INDEPENDENT AUDITORS' REPORT

To the Members of Mahindra Aerospace Private Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Mahindra Aerospace Private Limited ("the Company"), which comprise the balance sheet as at 31 March 2021, the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as Financial Statements) .

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2021, and loss and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Ind AS Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements.

Other Information

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the financial statements made by the Management and Board of Directors.

- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. (A) As required by Section 143(3) of the Act, we report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   c) The balance sheet, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account.

   d) In our opinion, the aforesaid financial statements comply with the specified under section 133 of the Act.

Report on Other Legal and Regulatory Requirements (Continued)

e) On the basis of the written representations received from the directors as on 31 March 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2021 from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

(B) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations as at 31 March 2021 on its financial position in its financial statements - Refer Note 23 to the financial statements;

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company

iv. The disclosures in the Ind AS financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2021 .

Report on Other Legal and Regulatory Requirements (Continued)

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

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

for **B S R & Co. LLP**
Chartered Accountants
Firm's Registration N0. 101248W/W-100022

Sanjay Sharma
Partner
Membership No. 063980
UDIN: 21063980AAAAEO4886

Place: Bangalore
Date: April 27, 2021

INDEPENDENT AUDITORS' REPORT

Mahindra Aerospace Private Limited

Annexure A to the Independent Auditor's Report

With reference to the Annexure A referred to in the Independent Auditor's Report to the members of the Company on the financial statements for the year ended 31 March 2021, we report the following:

(i) (a) According to information and explanations given to us and on the basis of examination of the records, the Company did not have any Property, plant and equipment. Therefore, the provision of clause 3(i)(a) of the said Order is not applicable to the Company.

(b) According to the information and explanations given to us and on the basis of examination of the records, the Company did not have any Property, plant and equipment. Therefore, the provision of clause 3(i)(b) of the said Order is not applicable to the Company.

(c) According to the information and explanations given to us and on the basis of our examination of the records, the Company did not have any immovable property. Therefore, the provision of clause 3(i) (c) of the said Order is not applicable to the Company.

(ii) According to the information and explanations given to us, the Company did not have any inventory. Therefore, the provision of clause 3(ii) of the said Order is not applicable to the company

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the Order are not applicable to the Company.

(iv) According to the information and explanations given to us, the Company has not given any loans, or provided any guarantee or security as specified under section 185 and 186 of the Companies Act, 2013. Moreover, in respect of the investments made by the Company, requirements of section 186 of the Companies Act, 2013 have been complied with.

(v) The Company has not accepted any deposits from the public within the meaning of the directives issued by the Reserve Bank of India, provisions of Section 73 to 76 of the Act, any other relevant provisions of the Act and the relevant rules framed thereunder.

(vi) The Central Government has not prescribed the maintenance of cost records under Section 148 of the Act for any of the services rendered by the Company.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including, Income-tax, Goods and Services tax, and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of Provident fund, Employees' State Insurance, duty of excise, sales tax, service tax and value added taxes, duty of Customs and Cess.

INDEPENDENT AUDITORS' REPORT (Continued)

Mahindra Aerospace Private Limited

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

According to the information and explanations given to us, no undisputed amounts payable in respect of Income-tax, and Goods and Services tax, Cess and other material statutory dues were in arrears as at 31 March 2021, for a period of more than six months from the date they became payable.

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

Name of the Statute	Nature of the Dues	Amount Rs. in lakhs	Period	Forum where dispute is pending*
Income Tax Act 1961	Income Tax	3.67 (0.91)*	AY 2011-12	Commissioner of Income Tax (Appeals), Mumbai
Income Tax Act 1961	Income Tax	5.08 (5.08)*	AY 2013-14	Commissioner of Income Tax (Appeals), Mumbai
Income Tax Act 1961	Income Tax	79.24 (54.88)*	AY 2014-15	Commissioner of Income Tax (Appeals), Mumbai
Income Tax Act 1961	Income Tax	5,218.55	AY 2018-19	Rectification Application u/s 154 of Income Tax Act 1961 filed with the Assessing Officer, Mumbai

* The amount in parenthesis represent the payment made.

(viii) According to the information and explanations given to us, the Company did not have any outstanding loans or borrowings from any financial institution or bank or government or dues to debenture holders during the year.

(ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year.

(x) According to the information and explanations given to us, no fraud on the Company by its officers and employees or fraud by the Company has been noticed or reported during the year.

(xi) In our opinion and according to the information and explanations given to us and based on examination of the records of the Company, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

(xii) According to the information and explanations given to us, in our opinion, the Company is not a Nidhi Company as prescribed under Section 406 of the Act.

INDEPENDENT AUDITORS' REPORT (Continued)

Mahindra Aerospace Private Limited

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

(xiii) According to the information and explanations given to us and based on our examination of the records of the Company, all transactions with the related parties are in compliance with 188 of the Act, where applicable, and details of such transactions have been disclosed in the Ind AS financial statements as required by the applicable accounting standards. According to the information and explanations given to us, we understand that the provisions of Section 177 to the Act are not applicable to the Company.

(xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable to the Company.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.

(xvi) According to the information and explanation given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

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

Sanjay Sharma
Partner
Membership No. 063980
UDIN: 21063980AAAAEO4886

Place: Bangalore

Date: April 27, 2021

Annexure B to the Independent Auditors' report on the IND AS financial statements of Mahindra Aerospace Private Limited for the period ended 31 March 2021.

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

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

Opinion

We have audited the internal financial controls with reference to financial statements of Mahindra Aerospace Private Limited ("the Company") as of 31 March 2021 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2021, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

Annexure B to the Independent Auditors' report on the IND AS financial statements of Mahindra Aerospace Private Limited for the period ended 31 March 2021 (Continued)

Auditors' Responsibility (Continued)

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

Meaning of Internal Financial controls with Reference to Financial Statements

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

Inherent Limitations of Internal Financial controls with Reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to Standalone financial statements to future periods are subject to the risk that the internal financial 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.

