents

51

5

Loans given

-

67

Disposal group assets classified as held for sale

51

72

Current Financial Liabilities

Current Provisions

50

73

Disposal group liabilities classified as held for sale

50

73

Profit and loss for the year

Revenue from operations

-

-

Other Income

23

43

Total Revenue

23

43

EXPENSES

Employee benefit expense

-

5

Finance costs

-

-

Other expenses

23

40

Total Expenses

23

45

Profit before tax

Tax expenses

-

-

Loss for the year from discontinuing operations

-

(2)

	31 December, 2021	31 December, 2020
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Cash flow Information

Cash flow from/ (used in) operating activities

46

(86)

Net Cash (outflow)/ inflow from Investing activities

-

-

Net increase / (decrease) in cash generated from discontinued operation

46

(86)

Notes to the Consolidated Financial Statements as at and for the year ended 31 December, 2021

(₹ in Million)

24. Deferred taxes

Deferred tax assets – Tax credits	Tax losses	Tax credits R&D, training	Total
Balance as at 1 January 2020	92	142	234
(Charged) against / credited to profit and loss	147	6	153
Conversion differences	12	8	20
Balance at 31 December, 2020	251	156	407
(Charged) against / credited to profit and loss	(266)	42	(224)
Transfers	65	9	74
Conversion differences	(3)	(11)	(14)
Balance at 31 December, 2021	47	196	243

Deferred tax assets – Others	Provisions	Others	Total
Balance as at 1 January 2020	906	244	1,150
(Charged) against / credited to profit and loss	(108)	(26)	(134)
Charged against / (credited) to equity	-	7	7
Conversion differences	102	3	105
Balance at 31 December, 2020	900	228	1,128
(Charged) against / credited to profit and loss	12	25	37
Charged against / (credited) to equity	(1)	19	18
Transfers	(73)	89	16
Conversion differences	(90)	(2)	(9)
Balance at 31 December, 2021	748	358	1,16 m

Deferred tax liabilities	Depreciation and amortization	Grants	Others	Total
Balance as at 1 January 2020	943	(2)	1,355	2,296
Charged against / (credited) to profit and loss	381	(65)	133	449
Transfers	-	170	(170)	-
Conversion differences	20	-	6	26
Balance at 31 December, 2020	1,344	103	1,324	2,771
Charged against / (credited) to profit and loss	(105)	(6)	1,144	1,033
Transfers	19	(4)	(2)	13
Conversion differences	(3)	-	(5)	(8)
Balance at 31 December, 2021	1,254	93	2,461	3,808

Deferred income tax assets are recognised for tax loss carry-forwards and unused tax credits to the extent that the realisation of the related tax benefit through future taxable profits is probable, being its estimated recoverability less than 10 years.

Notes to the Consolidated Financial Statements as at and for the year ended 31 December, 2021

(₹ in Million)

Deferred tax assets that were recognised by the Group at 31st December 2021 and 2020 are as follows: -

	31 December, 2021		31 December, 2020	
	Tax losses	Others	Tax losses	Others
Germany	-	599	-	684
Spain	3	214	10	204
Italy	-	44	81	12
Mexico	44	60	43	32
India	-	385	117	352
	47	1,302	251	1,284

Certain subsidiaries of the group have undistributed earnings of INR 14,271 Million (INR 12,935 Million in Dec 2020) which, if paid out as dividends, would be subject to tax in the hands of recipients. An assessable temporary difference exists, but no deferred tax liability has been recognised as the parent entity is able to control the timings of distributions by these subsidiaries.

25. Corporate income tax expense

(i) Income Tax recognised in Profit or loss

	Year ended 31 December, 2021	Year ended 31 December, 2020
Current Tax:		
In respect of current year	1,431	457
Deferred Tax:		
In respect of current year origination and reversal of temporary differences	1,290	430
Total income tax expense on continuing operations	2,721	887

(ii) Income tax recognised on Other comprehensive income

	Year ended 31 December, 2021	Year ended 31 December, 2020
Income taxes related to items that will not be reclassified to profit or loss	15	-7

Notes to the Consolidated Financial Statements as at and for the year ended 31 December, 2021

(₹ in Million)

(iii) Reconciliation of income tax expense and the accounting profit multiplied by Group's domestic tax rate:

	Year ended 31 December, 2021	Year ended 31 December, 2020
Profit before tax	6,650	1,953
Income tax expense for the year calculated at 25.168% (Dec 20: 25.168%)	1,674	492
Effect of tax rates in foreign jurisdictions	(111)	(76)
Deferred tax assets written off on carry forward of assets	-	279
Deferred tax liability created on unamortised goodwill*	1,426	
Effect of tax rate reduction during the year	(17)	-
Reversal of provision for tax of earlier years	(292)	-
Effect of higher corporate tax rate applicable to Indian subsidiary	-	47
Effect of expenses that are non-deductible in determining taxable profit	21	17
Effect of MAT credit written off on account of transition to lower corporate tax rate	(9)	-
Effect of current year losses for which no deferred tax asset is recognized	39	139
Other Items	(10)	(11)
Income tax expense recognised in profit or loss from continuing operations	2,721	887

*The Indian Finance Act, 2021 has introduced an amendment to section 32 of the Income Tax Act, 1961, whereby Goodwill of a business will not be considered as a depreciable asset and depreciation on goodwill will not be allowed as deductible expenditure effective April 1, 2020.

In accordance with the requirements of Ind AS 12 - Income Taxes, the Group has recognised tax expense amounting to ₹ 1,426 million as the outcome on the difference between Goodwill in standalone entity as per the books of account and its updated tax base of NIL resulting from the aforementioned amendment, in addition to the current tax expense debited to the statement of profit and loss. This deferred tax liability is not expected to be a cash outflow in the future and its reversal is deemed unlikely as the value of its associated goodwill is expected by value in use.