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

Sanjay Sharma
Partner
Membership No. 063980
UDIN: 21063980AAAAEO4886

Place: Bangalore
Date: April 27, 2021

Mahindra Aerospace Private Limited
Regd. Office: Mahindra Towers, P.K.Kurne Chowk, Worli, Mumbai - 400 018
Balance Sheet
Rs in Lakhs

Particulars	Note	As at March 31, 2021	As at March 31, 2020
Assets			
Non-current assets			
Property, plant and equipment	3	**-**	-
Capital work in progress	3	**-**	-
Intangible assets	3	**-**	-
Intangible assets under development	3	**-**	-
Right of use asset	3A	**6.60**	10.04
Financial assets			
Investments	4	**19,514.00**	28,000.00
Income tax assets (net)	6	**-**	51.11
Other non-current assets	7	**5.13**	5.13
Total non-current assets		**19,525.73**	28,066.28
Current assets			
Financial assets			
Cash and cash equivalents	8	**14.27**	66.20
Bank balances other than cash and cash equivalents	8A	**293.00**	122.45
Others financial assets	5	**12.58**	3.82
Other current assets	9	**8.73**	9.42
Total current assets		**328.58**	201.89
Total assets		**19,854.31**	28,268.17
Equity and liabilities			
Equity			
Equity share capital	10	**91,238.96**	75,112.96
Other equity	11	**(71,398.79)**	(47,364.82)
Total equity		**19,840.17**	27,748.14
Non-current liabilities			
Financial liabilities			
Lease liabilities		**3.85**	7.53
Total non-current liabilities		**3.85**	7.53
Current liabilities:			
Financial liabilities			
Borrowing	12	**-**	500.00
Lease liabilities		**3.69**	3.20
Trade payable	13	**3.92**	8.90
Other current liabilities	14	**2.68**	0.40
Total current liabilities		**10.29**	512.50
Total equity and liabilities		**19,854.31**	28,268.17

Significant accounting policies 2

The accompanying notes form an integral part of the financial statements

As per our report of even date attached

For B S R & Co. LLP	*For and on behalf of the Board of Directors of*	
Chartered Accountants	***Mahindra Aerospace Private Limited***	
(Firm's registration No. 101248W/W-100022)	CIN No. U63033MH2008PTC179520	
Sanjay Sharma	**Mr. Arvind Mehra**	**Mr. S.P.Shukla**
Partner	Wholetime Director	Managing Director
Membership No.063980	DIN No.01039769	DIN No. 00007418
UDIN: 21063980AAAAEO4886		
	Mr. T. Subrahmanya Sarma	**Mr. V.S. Ramesh**
	Chief Financial Officer	Company Secretary
Place: Bangalore	Place: Mumbai	
Date: April 27, 2021	Date: April 27, 2021	

Mahindra Aerospace Private Limited
Regd. Office: Mahindra Towers, P.K.Kurne Chowk, Worli, Mumbai - 400 018
Statement of Profit and Loss **Rs in Lakhs**

Particulars	Note	For the year ended March 31, 2021	For the year ended March 31, 2020
Other income	15	**68.54**	16.21
Total income		**68.54**	16.21
Expenses			
Employee benefits expense	16	**-**	-
Finance costs	17	**0.79**	1.04
Depreciation	18	**3.44**	3.44
Other expenses	19	**24,087.77**	31,888.79
Total expenses		**24,092.00**	31,893.27
Loss before tax		**(24,023.46)**	(31,877.06)
Tax expense:			
Current tax		**9.00**	5.75
Tax charge/ (credit) of earlier years		**0.92**	54.89
Deferred tax		**-**	-
Income tax expense		**9.92**	60.64
Loss for the year		**(24,033.38)**	(31,937.70)
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss:			
Re-measurement (loss)/gain on defined benefit plans		**(0.59)**	0.81
Income tax effect			-
Other comprehensive income for the year, net of tax		**(0.59)**	0.81
Total comprehensive income for the year		**(24,033.97)**	(31,936.89)
Earnings per equity share:			
Basic	24	**(2.87)**	**(4.41)**
Diluted	24	**(2.87)**	**(4.41)**

Significant accounting policies 2

The accompanying notes form an integral part of the financial statements

As per our report of even date attached

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

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

Sanjay Sharma
Partner
Membership No.063980
UDIN: 21063980AAAAEO4886

Mr. Arvind Mehra
Wholetime Director
DIN No.01039769

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

Mr. T.Subrahmanya Sarma
Chief Financial Officer

Mr. V.S. Ramesh
Company Secretary

Place: Bangalore
Date: April 27, 2021

Place: Mumbai
Date: April 27, 2021

Mahindra Aerospace Private Limited
Regd. Office: Mahindra Towers, P.K.Kurne Chowk, Worli, Mumbai - 400 018
Statement of Cashflows
Rs in Lakhs

Particulars	**For the year ended March 31, 2021**		For the year ended March 31, 2020	
A. Cash flow from operating activities :				
Loss before tax		**(24,023.46)**		(31,877.06)
Adjustments for:				
Depreciation	**3.44**		3.44	
Finance costs	**0.79**		1.04	
Provision for diminution in value of long term investments	**24,061.03**		31,766.57	
Provision for doubtful Goods service tax credit receivable	**-**		36.72	
Interest income	**(13.40)**		(9.96)	
Profit on sale of mutual funds	**-**		(6.25)	
Provision no loger required	**(9.66)**		-	
		24,042.20		31,791.56
Operating (loss) before working capital changes		**18.74**		(85.50)
Changes in working capital:				
Adjustments for (increase) / decrease in operating assets:				
Current financial and other current assets	**9.76**		138.15	
Non-current financial and other non-current assets	**-**		7.86	
Adjustments for increase / (decrease) in operating liabilities:				
Trade payables	**(4.98)**		(99.50)	
Other current liabilities	**2.28**		(9.58)	
		7.06		36.93
Cash generated / (used in) from operations		**25.80**		(48.57)
Net income tax Refund / (paid)		**41.19**		(6.58)
Net Cash generated / (used in) from operating activities (A)		**66.99**		(55.15)
B. Cash flow from investing activities :				
Payment for acquiring right of use assets	**-**		(13.48)	
Purchase of current investments	**-**		(5,500.00)	
Proceed from sale of current investments	**-**		5,727.37	
Bank deposits (net)	**(170.55)**		(122.45)	
Investment in subsidiaries	**(15,575.03)**		(6,150.66)	
Interest income received	**4.64**		9.74	
Net cash used in investing activities (B)		**(15,740.94)**		(6,049.48)
C. Cash flow from financing activities				
Proceeds from issue of equity shares	**15,626.00**		6,150.00	
Repayment of lease liabilities	**(3.19)**		10.73	
Finance costs	**(0.79)**		(1.04)	
Net cash flow from financing activities (C)		**15,622.02**		6,159.69
Net increase / (decrease) in Cash and cash equivalents (A+B+C)		**(51.93)**		55.06
Cash and cash equivalents at the beginning of the year		**66.20**		11.14
Cash and cash equivalents at the end of the year (Refer note 8)		**14.27**		66.20
Components of Cash and cash equivalents				
Balance with banks				
– On Current Accounts		**14.27**		65.92
Cash on Hand		**-**		0.28

Significant accounting policies (Refer note 2)

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

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

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

Sanjay Sharma
Partner
Membership No.063980
UDIN: 21063980AAAAEO4886

Mr. Arvind Mehra
Wholetime Director
DIN No.01039769

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

Mr. T. Subrahmanya Sarma
Chief Financial Officer

Mr. V.S. Ramesh
Company Secretary

Place: Bangalore
Date: April 27, 2021

Place: Mumbai
Date: April 27, 2021

Mahindra Aerospace Private Limited
Regd. Office: Mahindra Towers, P.K.Kurne Chowk, Worli, Mumbai - 400 018
Statement of Changes in Equity

a. Equity share capital:

	Rs in Lakhs
At April 1, 2019	**68,962.96**
Add: changes in equity shares	6,150.00
At March 31, 2020	**75,112.96**
Add: changes in equity shares	16,126.00
At March 31, 2021	**91,238.96**

b. Other equity **Rs in Lakhs**

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

Particulars	Equity component of financial instruments	Reserves and surplus		Other comprehensive income	Total
		Securities premium	Retained earnings		
At April 1, 2020	153.47	31,243.98	(78,763.45)	1.18	(47,364.82)
Loss for the period	-	-	(24,033.38)	-	(24,033.38)
Re-measurement (loss)/gain on defined benefit plans	-	-	-	(0.59)	(0.59)
Total comprehensive income	**-**	**-**	**(24,033.38)**	**(0.59)**	**(24,033.97)**
At March 31, 2021	**153.47**	**31,243.98**	**(1,02,796.83)**	**0.59**	**(71,398.79)**

The accompanying notes form an integral part of the financial statements

As per our report of even date attached

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

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

Sanjay Sharma
Partner
Membership No. 063980
UDIN: 21063980AAAAEO4886

Mr. Arvind Mehra
Wholetime Director
DIN No.01039769

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

Mr. T. Subrahmanya Sarma
Chief Financial Officer

Mr. V.S. Ramesh
Company Secretary

Place: Bangalore
Date: April 27, 2021

Place: Mumbai
Date: April 27, 2021

Mahindra Aerospace Private Limited
Notes to the financial statements for the year March 31, 2021

1. Corporate Information

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

2. Basis of preparation and Significant accounting policies:

2.1 Basis of preparation

A. Statement of compliance

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

The financial statements were authorised for issue by the Company's Board of Directors on 27 Apr 2021.

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

B. Functional and presentation currency

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

C. Basis of measurement

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

Items	Measurement basis
Certain financial assets and liabilities	Fair value

D. Use of estimates and judgements

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

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

Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:
Note 3A - leases: whether an arrangement contains a lease and lease classification

Assumptions and estimation uncertainties:
Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31 March 2021 is included in the following notes:

Note 20 – measurement of defined benefit obligations: key actuarial assumptions; key actuarial assumptions;
Note 23 - recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources;
Note 29 - recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used;
Note 3 - useful life of property, plant and equipment
Notes 4 and 5 - impairment of financial assets.

E. Measurement of fair values

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

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

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

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

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

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

- Note 22 - financial instruments.

2.2 Significant accounting policies

a) Property Plant and Equipment

i. Recognition and measurement

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

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

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

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

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

ii. Subsequent expenditure

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

iii. Depreciation

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

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

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

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

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year-end and adjusted prospectively, if appropriate.

b) Intangible Assets

Internally generated: Research and development
Expenditure on research activities is recognised in the Statement of Profit and Loss as incurred.

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

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

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

The estimated useful lives are as follows:

Asset	**Useful life**
Computer software	3-5 years

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

c) Impairment of assets

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

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

d) Investment in subsidiaries

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

e) Revenue Recognition

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

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

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

f) Other Income

For all financial instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in other income in the Statement of Profit and Loss.

g) Leases

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

Company as a lessee

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

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

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

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

Transition to Ind AS 116

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

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

As a lessee:

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

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

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

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

h) Financial Instruments

A. Recognition and initial measurement

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

B. Classification and subsequent measurement

i. Financial assets carried at amortized cost

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

ii. Financial assets at fair value through other comprehensive income

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

iii. Financial assets at fair value through profit or loss

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

iv. Financial liabilities

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

Investment in subsidiaries, joint venture and associates

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

C. De-recognition

Financial assets

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

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

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

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

D. Offsetting

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

i) Income tax

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

i. Current tax:

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

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

Deferred tax is not recognised for:
- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of transaction.
- temporary differences related to investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used.