Notes to the Consolidated Financial Statements as at and for the year ended 31 December, 2021

(₹ in Million)

26. Fair value measurements

Financial instruments by category	31 December, 2021			31 December, 2020		
	FVPL	FVOCI	Amortised Cost	FVPL	FVOCI	Amortised Cost
Financial assets						
1. Non- Current Assets						
Loans	-	-	820	-	-	-
Other Financial Assets	-	-	228	-	-	246
2. Current Assets						
Investments	4,056	-	78	2,250	-	3
Trade Receivables	-	-	6,687	-	-	7,054
Incentive receivable	-	-	846	-	-	1,012
Loans	-	-	-	-	-	8
Cash and Cash Equivalents	-	-	1,444	-	-	2,226
Other Bank balances	-	-	151	-	-	155
Other Financial Assets	-	-	867	-	-	1,623
Total financial assets	4,056	-	11,121	2,250	-	12,327
Financial liabilities						
1. Non-current Liabilities						
Borrowings	-	-	6,522	-	-	9,373
2. Current Liabilities						
Borrowings	-	-	6,294	-	-	7,103
Trade Payables	-	-	19,385	-	-	14,590
Other financial liabilities	-	-	592	-	-	422
Total financial liabilities	-	-	32,793	-	-	31,488

Financial instrument carried at amortized cost

Fair value of financial assets and financial liabilities carried at amortized cost is not materially different from the carrying amount.

Fair Value Hierarchy

Financial assets	31 December, 2021			31 December, 2020		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Mutual Funds – Growth	4,056	-	-	2,250	-	-
Total	4,056	-	-	2,250	-	-

Notes to the Consolidated Financial Statements as at and for the year ended 31 December, 2021

(₹ in Million)

27. Other Income

	Year ended 31 December, 2021	Year ended 31 December, 2020
Interest Income		
On Financial Assets at amortised cost	38	59
From investments measured at fair value through profit or loss	24	46
Profit on sale of capital assets (net of loss on assets sold / scrapped / written off)	109	185
Grant income*	376	252
Miscellaneous income	9	7
Total	556	549

* Grant income includes income recognized of ₹ 221 Million for the year ended 31 December, 2021 (₹ 145 Million in 2020) pursuant to receipt of eligibility certificate under Maharashtra Government Package Scheme of Incentives (PSI) 2013 by the Group's subsidiary Aurangabad Electricals Limited (AEL). This is in accordance with requirements of Ind AS 20 - Accounting for Government Grants and Disclosure of Government Assistance. This incentive is in the form of refund from the Government of Maharashtra on actual VAT/ SGST paid by the Company from the period 1 February, 2016 to 31 March, 2023 (7 years) with a maximum limit of ₹ 2,522 Million.

28. Cost of material consumed

	Year ended 31 December, 2021	Year ended 31 December, 2020
Opening stock of raw materials	2,493	2,206
Add: Purchases	43,321	27,078
	45,814	29,284
Less: Closing stock of raw materials	(3,687)	(2,493)
Cost of materials consumed	42,127	26,791

29. Employee benefit expenses

	Year ended 31 December, 2021	Year ended 31 December, 2020
Salaries and wages, including bonus	11,176	10,524
Contribution to provident and other funds refer note 32	252	236
Staff welfare expenses	2,050	1,858
Total	13,478	12,618

30. Finance costs

	Year ended 31 December, 2021	Year ended 31 December, 2020
Interest expense	433	452
Interest on Lease Liabilities [Refer note 6 (ii)]	67	71
Other borrowing cost	32	25
Total	532	548

Notes to the Consolidated Financial Statements as at and for the year ended 31 December, 2021

(₹ in Million)

31. Other expenses

	Year ended 31 December, 2021	Year ended 31 December, 2020
Tools & Stores consumed	3,590	2,520
Power & Fuel	4,532	3,380
Repairs and maintenance	2,128	1,964
Subcontracting, Hire and Service Charges	5,210	3,896
Expenditure on corporate social responsibility (CSR) under section 135 of the Companies Act, 2013. (Note 38)	104	74
Auditors remuneration and out-of-pocket expenses		
(i) Audit fee	10	10
(ii) Tax audit fee	-	-
(iii) Other services	2	2
(iv) For reimbursement of expenses*	-*	-
Other Expenses	4,561	2,958
Total	20,137	14,804

* Amount below rounding off norm adopted by the Company

32. Defined benefits and contribution

(a) Defined Contribution plan

The Group's contribution to Provident Funds and other fund aggregating ₹ 175 Million (₹ 157 Million) has been recognised in the statement of Profit or Loss under the head Employee Benefit expenses.

(b) Defined benefit plans

(i) Gratuity

The Group operates gratuity plan covering qualifying employees in India. The benefit payable is the greater of the amount calculated as per the Payment of Gratuity Act, 1972 or the Group scheme applicable to the employee. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting. The Group makes annual contribution to the Group gratuity scheme administered by the Life Insurance Corporation of India through its Gratuity Trust Fund.

(ii) Voluntary Retirement Scheme

Onetime expenses incurred towards voluntary retirement scheme are charged off in the statement of Profit or loss.

(iii) Compensated absences

Group's liability towards leave encashment are determined using the Projected Unit Credit method which considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. Past service costs are recognised on straight line basis over the statement of Profit or loss as income or expense. Obligation is measured at the present value of estimated future cash flow using a discount rate that is determined by reference to market yields at the Balance Sheet date on government bonds where the currency and terms of the government bonds are consistent with the currency and estimated terms of the defined benefit obligation.

(iv) Pension provisions are for operations in Germany and are entirely unfunded. These benefits are in the nature of long term service awards and lifetime pension and retirement plans. Liabilities are determined using projected unit credit method together with mortality tables. Obligation is measured at the present value of estimated future cash flow using the discount rate that is determined by reference to average market yields of ten years.

Notes to the Consolidated Financial Statements as at and for the year ended 31 December, 2021

(₹ in Million)

(c) Risks

Through its defined benefit plans the Group is exposed to risks, the most significant of which are detailed below:

(i) Asset Volatility

The plan liabilities are calculated using a discount rate set with references to government bond yields; if plan assets under perform compared to the government bonds discount rate, this will create or increase a deficit.

(ii) Changes in Bond Yields

A decrease in government bond yields will increase plan liabilities, although this is expected to be partially offset by an increase in the value of the plans' bond holdings.