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

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.
The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

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

j) Foreign currencies:

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

k) Government Grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to revenue, it is recognised in the statement of profit and loss on a systematic basis over the periods to which they relate.

l) Borrowing costs

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

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

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

m) Business combination

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

n) Provisions and contingent liabilities

i. General:

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, the expense relating to a provision is presented in the Statement of Profit and Loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

ii. Contingent liabilities:

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

(iii) Onerous contracts:

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

o) Segment reporting

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

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

p) Employee benefits

i. Short-term employee benefits

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

ii. Post-employment benefits

Contributions to defined contribution schemes such as Provident Fund, employee state insurance scheme, Pension Fund, etc., are considered as defined contribution plans and are recognised as expenses in the period in which the employee renders the related service.
The Company also provides for post-employment defined benefit in the form of gratuity and medical benefits. The cost of providing benefit is determined using the projected unit credit method, with actuarial valuation being carried out at each balance sheet date. Remeasurement of the net benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interests) and the effect of the assets ceiling (if any, excluding interest) are recognised in other comprehensive income. The effect of any plan amendments are recognised in net profit in the Statement of Profit and Loss.

iii. Other long-term employee benefits

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

q) Cash and cash equivalents

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

r) Earnings per share

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

s) Cash flow statement

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

t) Recent accounting pronouncement

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2021.

Mahindra Aerospace Private Limited
Notes to Financial Statements for the year ended March 31, 2021

Note 3: Property, plant and equipment

Rs in Lakhs

Particulars	Tangible assets					Intangible assets		Grand Total
	Plant and equipment	Office equipment	Furniture and fixtures	Computers	Total	Computer software	Total	
Cost								
As at April 01, 2019	**5.06**	**5.28**	**0.17**	**1.51**	**12.02**	**76.21**	**76.21**	88.23
Additions	-	-	-	-	-	-	-	-
Disposals	5.06	5.28	0.17	1.51	12.02	76.21	76.21	88.23
As at March 31, 2020	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Additions	-	-	-	-	-	-	-	-
Writen off	-	-	-	-	-	-	-	-
As at March 31, 2021	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Accumulated Depreciation and Amortisation								
As at April 01, 2019	**5.06**	**5.28**	**0.17**	**1.51**	**12.02**	**76.21**	**76.21**	88.23
Charge for the year	-	-	-	-	-	-	-	-
Disposals	5.06	5.28	0.17	1.51	12.02	76.21	76.21	88.23
As at March 31, 2020	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Charge for the year	-	-		-	-	-	-	-
Disposal	-	-	-	-	-	-	-	-
As at March 31, 2021	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Net block								
As at April 01, 2019	-	-	-	-	-	-	-	**-**
As at March 31, 2020	-	-	-	-	-	-	-	**-**
As at March 31, 2021	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Net block	**As at March 31, 2021**	As at March 31, 2020	As at April 1, 2019
Property, plant and equipment	**-**	-	-
Intangible assets	**-**	-	-
Capital work in progress (Refer note 26)	**-**	**-**	**-**
Intangibles assets under development (Refer note 26)	**-**	**-**	**-**

Note 3A: Right of use assets

Rs in Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Opening balance	**10.04**	
Leasehold improvementsAdditions for year ended	-	13.48
Depreciation on right-of-use asset	3.44	3.44
Net carrying amount	6.60	10.04

Interest on lease liabilities is Rs. 0.79 Lakhs [2020: Rs.1.04 lakhs]

Mahindra Aerospace Private Limited
Notes to Financial Statements for the year ended March 31, 2021

Note 4: Investments **Rs in Lakhs**

Particulars	As at March 31, 2021	As at March 31, 2020
Non-current		
At cost less provision for other than temporary impairment		
Unquoted equity shares		
Investment in wholly owned subsidiaries		
Mahindra Aerospace Australia PTY Ltd	**71,924.28**	59,913.25
[102,238,500 (2020: 102,238,500) Equity Shares of AU $ 1 each, 18,100,000 (2020: 18,100,000) Equity Shares of AU $ 0.58 each & 15,116,000 (2020: 15,116,000) Equity Shares of AU $ 0.43 each & 15,266,000,000 (2020: NIL) Equity Shares of AU $ 0.0015 each]		
Less: Provision for diminution in value of investment	**(71,924.28)**	(59,913.25)
	-	-
Mahindra Aerostructures Pvt Ltd	**46,450.00**	42,886.00
[464,500,000 (2020: 428,860,000) Equity Shares of Rs.10 each]		
Less: Provision for diminution in value of investment	**(26,936.00)**	(14,886.00)
	19,514.00	28,000.00
	19,514.00	28,000.00
Total unquoted non-current investments	**1,18,374.28**	1,02,799.25
Aggregate provision for impairment in value of investments	**(98,860.28)**	(74,799.25)

Note 5: Other financial assets **Rs in Lakhs**

Particulars	As at March 31, 2021	As at March 31, 2020
Unsecured, considered good unless otherwise stated		
Current		
Security deposits to related party (Refer note 21)	**3.60**	3.60
Interest accrued on deposits	**8.98**	0.22
	12.58	3.82

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

Mahindra Aerospace Private Limited
Notes to Financial Statements for the year ended March 31, 2021

Note 6: Income tax assets (net) **Rs in Lakhs**

Particulars	As at March 31, 2021	As at March 31, 2020
TDS receivable (Including MAT Credit) (net of provision for taxation Rs. Nil (2020: Rs. 73.99 Lakhs))	-	51.11
	-	51.11