1. Provisions for Gratuity, Voluntary Retirement Scheme and Pension:

	Funded Plan- Gratuity		Unfunded Plans- VRS		Unfunded Pension	
	31 December, 2021	31 December, 2020	31 December, 2021	31 December, 2020	31 December, 2021	31 December, 2020
Amounts recognised in comprehensive income in respect of these defined benefit plans are as follows:						
Service Cost						
Current Service Cost	66	65	128	-	31	58
- Past service cost and (gains)/losses from settlements	-	-	-	-	19	-
Net interest expense	10	14	-	-	12	4
Components of defined benefit costs recognised in profit or loss	76	79	128	-	62	62
Re-measurement on the net defined benefit liability						
Actuarial gains and loss arising from changes in financial assumptions	38	22	-	-	(159)	(42)
Actuarial gains and loss arising from experience adjustments	17	1	-	-	-	-
Actuarial gains and loss arising from Demographic assumptions	5	-	-	-	-	-
Components of defined benefit costs recognised in other comprehensive income	60	23	-	-	(159)	(42)
Total	136	102	128	-	(97)	20
I. Net Asset/(Liability) recognised in the Balance Sheet as at 31 December						
1. Present value of defined benefit obligation as at 31 December	(941)	(803)	(128)	-	(2,110)	(2,481)
2. Fair value of plan assets as at 31 December	681	613	-	-	-	-
3. Surplus/(Deficit)	(260)	(190)	(128)	-	(2,110)	(2,481)
4. Current portion of the above	(161)	(119)	-	-	(128)	(126)
5. Non-current portion of the above	(99)	(71)	(128)	-	(1,982)	(2,355)

Notes to the Consolidated Financial Statements as at and for the year ended 31 December, 2021

(₹ in Million)

	Funded Plan- Gratuity		Unfunded Plans- VRS		Unfunded Pension	
	31 December, 2021	31 December, 2020	31 December, 2021	31 December, 2020	31 December, 2021	31 December, 2020
II. Change in the obligation during the year ended 31 December						
1. Present value of defined benefit obligation at the beginning of the year	803	740	-	64	2,481	2,306
2. Expenses Recognised in Profit and Loss Account						
- Current Service Cost	66	65	128	-	31	58
- Past Service Cost	-	-	-	-	19	-
- Interest Expense (Income)	47	52	-	-	12	4
3. Recognised in Other Comprehensive Income						
Re-measurement (gains) / losses						
- Actuarial (Gain)/ Loss arising from:						
i. Demographic Assumptions	5	-	-	-	-	-
ii. Financial Assumptions	38	25	-	-	(159)	(42)
iii. Experience Adjustments	17	1	-	-	-	-
4. Benefit payments	(37)	(80)	-	-	(133)	(119)
5. Others- Currency translation impact on opening	2	-	-	(64)	(141)	274
6. Present value of defined benefit obligation at the end of the year	941	803	128	-	2,110	2,481
III. Change in fair value of assets during the year ended 31 December						
1. Fair value of plan assets at the beginning of the year	613	571	-	-	-	-
2. Expenses Recognised in Profit and Loss Account						
- Expected return on plan assets	37	38	-	-	-	-
3. Recognised in Other Comprehensive Income						
Re-measurement gains / (losses)						
- Financial Assumptions	-	3	-	-	-	-
4. Contributions by employer (including benefit payments recoverable)	65	74	-	-	-	-
5. Benefit payments	(34)	(73)	-	-	-	-
6. Fair value of plan assets at the end of the year	681	613	-	-	-	-
IV. The Major categories of plan assets						
- List the plan assets by category here						
Funds managed by Insurer	681	613	-	-	-	-
% to total assets			-	-	-	-
V. Actuarial assumptions						
1. Discount rate	6.00% to 6.90%	5% to 6.60%	-	-	1.03%	0.53%
2. Expected rate of return on plan assets	6.0% to 6.5%	7% to 7.20%	-	-	-	-
3. Attrition rate	1.75% to 17.75%	2% to 15.94%	-	-	-	-
4. Salary Escalation	5% to 8%	5% to 8%	-	-	1% to 1.75%	2.30%

Notes to the Consolidated Financial Statements as at and for the year ended 31 December, 2021

(₹ in Million)

Other Information:

Percentage of variation of the defined benefit commitment to changes in the assumptions weighted is as follows:-

	Change	India	Germany
Decrease in Discount rate	1%	Increase by 8%	Increase by 0.25%
Increase in Discount rate	1%	Decrease by 7%	Decrease by 0.25%
Decrease in Salary increment	1%	Decrease by 7%	Decrease by 0.25%
Increase in Salary increment	1%	Increase by 7%	Increase by 0.25%

2. Provision for Employee Termination benefits:

	31 December, 2021	31 December, 2020
Balance at the beginning of the year	203	218
Add:-		
Interest Expense/(income)	(4)	1
Provided during the year	60	-
Less:-		
Benefits paid	(97)	(32)
Re-measurement (gains) / losses	(3)	(8)
Exchange differences	(11)	24
Balance at the end of the year	148	203

33. Contingent Liabilities and Commitments

	Year ended 31 December, 2021	Year ended 31 December, 2020
Contingent liabilities (to the extent not provided for):		
(a) Claims against the Company not acknowledged as debt		
Income tax claims against which the Company has preferred an appeal	515	359
Excise cases against the Company	124	124
Service Tax	69	67
Sales Tax and VAT	47	93
MSEDCL Related Litigations *	504	504
Stamp Duty, Government Cess and others	107	183
Water Charges	325	325
Labour matters	-	1
The Group had imported capital goods under the Export Promotion Capital Goods (EPCG), of the Government of India, at concessional rate of duty on an understanding to fulfill quantified exports against future obligation	5	5
(b) Commitment		
Capital expenditure contracted for at the end of the reporting period but not recognized as liabilities.	1,667	1007

* Maharashtra State Electricity Distribution Company Limited (MSEDCL) has levied the Cross Subsidy Surcharge (CSS) and Additional Surcharge levied (ASC) on the units of power consumed by the Company from two Captive Generating Plant (CGP) Units of Sai Wardha Power Generation Limited (SWPGL) as a captive consumer. The Hon'ble Maharashtra Electricity Regulatory Commission vide its separate orders dated October 22, 2020 and October 29, 2020 has rejected the captive status of the said two CGP units of SWPGL for the year 2016-17 and the

Notes to the Consolidated Financial Statements as at and for the year ended 31 December, 2021

(₹ in Million)

year 2017-18 respectively. MSEDCL has raised supplementary invoices of ₹ 208 million (including interest) for the year 2016-17 and of ₹ 263 million (including interest) for the year 2017-18 towards alleged Cross Subsidy Surcharge and Additional Surcharge applicable for non-captive power consumption. The Company has challenged the impugned orders before Hon'ble Appellate Authority of Electricity (APTEL) and is sub-judice.