Note 7: Other non-current assets **Rs in Lakhs**

Particulars	As at March 31, 2021	As at March 31, 2020
Unsecured, considered good unless otherwise stated		
Balances with government authorities		
GST Credit Receivable	**141.82**	141.82
Less: Provision	**(141.82)**	(141.82)
	-	-
Other deposits	**5.13**	5.13
	5.13	5.13
	5.13	5.13

Note 8: Cash and cash equivalents **Rs in Lakhs**

Particulars	As at March 31, 2021	As at March 31, 2020
Balance with banks		
In current accounts	**14.27**	65.92
Cash on hand	-	0.28
	14.27	66.20

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

Particulars	As at March 31, 2021	As at March 31, 2020
Bank Balances other than Cash and Cash Equivalents		
Fixed Deposits	**293.00**	122.45
	293.00	122.45

Note 9: Other current assets **Rs in Lakhs**

Particulars	As at March 31, 2021	As at March 31, 2020
Unsecured, considered good unless otherwise stated		
Balances with government authorities:		
GST credit receivable	**27.06**	36.72
Less: Provision	**(27.06)**	(36.72)
	-	-
Others	**8.73**	9.42
	8.73	9.42
	8.73	**9.42**

Mahindra Aerospace Private Limited
Notes to Financial Statements for the year ended March 31, 2021

Note 10 - Share Capital **Rs in Lakhs**

	Particulars	As at March 31, 2021		As at March 31, 2020	
		Nos	Amount	Nos	Amount
1	Authorised :				
	Equity shares of Rs.10 each	1,00,00,00,000	1,00,000.00	80,00,00,000	80,000.00
	5% Non-Cumulative Compulsorily Convertible Preference shares of Rs.10 each	1,50,00,000	1,500.00	1,50,00,000	1,500.00
	0.10% Cumulative Compulsorily Convertible Preference shares of Rs.10 each	19,00,00,000	19,000.00	19,00,00,000	19,000.00
	Total	**1,20,50,00,000**	**1,20,500.00**	1,00,50,00,000	1,00,500.00
2	Issued :				
	Equity shares of Rs 10 each :				
	Opening Balance	75,11,29,607	75,112.96	68,96,29,627	68,962.96
	Add: Issued during the year	17,32,18,300	17,321.83	6,25,00,000	6,250.00
	Less: Unsubscribed shares (Refer below note 4)	(1,69,58,300)	(1,695.83)	(10,00,020)	(100.00)
	Add: Conversion of NCCPS (Refer below note 3B)	50,00,000	500.00	-	-
	Closing balance	**91,23,89,607**	**91,238.96**	75,11,29,607	75,112.96
3	Subscribed and fully paid up :				
	Equity shares of Rs 10 each :				
	Opening Balance	75,11,29,607	75,112.96	68,96,29,627	68,962.96
	Add: Issued during the year	15,62,60,000	15,626.00	6,14,99,980	6,150.00
	Add: Conversion of NCCPS (Refer below note 3B)	50,00,000	500.00	-	-
	Closing balance	**91,23,89,607**	**91,238.96**	75,11,29,607	75,112.96

Notes:

1) Out of the total equity shares, 83,56,30,306 (2020: 67,43,70,306) equity shares are held by Mahindra and Mahindra Ltd., the holding company, Including shares held jointly with nominees.
2) Details of shareholders holding more than 5% equity shares in the Company:

Name of the Shareholder	As at March 31, 2021		As at March 31, 2020	
	Nos	%	Nos	%
Mahindra and Mahindra Limited and its nominees*	83,56,30,306	91.59%	67,43,70,306	89.78%
Kotak Mahindra Trustee Limited (Trustee of Kotak India Growth Fund II)	5,54,78,722	6.08%	5,54,78,722	7.39%

* Includes 8 shares (2020: 8 shares) held by nominees jointly with Mahindra and Mahindra Limited

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

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

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

The said NCCCPS were converted into equity shares at par on March 30, 2021

Mahindra Aerospace Private Limited
Notes to Financial Statements for the year ended March 31, 2021

4A) During previous year ended 31 March 2020, the company has made a rights issue offer of 62,500,000 equity shares of Rs. 10 each for cash at par. The offer period was from 26 August 2019 to 03 September 2019 (both days inclusive). After the expiry of the time specified in this offer as aforesaid, or on receipt of intimation declining the said offer, the Board of Directors may offer such shares to the other existing shareholder of the Company.
The Board of Directors in their meeting held on 09 September 2019, approved the cancellation of the said unsubscribed shares.

4B) During current year the company has made a rights issue offer of 35,000,000 equity shares of Rs. 10 each for cash at par. The offer period was from 27 April 2020 to 11 May 2020 (both days inclusive). After the expiry of the time specified in this offer as aforesaid, the Rights Issue Committee of the Board of Directors offered 3,576,714 unsubscribed shares to other existing shareholder of the Company. At the exipry of this offer period, 15,00,000 equity shares were not subscribed
The Rights Issue Committee of Board of Directors through circular resoltion dated 06 June 2020, approved the cancellation of the said unsubscribed shares.

4C) During current year the company has made a rights issue offer of 2,75,60,000 equity shares of Rs. 10 each for cash at par. The offer period was from 02 June 2020 to 19 June 2020 (both days inclusive). After the expiry of the time specified in this offer as aforesaid, the Rights Issue Committee of the Board of Directors offered 2,816,407 unsubscribed shares to other existing shareholder of the Company.
The Rights Issue Committee of Board of Directors through circular resolution dated 21 July 2020, approved for allotment of 2,75,60,000 equity shares of Rs. 10 each for cash at par.

4D) During current year the company has made a rights issue offer of 110,658,300 equity shares of Rs. 10 each for cash at par. The offer period was from 23 September 2020 to 07 October 2020 (both days inclusive). After the expiry of the time specified in this offer as aforesaid, or on receipt of intimation declining the said offer, the Board of Directors may offer such shares to the other existing shareholder of the Company.
The Rights Issue Committee of Board of Directors through circular resoltion dated 28 October 2020, approved the cancellation of 15,458,300 unsubscribed shares.

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

Note 11: Other equity

A) Securities premium — **Rs in Lakhs**

Particulars	Amount
At April 1, 2019	**31,243.98**
Additions during the year	**-**
At March 31, 2020	**31,243.98**
Additions during the year	-
At March 31, 2021	**31,243.98**

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

B) Retained earnings — **Rs in Lakhs**

Particulars	Amount
At April 1, 2019	**(46,825.75)**
Loss for the year	(31,937.70)
At March 31, 2020	**(78,763.45)**
Loss for the year	(24,033.38)
At March 31, 2021	**(1,02,796.83)**

C) Other comprehensive income — **Rs in Lakhs**

Particulars	Amount
At April 1, 2019	**0.37**
Re-measurement gain / (loss) on defined benefit plans	0.81
At March 31, 2020	**1.18**
Re-measurement gain / (loss) on defined benefit plans	(0.59)
At March 31, 2021	**0.59**

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

Rs in Lakhs

Particulars	Amount
At April 1, 2019	**153.47**
Additions during the year	-
At March 31, 2020	**153.47**
Additions during the year	-
At March 31, 2021	**153.47**

Total other equity

At April 1, 2019	(15,427.93)
At March 31, 2020	(47,364.82)
At March 31, 2021	(71,398.79)

Mahindra Aerospace Private Limited
Notes to Financial Statements for the year ended March 31, 2021

Note 12: Borrowings **Rs in Lakhs**

Particulars	As at March 31, 2021	As at March 31, 2020
Current		
5% Non-cumulative compulsorily convertible preference shares	**-**	500.00
	-	**500.00**

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

Note 13: Trade payable **Rs in Lakhs**

Particulars	As at March 31, 2021	As at March 31, 2020
Trade payables		
Dues to micro and small enterprises (Refer note 25)	**-**	-
Dues to related parties (Refer note 21)	**-**	5.79
Due to others	**3.92**	3.11
	3.92	8.90

Note 14: Other current liabilities **Rs in Lakhs**

Particulars	As at March 31, 2021	As at March 31, 2020
Statutory dues (withholding taxes, goods and service tax,etc.)	**0.22**	0.19
Current Tax Liabilities (Net)	**2.25**	-
Others	**0.21**	0.21
	2.68	**0.40**

Mahindra Aerospace Private Limited
Notes to Financial Statements for the year ended March 31, 2021

Note 15: Other income **Rs in Lakhs**

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Profit on sale of mutual funds	-	6.25
Interest income on		
Bank deposits	13.40	9.96
Income tax refund	45.48	-
Provision no longer required written back	9.66	-
	68.54	16.21

Note 16: Employee benefits expense **Rs in Lakhs**

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Salaries, wages and bonus**	-	-
Contribution to provident and other funds	-	-
	-	-

**Net of reimbursement received from subsidiary companies amounting to Rs 77.65 Lakhs (2020: 53.49 Lakhs).

Note 17: Finance costs **Rs in Lakhs**

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Interest expense on lease liabilities	0.79	1.04
	0.79	1.04

Note 18: Depreciation **Rs in Lakhs**

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Depreciation on right-of-use asset	3.44	3.44
	3.44	3.44

Mahindra Aerospace Private Limited
Notes to Financial Statements for the year ended March 31, 2021

Note 19: Other expenses **Rs in Lakhs**

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Rates and taxes	**4.98**	56.40
Insurance	**0.23**	-
Legal and other professional charges*	**14.15**	15.90
Travelling & Conveyance	**-**	3.89
Auditors' remuneration (refer note below)	**6.30**	6.43
Directors' sitting fees	**-**	1.60
Loss on foreign exchange translation, (net)	**-**	0.71
Provision for diminution of Investments (refer note 27)	**24,061.03**	31,766.57
Provision for doubtful Goods service tax credit receivable	**-**	36.72
Bank charges	**0.38**	0.31
Other miscellaneous expenses	**0.70**	0.26
	24,087.77	31,888.79

* Includes transactions with Related parties Rs. 5.73 Lakhs (2020 : Rs. 6.86 Lakhs)

Note: **Rs in Lakhs**

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Auditors' remuneration includes:		
Statutory audit	**3.00**	3.00
Other services and certifications	**3.00**	3.00
Reimbursement of expenses	**0.30**	0.43
	6.30	6.43

Mahindra Aerospace Private Limited
Notes to Financial Statements for the year ended March 31, 2021

Note 20: Employee benefits

(a) Defined Contribution Plan:
The Company’s contribution to Provident Fund and others aggregating Rs. NIL (2020: Rs. NIL) has been recognised in the Statement of Profit or Loss under the head employee benefits expense.

(b) Defined Benefit Plans:
Gratuity
The Company operates a gratuity plan covering qualifying employees. The benefit payable is calculated as per the Payment of Gratuity Act, 1972 . The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting. The Company makes annual contribution to the group gratuity scheme administered by the Life Insurance Corporation of India through its Gratuity Trust Fund. However, during the year, the company did not had any eligible employees to whom the gratuity was payable and accordingly, no actuarial valuation was carried out. The receivable from the Gratuity trust of the Company has been recognised in these financial statements under Note 9, as the Company has right to recover the surplus available in the trust.