The Hon'ble MERC vide its Order dated March 19, 2018 had upheld the captive status of the units of SWGPL. However, it had treated the units supplied by SWGPL from other two non-CGP units of SWGPL, as non-contracted power. MSEDCL has accordingly raised a supplementary bill of ₹ 33 million for the year 2015-16 towards the units supplied by SWGPL from non-CGP units. The impugned order has been challenged to the extent it deals with the issue of treating the units supplied by SWGPL from non-CGP units as non-contracted energy by an appeal preferred before Hon'ble Appellate Authority of Electricity (APTEL) and is sub-judice.

34. Related Party Transactions

Names of Related Parties:

(a) Ultimate Holding Company - CIE Automotive S.A.

Principal Shareholder of the Holding Company - CIE Berriz, S.L

Holding Company - Participaciones Internacionales Autometal, DOS S.L

(b) Names of Fellow Subsidiaries where transactions have taken place during the year

1. CIE Praga Louny, a.s
2. Componentes de Automoción Recytec, S.L.U
3. Componentes de Dirección Recylan S.L.U.
4. Nova Recyd, S.A.U.
5. CIE Metal CZ, s.r.o.
6. Nanjing Automotive Forging Co., Ltd
7. Forjas de Celaya, S.A. de C.V.
8. Maquinados Automotrices y Talleres Industriales de Celaya, S.A. de C.V
9. Gameko Fabricación de Componentes, S.A.
10. Pintura y Ensamblajes de México, S.A. de C.V.
11. CIE Autometal de Mexico, S.A. de C.V
12. Leaz Valorización, S.L.U
13. Pintura, Estampado y Montaje, S.A. de C.V.
14. Servicat S. Cont., Adm. y Técnicos, S.A. de C.V
15. CIE Automotive Goian, S.L.U
16. Century Plastics LLC
17. Somaschini North America, LLC
18. Somaschini SRL
19. Somaschini S.p.A
20. Plasfil Plasticos da Figueira, S.A
21. Transformaciones Metalurgicas Norma, S.A
22. Egana 2, S.L
23. Maquinados de Precision Mexico

Notes to the Consolidated Financial Statements as at and for the year ended 31 December, 2021

(₹ in Million)

(c) Name of Associate Companies where transactions have taken place during the year

1. Gescrap India Private Limited
2. Galfor Eólica, S.L (Associate of Galfor)
3. Clean Max Deneb Power LLP
4. Sunbarn Renewables Private Limited (w.e.f. November 25, 2020)
5. Renew Surya Alok Private Limited (w.e.f. 23rd February, 2021)

(d) Name of Associates of Ultimate Holding Company where transactions have taken place during the year

1. Gescrap GmbH
2. Dominion Digital S.L.U.
3. Fundacion CIE
4. Banca March

(e) Names of the Companies exercising significant influence over the Company where transactions have taken place during the year

1. Mahindra Vehicle Manufacturers Limited (MVML) (investing company in respect of which the Company is an Associate)
(Merged with Mahindra and Mahindra Limited w.e.f. 1st July, 2021.)
2. Mahindra & Mahindra Limited (M&M) (Holding Company of the investing company in respect of which the Company is an Associate.)
(investing company in respect of which the Company is an Associate w.e.f. 1st July, 2021)

(f) Names of other related parties where transactions have taken place during the year

Subsidiary Companies of the investing company (MVML) in respect of which the Company is an Associate

1. Mahindra Intertrade Limited
2. Mahindra Steel Service Centre Limited
3. Mahindra Auto Steel Private Limited
4. Mahindra Electric Mobility Limited
5. Mahindra Heavy Engines Limited
6. Mahindra MiddleEast Electrical Steel Service Centre
7. Mahindra Two Wheelers Limited
8. Mahindra MSTC Recycling Private Limited

Fellow Subsidiary Companies of the investing company (MVML)

1. Mahindra Trucks & Buses Private Limited.
2. Gromax Agri Equipments Limited
3. Mahindra Integrated Business Solutions Private Limited
4. NBS International Limited
5. Mahindra Sanyo Special Steels Private Limited
6. Mahindra Consulting Engineers Limited
7. Mahindra Defence Naval Systems Limited
8. Mahindra Logistics Limited
9. Bristlecone Limited

Notes to the Consolidated Financial Statements as at and for the year ended 31 December, 2021

(₹ in Million)

Subsidiary Companies of the investing company (M&M) in respect of which the Company is an Associate

1. Mahindra Intertrade Limited
2. Mahindra Steel Service Centre Limited
3. Mahindra Auto Steel Private Limited
4. Mahindra Electric Mobility Limited
5. Mahindra Heavy Engines Limited
6. Mahindra MiddleEast Electrical Steel Service Centre
7. Mahindra Two Wheelers Limited
8. Mahindra MSTC Recycling Private Limited
9. Mahindra Trucks & Buses Private Limited.
10. Gromax Agri Equipments Limited (Formerly known as Mahindra Gujarat Tractor Limited)
11. Mahindra Integrated Business Solutions Private Limited
12. NBS International Limited
13. Mahindra Sanyo Special Steels Private Limited
14. Mahindra Consulting Engineers Limited
15. Mahindra Defence Naval Systems Limited (Formerly known as Mahindra Defence Naval Systems Private Limited)
16. Mahindra Logistics Limited
17. Bristlecone Limited
18. Mahindra Logistics Limited

(g) Key Managerial Personnel (KMP)

Sr. No.	Name	Designation
1	Mr. Shriprakash Shukla	Non-Executive Director
2	Mr. Ander Arenaza Alvarez	Executive Director
3	Mr. Manoj Mullassery Menon	Executive Director and Chief Executive Officer - Stampings, Composites, Foundry, Magnetics and Gears Divisions
4	Mr. Anil Haridass	Executive Director (Upto 31 st August, 2021), Executive Director & Chief Executive Officer - Forging and Bill Forge Divisions (w.e.f. 1 st September, 2021)
5	Mr. Jesus Maria Herrera Barandiaran	Non-Executive Director
6	Mr. Zoooben Dossabhoy Bhiwandiwalla	Non-Executive Director
7	Mr. Manojkumar Maheshwari	Independent Director
8	Mr. Dhananjay Narendra Mungale	Independent Director
9	Mr. Kadambi Narahari	Independent Director
10	Mrs. Roxana Meda Inoriza	Independent Director
11	Mr. Alan Savio D'Silva Picardo	Independent Director
12	Mr. Suhail Amin Nathani	Independent Director
13	Mr. Hari Krishnan	Chief Executive Officer - Forgings and Bill Forge Divisions (upto 31 st August, 2021)
14	Mr. K. Jayaprakash	Chief Financial Officer
15	Mr. Pankaj Vijay Goyal	Company Secretary and Compliance Officer

Notes to the Consolidated Financial Statements as at and for the year ended 31 December, 2021

(₹ in Million)

(h) Transactions with Related parties during the year

	For the year ended	Ultimate holding company	Holding company	Entities having joint control/ significant influence over Group (Note 1)	Fellow subsidiaries of Ultimate Holding Company	Subsidiaries of Entities having joint control/ significant influence over Group	Associate companies	Associates of ultimate holding company
Nature of transactions with Related Parties	31 December, 2021	-	-	10,975	472	442	1,580	898
Sale of goods	31 December, 2020	-	-	7,198	350	302	566	280
Purchase of goods	31 December, 2021	-	-	-	162	1,667	-	-
	31 December, 2020	-	-	15	96	616	-	-
Purchase of property and other assets	31 December, 2021	-	-	-	-	-	-	-
	31 December, 2020	-	-	-	-	-	-	-
Rendering of services	31 December, 2021	-	-	-	19	-	-	-
	31 December, 2020	-	-	-	31	-	-	-
Receiving of services	31 December, 2021	217	21	1	124	100	73	62
	31 December, 2020	161	16	-	126	69	-	1
Rent received	31 December, 2021	-	-	-	-	1	-	-
	31 December, 2020	-	-	-	-	1	-	-
Rent paid	31 December, 2021	-	-	19	-	-	-	-
	31 December, 2020	-	-	30	-	-	-	-
Interest received	31 December, 2021	-	1	-	-	-	-	-
	31 December, 2020	-	9	-	-	-	-	-
Interest paid	31 December, 2021	41	141	-	120	-	-	-
	31 December, 2020	66	151	-	79	-	-	-
Reimbursements paid	31 December, 2021	-	-	-	93	-	-	-
	31 December, 2020	-	-	-	98	-	-	-
Dividend received	31 December, 2021	-	-	-	-	-	3	-
	31 December, 2020	-	-	-	-	-	-	-
Investment in Associate	31 December, 2021	-	-	-	-	-	146	-
	31 December, 2020	-	-	-	-	-	7	-

Note 1:

The transactions with Related parties during the period have been disclosed net off Goods and Services Tax.

Notes to the Consolidated Financial Statements as at and for the year ended 31 December, 2021

(₹ in Million)

(h) Balances with Related parties at the end of the year

Nature of Balances with Related Parties	Balance as on	Ultimate holding company	Holding company	Entities having joint control/ significant influence over Group	Fellow Subsidiaries of Ultimate Holding Company	Subsidiaries of Entities having joint control/ significant influence over Group	Associate companies	Associates of ultimate holding company
Trade payables	31 December, 2021	1	9	4	37	550	3	21
	31 December, 2020	-	2	1	39	331	-	-
Trade receivables	31 December, 2021	-	-	2,761	85	111	1	55
	31 December, 2020	-	-	2,534	138	110	-	31
Loans & advances taken	31 December, 2021	1,072	3,699	-	3,196	-	-	-
	31 December, 2020	2,984	4,314	-	1,934	-	-	-
Loans & advances given	31 December, 2021	-	820	-	-	-	-	-
	31 December, 2020	-	75	-	-	-	-	-
Advances received	31 December, 2021	-	-	-	-	-	6	-
	31 December, 2020	-	-	-	-	-	3	-
Other balances	31 December, 2021	-	-	9	-	-	-	-
	31 December, 2020	-	-	9	37	-	-	-

(i) Remuneration to Key Managerial Personnel

Details of Remuneration	31 December, 2021	31 December, 2020
Short term employment benefits	53	55
Share based payments	2	-
Director sitting fees	15	14
Total	70	69

As gratuity and compensated absences are computed for all the employees in aggregate, the amount relating to the key managerial personnel, cannot be individually identified.

Notes to the Consolidated Financial Statements as at and for the year ended 31 December, 2021

(₹ in Million)

35. Earnings per share

a) Calculation of basic and diluted earnings per share

Basic earnings per share are calculated by dividing the profit attributable to the parent Group's shareholders by the weighted average number of ordinary shares in the year, excluding treasury shares acquired by the parent Group.

	31 December, 2021 ₹ Per Share	31 December, 2020 ₹ Per Share
Basic earnings per share	10.36	2.80
From continuing operations	10.36	2.81
From discontinuing operations	-	(0.01)
Diluted earnings per share	10.36	2.80
From continuing operations	10.36	2.81
From discontinuing operations	-	(0.01)

b) The earnings and weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share are as follows:

(i) Basic earnings per share

	31 December, 2021 ₹ Per Share	31 December, 2020 ₹ Per Share
Profit for the year attributable to owners of the Group	3,929	1,064
- from continuing operations	3,929	1,066
- from discontinuing operations	-	(2)
Weighted average number of equity shares	379,031,015	379,010,682
Earnings per share – Basic	10.36	2.80
- from continuing operations	10.36	2.81
- from discontinuing operations	-	(0.01)

(ii) Diluted earnings per Share

The diluted earnings per share has been computed by dividing the Net profit after tax available for Equity shareholders by the weighted average number of equity shares, after giving dilutive effect of the outstanding Warrants and Stock options for the respective periods. Since, the effect of the conversion of Preference shares was anti-dilutive, it has been ignored.

	31 December, 2021 ₹ Per Share	31 December, 2020 ₹ Per Share
Profit for the year	3,929	1,064
- from continuing operations	3,929	1,066
- from discontinuing operations	-	(2)
Weighted average number of equity shares used in the calculation of Basic EPS	379,031,015	379,010,682
Add: Effect of Stock Options	89,322	124
Weighted average number of equity shares used in the calculation of Diluted EPS	379,120,337	379,010,806
Diluted EPS	10.36	2.80
- from continuing operations	10.36	2.81
- from discontinuing operations	-	(0.01)

Notes to the Consolidated Financial Statements as at and for the year ended 31 December, 2021

(₹ in Million)

36. Other information

The identification of suppliers as micro and small enterprises covered under the "Micro Small and Medium Enterprises Development Act 2006" was done on the basis of the information to the extent provided by the supplier to the Group. Total outstanding to Micro and Small Enterprises, which were outstanding are given below:

Particulars	31 December, 2021	31 December, 2020
Principal amount due at year end	385	338
Interest due and remaining unpaid	9	7
Principal amount paid beyond due date	52	95
Interest paid in terms of section 16 of the Act	—*	—*
Amount of interest due and payable for period of delay in payment made beyond the appointed day	1	7
Amount of interest accrued and remaining unpaid for earlier year	8	6

*Amount is below rounding off norm adopted by the Group

37. Employees Stock Options Scheme

The Company instituted the Employees Stock Options Scheme 2007 (ESOS 2007) plan for employees in pursuance of a special resolution passed by the shareholders approving the scheme on July 25, 2007, amended by special resolution dated July 29, 2008, August 02, 2011 and pursuant to the Integrated scheme of Amalgamation and Composite Scheme of Amalgamation in terms of High Court dated October 13, 2014. Further, the company instituted the Employees Stock Options Scheme 2015 (ESOS 2015) plan for employees in pursuance of a special resolution passed by the shareholders approving the scheme on September 15, 2015.