Rs in Lakhs

Particulars	Funded Plan	
	Gratuity	
	31-Mar-21	31-Mar-20
I. Expense recognised in the Statement of Profit and Loss for the year		
Current service cost	-	-
Net Interest cost	-	-
	-	**-**
II. Recognised in comprehensive income for the year		
Return on plan assets	-	-
Actuarial (Gain)/Loss on account of :		
- Demographic Assumptions	-	-
- Financial Assumptions	-	(0.81)
- Experience Adjustments	0.59	-
	0.59	**(0.81)**
III. Change in the obligation during the year ended		
1. Present value of defined benefit obligation at the beginning of the year	(0.59)	1.44
2. Acquisitions/Divestures/Transfer (transfer of employees to MASPL)	-	-
3. Current Service Cost	-	-
4. Interest cost	-	-
5. Recognised in Other Comprehensive Income		
- Actuarial Gain (Loss)	0.59	(0.81)
6.Benefit paid	-	(1.22)
Present value of defined benefit obligation at the end of the year	**0.00**	**(0.59)**
IV. Change in fair value of assets during the year ended		
1. Fair value of plan assets at the beginning of the year	7.13	8.35
2.Interest income	-	
3.Recognised in Other Comprehensive Income		
- Return on plan assets	-	-
4.Contributions by employer	-	-
5.Benefit paid	-	(1.22)
Fair value of plan assets at the end of the year	**7.13**	**7.13**
V. Net (Asset)/Liability recognised in the Balance Sheet		
- Present value of defined benefit obligation	0.00	(0.59)
- Fair value of plan assets	7.13	7.13
Net (Asset)/ liability	**(7.13)**	**(7.72)**
Current portion of the above	(7.13)	(7.72)
Non current portion of the above	-	-

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

Actuarial Assumptions:
Since the company has NIL employees on rolls (2020: NIL) sensitivity analysis and other related disclosures are not provided.

Mahindra Aerospace Private Limited
Notes to Financial Statements for the year ended March 31, 2021

Note 21: Related Party Information

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

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

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

Mr. S. P. Shukla	Chairman & Managing Director
Mr. Arvind Kumar Mehra	Executive Director & Chief Executive Officer
Mr. Nikhil Sohoni	Non-executive director
Mr. Mukul Verma	Non-executive director (until 25 July 2020)
Ms. Seema Bangia	Non-executive director (w.e.f 28 May 2020)
Mr. K. V. Ramakrishna	Non-executive director
Mr. Dhiraj Rajendran	Non-executive director
Dr. Devi Singh	Independent director (until 29 March 2020)
Ms. Rajyalakshmi Rao Meka	Independent director (until 29 March 2020)
Mr. T. S. Sarma	Chief Financial Officer
Mr. V.S. Ramesh	Company Secretary

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

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

iii) Details of the transactions with the related parties **Rs in Lakhs**

Particulars	2020-21	2019-20
I. Transactions with Group entities		
Services Received (included under Legal and other professional charges in note 19)		
Mahindra & Mahindra Ltd	**5.73**	6.66
Mahindra Integrated Business Solution Private Limited	**-**	0.20
	5.73	6.86
Rent expenses		
Mahindra Aerostructures Private Limited	**3.99**	3.81
	3.99	3.81
Reimbursement of expenses received		
Mahindra Aerostructures Private Limited (Refer note 16)	**77.65**	53.49
	77.65	53.49
Expenses paid (included under Legal and other professional charges in note 19)		
Mahindra Aerospace Private Limited Employees Group Gratuity Assurance Scheme	**0.15**	1.50
	0.15	1.50
Investment in equity (Refer note 4)		
Mahindra Aerospace Australia Pty Ltd	**12,011.03**	3,150.65
Mahindra Aerostructures Private Limited	**3,564.00**	3,000.00
	15,575.03	6,150.65

Mahindra Aerospace Private Limited
Notes to Financial Statements for the year ended March 31, 2021

Particulars	2020-21	2019-20
Shares issued (including conversion of NCCPS) (Refer note 10)		
Mahindra & Mahindra Ltd	**16,126.00**	6,150.00
	16,126.00	6,150.00
II. Transactions with key managerial personnel		
Salary and perquisites		
Mr. S. P. Shukla	**77.65**	53.49
Mr. Arvind Kumar Mehra	**-**	-
Mr. T. S. Sarma	**-**	-
Sitting fees paid to independent directors	**-**	1.60

Rs in Lakhs

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

Particulars	As at March 31, 2021	As at March 31, 2020
Trade payables		
Mahindra & Mahindra Ltd	**-**	3.05
Mahindra Aerostructures Pvt Ltd	-	2.74
	-	5.79
Security deposits (Asset)		
Mahindra Aerostructures Pvt Ltd	**3.60**	3.60
	3.60	3.60

Notes:

1. Corporate Guarantees issued in respect of borrowings availed by subsidiary company, Mahindra Aerostructures Private Limited - Rs. 9,500 Lakhs (2020: Rs. 9,500 Lakhs)

Terms and conditions of transactions with related parties

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

Note 22: Financial instruments - fair values and risk management

A Accounting classification and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities as at 31 March 2021, including their levels in the fair value hierarchy.