Pursuant to the schemes, the Company has granted options to eligible employees at various exercise prices per equity share of ₹ 10 each. Under the terms of scheme, the vesting period will be spread equally over 4 years (ESOS 2007) and 3 years (ESOS 2015). Options will vest at 25% (ESOS 2007) and 33% (ESOS 2015) from the grant date. When exercisable, each option is convertible into one equity share of the Company.

Movement of share options are as under:

Date of the Tranche	Opening Balance		Forfeited during the year	Exercised during the year	Outstanding at the end of the year	Exercisable at the end of the year
	Number of Options	Weighted average exercise price	Number of Options	Number of Options	Number of Options	Number of Options
On 20 th January, 2012	188	44	188	—	—	—
On 22 nd February, 2016	363,866	150	4,443	64,717	294,706	294,706
	364,054		4,631	64,717	294,706	294,706

Share options outstanding at the end of the year have the following expiry dates and exercise prices:

Grant Date	Expiry Date	Exercise price	Number of Options—31 December, 2021	Number of Options—31 December, 2020
20-Jan-12	20-Jan-21	44	—	188
22-Feb-16	24-Feb-24	150	294,706	363,866
Total			294,706	364,054
Weighted average remaining contractual life of options outstanding at end of period (years)			2.15	3.15

Notes to the Consolidated Financial Statements as at and for the year ended 31 December, 2021

(₹ in Million)

Expense arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognized in profit and loss as part of employee benefit expense were as follows:

	31 December, 2021	31 December, 2020
Employee share-based payment expense	21	-
Total employee share-based payment expense	21	-

38. Corporate Social Responsibility (CSR)

Contribution to various social welfare projects and fund	30	30
Accruals towards unspent obligation in relation to:		
Ongoing project	20	-
Total	50	30
Amount required to be spent under section 135 of the Act	50	44
Amount spent during the year on		
(i) Construction of assets	3	14
(ii) On the purpose other than (i) above	27	16
Total	30	30

The unspent amount in relation to ongoing projects during the year ended December 31, 2021 has been deposited in the unspent CSR account within the stipulated timeline.

Expenditure on corporate social responsibility as disclosed in the note on Other Expenses includes unspent amount of earlier years which was spent during the year on CSR projects or deposited in the unspent CSR account.

Notes to the Consolidated Financial Statements as at and for the year ended 31 December, 2021

(₹ in Million)

39. Additional information of subsidiaries as required by schedule III of Companies Act, 2013

Sr. No.	Name of the entity	Net assets		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
		Amount	As a % of consolidated	Amount	As a % of consolidated	Amount	As a % of consolidated	Amount	As a % of consolidated
Parent									
1	Mahindra CIE Automotive Limited	40,503	79%	1,103	28%	(48)	5%	1,055	37%
Subsidiaries									
Indian									
1	Aurangabad Electricals Limited (Subsidiary of MCIE)	3,060	6%	703	18%	4	0%	707	25%
2	BF Precision Private Limited (Subsidiary of MCIE)	177	0%	38	0%	-	0%	38	1%
3	CIE Hosur Limited (Subsidiary of MCIE)	(6)	0%	(6)	0%	-	0%	(6)	0%
Foreign									
1	Stokes Group Limited (SGL)	-	0%	-	0%	-	0%	-	0%
2	Stokes Forgings Dudley Limited (Subsidiary of SGL- Dissolved on July 30, 2020)	-	0%	-	0%	-	0%	-	0%
3	Stokes Forgings Limited (Subsidiary of SGL- Dissolved on August 1, 2020)	-	0%	-	0%	-	0%	-	0%
4	Mahindra Forgings Europe AG (MFE) (subsidiary of Galfor)	(2,008)	-4%	(207)	-5%	-	0%	(207)	-7%
5	Jeco Jellinghaus GmbH (subsidiary of MFE)	525	1%	9	0%	10	1%	19	1%
6	Gesekschmiede Schneider GmbH (subsidiary of MFE)	1,570	3%	22	1%	59	6%	81	3%
7	Falkenroth Unformtechnik GmbH (subsidiary of MFE)	197	0%	(3)	0%	-	0%	(3)	0%
8	Schonoewiss& Co GmbH (subsidiary of MFE)	1,029	2%	144	4%	89	8%	233	8%
9	Metacastello S.p.A (MC) (subsidiary of Galfor)	1,202	2%	582	15%	2	0%	584	20%
10	UAB CIE Galfor SA (Galfor)	12,037	23%	1,384	35%	-	0%	1,384	48%
11	CIE Legazpi SA (subsidiary of Galfor)	338	1%	68	2%	-	0%	68	2%
12	UAB CIE LT Forge (subsidiary of Galfor)	1,267	2%	325	8%	-	0%	325	11%
13	AE Deutschland GmbH (subsidiary of AEL)	-	0%	27	1%	-	0%	27	1%
14	Bill Forge Mexico S.A de C.V (subsidiary of MCIE)	(962)	-2%	(230)	-6%	-	0%	(230)	-8%
	Adjustment on consolidation	(6,963)	-14%	(30)	-1%	(1,167)	-11%	(1,195)	-42%

Notes to the Consolidated Financial Statements as at and for the year ended 31 December, 2021

(₹ in Million)

Company	Subsidiary Relationship	Activity	Registered office	Direct Holding %	Indirect Holding %
Mahindra CIE Automotive, Ltd.	Participaciones Internacionales Autometal Dos S.L.	Manufacture of automotive components	India		
Stokes Group Limited	Mahindra CIE Automotive Limited.	Manufacture of automotive components	UK	100%	-
Stokes Forgings Limited (Dissolved on August 1, 2020)	Stokes Group Limited	Investment Company	UK	-	100%
Stokes Forgings Dudley Limited (Dissolved on July 30, 2020)	Stokes Group Limited	Investment Company	UK	-	100%
Mahindra Forgings Europe AG	CIE Galfor, S.A.U.	Holding Company	Germany	-	100%
Gesensschmiede Schneider GmbH	Mahindra Forgings Europe AG	Manufacture of automotive components	Germany	-	100%
Jeco Jellinghaus GmbH	Mahindra Forgings Europe AG	Manufacture of automotive components	Germany	-	100%
Falkenroth Umformtechnik GmbH	Mahindra Forgings Europe AG	Manufacture of automotive components	Germany	-	100%
Schoneweiss & Co. GmbH	Mahindra Forgings Europe AG	Manufacture of automotive components	Germany	-	100%
CIE Galfor, S.A.U.	Mahindra CIE Automotive Limited.	Manufacture of automotive components	Spain	100%	-
CIE Legazpi, S.A.U.	CIE Galfor, S.A.U.	Manufacture of automotive components	Spain	-	100%
UAB CIE LT Forge	CIE Galfor, S.A.U.	Manufacture of automotive components	Lithuania	-	100%
Metacastello S.p.A.	CIE Galfor, S.A.U.	Manufacture of automotive components	Italy	-	99.96%
Aurangabad Electricals Limited	Mahindra CIE Automotive Limited	Manufacture of automotive components	India	100%	-
AE Deutschland GMBH	Aurangabad Electricals Limited	Manufacture of automotive components	Germany	-	-
BF Precision Private Limited	Mahindra CIE Automotive Limited	Manufacture of automotive components	India	100%	-
Bill Forge Mexico S.A de C.V	Mahindra CIE Automotive Limited	Manufacture of automotive components	Mexico	100%	-
CIE Hosur Limited	Mahindra CIE Automotive Limited	Manufacture of automotive components	India	100%	-

Associates

Gescrap India Private Limited –
Galfor Eólica, S.L (Associate of Galfor)
Clean Max Deneb Power LLP
Sunbarn Renewables Private Limited
(w.e.f. November 25, 2020)
Renew Surya Alak Private Limited (w.e.f.
23rd February, 2021)

Notes to the Consolidated Financial Statements as at and for the year ended 31 December, 2021

(₹ in Million)

40. Exceptional Items

	31 December, 2021	31 December, 2020
a) Onetime payment made to employees opting for early retirement under the Voluntary Retirement Scheme declared in December 2021 in Stampings Division.	128	-
Total	128	-
41. The Group has considered the possible effects that may result from the COVID-19 pandemic and has also taken into account external and internal information for assessing the possible impact of COVID-19 in the preparation of financial statements including the recoverability of carrying amounts of financial and non- financial assets and has concluded that there are no material adjustments required in the financial statements. However, given the uncertainties associated with its nature and duration COVID-19 situation continues to evolve, the Group will continue to closely monitor the implications arising out of COVID- 19 for any material changes to the future economic conditions which may have impact on the operations of the Group.		
42. The Board of Directors of company at their meeting held on February 22, 2022 recommended final dividend of ₹ 2.5 per Equity Share of ₹ 10 each fully paid up for financial year 2021.		

For **Price Waterhouse Chartered Accountants LLP**
Firm Registration No. 012754N/N500016

Jeetendra Mirchandani
Partner
Membership No. 48125

Pune, February 22, 2022

For and on behalf of the Board of Directors of **Mahindra CIE Automotive Limited**

Ander Arenaza Alvarez
Executive Director

Manoj Menon
Executive Director &
CEO-Business Division

K. Jayaprakash
Chief Financial Officer
Pune, February 22, 2022

Dhananjay Mungale
Director

Anil Haridass
Executive Director &
CEO-Business Division

Pankaj Goyal
Company Secretary & Compliance officer

Notes to the Consolidated Financial Statements as at and for the year ended 31 December, 2021

(₹ in Million)

Form AOC-I
PART - A - Statement containing salient features of the financial statement of Subsidiaries

Name of Subsidiary	Date of acquisition	Reporting Currency	Exchange Rate	Share Capital	Reserves & Surplus (including equity)	Total Assets	Total Liabilities	Total Investment (Other than subsidiaries)	Gross Turnover before tax	Profit before tax	Provision for Tax	Profit after tax	Proposed Dividend	Existing shareholding in%
Stokes Group Limited (SGL)	1 st April 2007	GBP	100.24	-	-	-	-	-	-	-	-	-	-	100%
Stokes Forgings Dudley Limited (subsidiary of SGL)	1 st April 2007	GBP	100.24	-	-	-	-	-	-	-	-	-	-	100%
Stokes Forgings Limited (subsidiary of SGL)	1 st April 2007	GBP	100.24	-	-	-	-	-	-	-	-	-	-	100%
Mahindra Forgings Europe AG (MFE) (subsidiary of Galfor)	1 st April 2007	EURO	84.23	421	(2,429)	6,066	8,074	-	130	(190)	(10)	(180)	-	100%
Jeco Jellinghaus GmbH (subsidiary of MFE)	1 st April 2007	EURO	84.23	432	105	692	155	-	8	-	-	8	-	100%
Gesekschmiede Schneider GmbH (subsidiary of MFE)	1 st April 2007	EURO	84.23	1,034	605	3,919	2,281	4	6,865	(71)	(4)	(68)	-	100%
Falkenroth Unformtechnik GmbH (subsidiary of MFE)	1 st April 2007	EURO	84.23	86	112	989	791	-	2,807	(4)	(2)	(2)	-	100%
Schonoeweiss & Co GmbH (subsidiary of MFE)	1 st April 2007	EURO	84.23	4	10	43	30	73	2	0	0	1	-	100%
Metalcastello S.p.A. (MC) (subsidiary of Galfor)	1 st Oct 2013	EURO	84.23	740	462	4,950	3,747	-	5,410	759	177	582	-	99.96%
UAB CIE Galfor SA (Galfor)	1 st Oct 2013	EURO	84.23	194	11,844	18,373	6,336	6	11,058	1,733	348	1,384	-	100%
CIE Legazpi SA (subsidiary of Galfor)	1 st Oct 2013	EURO	84.23	194	145	3,789	3,450	-	4,170	64	(4)	68	-	100%
UAB CIE LT Forge (subsidiary of Galfor)	1 st Oct 2013	EURO	84.23	584	683	2,722	1,455	-	2,955	378	53	325	-	100%
Aurangabad Electricals Limited (AEL)	9 th April 2019	INR	1	29	3,031	7,041	3,981	-	9,467	903	200	703	-	100%
AEL Deutschland GmbH	9 th April 2019	INR	1	-	-	-	-	-	-	-	-	-	-	100%
BF Precision Private Limited (subsidiary of BF)	1 st Oct 2016	INR	1	0*	177	212	36	-	204	51	13	38	-	100%
Bill Forge Mexico S. DE R. L. DE C. V. (subsidiary of BF)	1 st Oct 2016	INR	74.37	7	(969)	2,605	3,567	-	1,141	(254)	(24)	(230)	-	100%
CIE Hosur Limited	6 th Aug 2021	INR	1	0*	(6)	649	655	-	-	(8)	(1)	(6)	-	100%

1. Stokes Group Limited is under liquidation
2. Stokes Forgings Limited dissolved on 1st August, 2020 and Stokes Forgings Dudley dissolved on 30th July, 2020.
3. AEL Deutschland GmbH dissolved on 12th August, 2021.
4. Jeco Jellinghaus has been operationally closed.
5. CIE Hosur Limited incorporated on 6th August, 2021.

For and on behalf of the Board of Directors of Mahindra CIE Automotive Limited

Ander Arenaza Alvarez
Executive Director

Dhananjay Mungale
Director

Manoj Menon
Executive Director &
CEO-Business Division

Anil Haridass
Executive Director &
CEO-Business

K. Jayaprakash
Chief Financial Officer
Pune, February 22, 2022

Pankaj Goyal
Company Secretary & Compliance officer

Notes to the Consolidated Financial Statements as at and for the year ended 31 December, 2021

(₹ in Million)

Form AOC-1

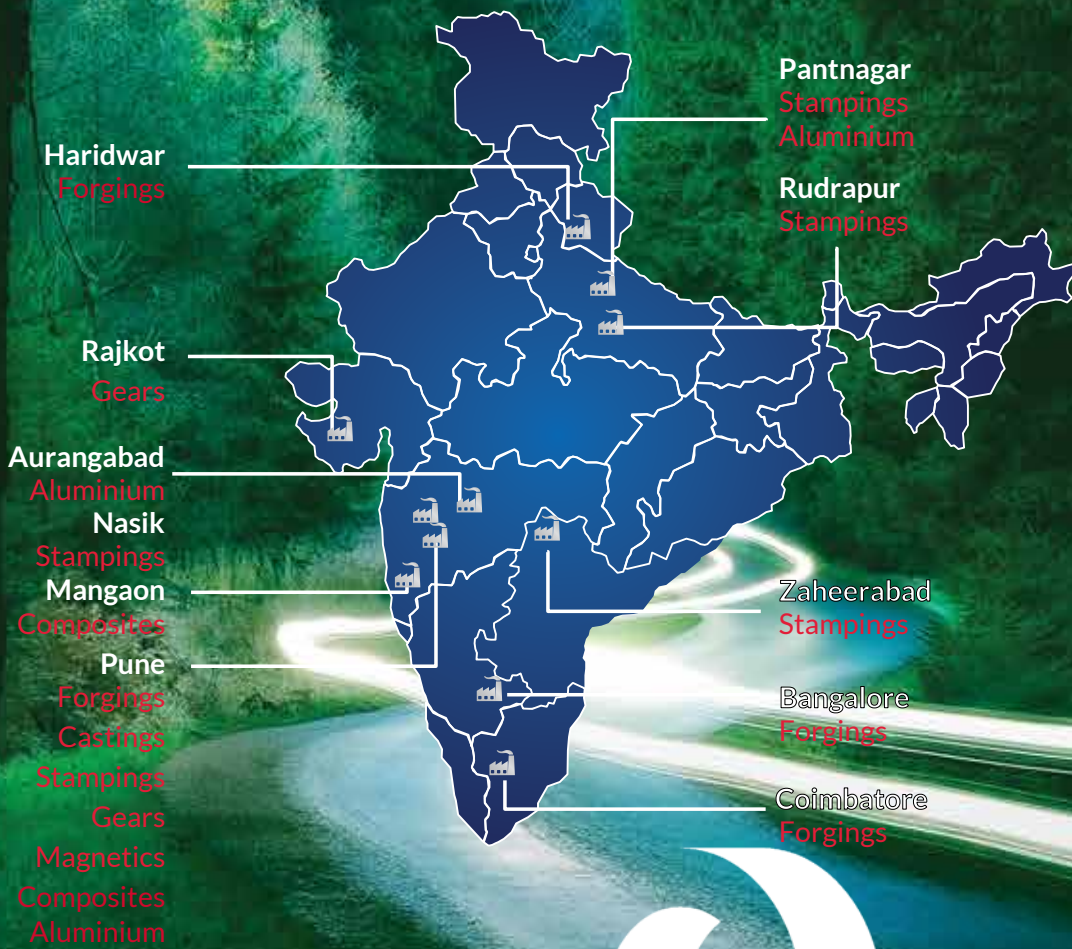
PART -B- Details of Associates/ Joint ventures [as per Section 2(6) of the Companies Act, 2013

Name of Associates	Audited Balance Sheet Date	No. of Equity shares held	Proportion of ownership interest	Cost of investments	Networth attributable to shareholding as per latest audited Balance Sheet	Profit/ (loss) for the year
					considered in consolidation	not considered in consolidation
Gescrop India Private Limited	31st Mar 2021	3,720,000	30%	37	36.6	15.4
Galfor Eólica, S.L (Associate of Galfor)	31st Dec 2021	68,000	25%	5	0*	0*
Clean Max Deneb Power LLP	31st Mar 2021	-	26%	32	33.4	0*
Sunbarn Renewables Private Limited	31st Dec 2021	872,813	26.16%	70	5.9	(2.6)
Renew Surya Alok Private Limited	31st Mar 2021	8,260,000	31.20%	83	7.3	(1.0)

*Amount is below the rounding off norm adopted by the Group.

For and on behalf of the Board of Directors of Mahindra CIE Automotive Limited

Ander Arenaza Alvarez
Executive Director**Dhananjay Mungale**
Director**Manoj Menon**
Executive Director &
CEO-Business Division**Anil Haridass**
Executive Director &
CEO-Business Division**K. Jayaprakash**
Chief Financial Officer
Pune, February 22, 2022**Pankaj Goyal**
Company Secretary & Compliance officer



Forgings



Castings



Stampings



Gears



Composites



Magnetics



Aluminium



Mahindra CIE

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