Rs in Lakhs

Particulars	Note	Carrying amount					Fair value			
		FVTPL	FVOCI	Other financial assets - amortised cost	Other financial liabilities	Total carrying amount	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value										
Investments	4			19,514.00		19,514.00				
Cash and cash equivalents	8	-	-	14.27	-	14.27	-	-	-	-
Security deposits	5	-	-	3.60	-	3.60	-	-	-	-
Fixed Deposits	5			293.00		293.00				
Interest accrued on deposits	5			8.98		8.98				
		-	**-**	**19,833.85**	**-**	**19,833.85**	**-**	**-**	**-**	**-**
Financial liabilities not measured at fair value										
Borrowings (NCCPS)	12	-	-	-	-	-	-	-	-	-
Trade payables	14	-	-	-	3.92	3.92	-	-	-	-
CCCPS	12	-	-	-	-	-	-	-	-	-
		-	**-**	**-**	**3.92**	**3.92**	**-**	**-**	**-**	**-**

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

Rs in Lakhs

Particulars	Note	Carrying amount					Fair value			
		FVTPL	FVOCI	Other financial assets - amortised cost	Other financial liabilities	Total carrying amount	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value										
Investments	4			28,000.00		28,000.00				
Cash and cash equivalents	8	-	-	66.20	-	66.20	-	-	-	-
Security deposits	5	-	-	3.60	-	3.60	-	-	-	-
Fixed Deposits	5			122.45		122.45				
Interest accrued on deposits	5			0.22		0.22				
		-	**-**	**28,192.47**	**-**	**28,192.47**	**-**	**-**	**-**	**-**
Financial liabilities not measured at fair value										
Borrowings (NCCPS)	12	-	-	-	500.00	500.00	-	-	-	-
Trade payables	14	-	-	-	8.90	8.90	-	-	-	-
CCCPS	12	-	-	-	-	-	-	-	-	-
		-	**-**	**-**	**508.90**	**508.90**	**-**	**-**	**-**	**-**

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

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

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

B Risk management framework

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

C Financial risk management objectives and policies

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

The Company is exposed to the following risks from its use of financial instruments:
- Market risk
- Credit risk
- Liquidity risk

(i) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings. The sensitivity analyses in the following sections relate to the position as at 31 March 2021 and 31 March 2020. The sensitivity analyses have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and derivatives and the proportion of financial instruments in foreign currencies. The analyses exclude the impact of movement in market variables on: the carrying values of gratuity and other post retirement obligations and provisions.
The following assumptions have been made in calculating the sensitivity analyses:
The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31 March 2021 and 31 March 2020.

a. Interest rate risk

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

b. Foreign currency risk

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

c. Foreign currency sensitivity

The company doesn't have any foreign currency exposure outstanding as at balance sheet date. Hence foreign currency sensitivity risk is not applicable.

(ii) Credit risk

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

Financial Instrument and Cash Deposit

Credit risk from balances with banks and financial institutions is managed by the Company’s operation department in accordance with the Company’s policy. Investments of surplus funds are made only with approved Banks within the limits assigned. These limits are reviewed by the Company’s Board of Directors as and when required. The limits are set to minimise the concentration of risks and therefore mitigate financial loss and potential failure to make payments. The Company’s maximum exposure to credit risk for the components of the statement of financial position at 31st March 2021 and 2020 is the carrying amounts.

iii Liquidity risk

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

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

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

Rs in lakhs

	On demand	Less than 1 year	1 to 2 Year	2 to 5 year	More than 5 Years	Total
Year ended '31 March 2021						
Borrowings (NCCPS)	-	-	-	-	-	-
Trade payables	-	3.92	-	-	-	3.92
	-	**3.92**	**-**	**-**		**3.92**
Year ended '31 March 2020						
Borrowings (NCCPS)	-	500.00	-	-	-	500.00
Trade payables	-	8.90	-	-	-	8.90
	-	**508.90**	**-**	**-**	**-**	**508.90**

D Capital management:

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

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

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

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

23. Contingent liabilities:

(a) Corporate Guarantees issued in respect of borrowings availed by subsidiary company – Rs. 9,500 Lakhs (2020: Rs. 9,500 Lakhs)

(b) The Company has committed financial support to GippsAero Pty Ltd and Mahindra Aerospace Australia Pty Ltd (collectively, the 'GippsAero Group'), for 12 months from the signing of their 31 March 2020 audited financial statements, stating that the following:

Company will not call in any amounts provided to the GippsAero Group prior to the expiration of the period of support, other than as required in the normal course of business or as required by appropriate and applicable exchange control or other Indian regulatory requirements.

The Company will provide an appropriate level of support to GippsAero Group to meet its liabilities and obligations as and when they fall due set out in budgeted forecasts under the approved business plan for the period of support and that are incurred in the normal course of business.

(c) In February 2019, Supreme Court of India in its judgement clarified that certain special allowances should be considered to measure obligation under Employees Provident Fund Act, 1952. The Company has been legally advised that there are interpretive challenges on the application of judgement retrospectively and as such does not consider there any probable obligations for past periods. Accordingly, based on legal advice the company has made provision for provident fund contribution form the date of Supreme court order. The probable obligation for past periods amounting to Rs. 0.30 Lakhs has been considered by the Company as contingent liability.

(d) The estimated amount of contracts remaining to be executed on Capital account and not provided for Rs.Nil (2020: Rs. Nil)

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

24. Earnings per share

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

Rs in Lakhs

Sr. No.	Particulars	March 2021	March 2020
(a)	Earnings attributable to equity shareholders	**(24,033.38)**	(31,937.70)
(b)	Weighted average number of equity shares outstanding during the year	**83,72,39,580**	72,41,70,712
(C)	Basic Earnings per share (Rs.)	**(2.87)**	(4.41)
(D)	Diluted Earnings per share (Rs.)	**(2.87)**	(4.41)

Weighted average no of shares (basic & diluted)

Sr. No.	Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
(a)	Opening Balance	**75,11,29,607**	68,96,29,627
(b)	Effect of fresh issue of shares	**8,61,09,973**	3,45,41,085
(c)	Weighted average no of shares	**83,72,39,580**	72,41,70,712

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

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Weighted average number of equity shares used in the calculation of Basic EPS	**83,72,39,580**	**72,41,70,712**
Add: Effect of potential equity shares	**-**	-
Weighted average number of equity	**83,72,39,580**	**72,41,70,712**

25. Dues to micro and small enterprises
There are no micro and small enterprises to which the Company owes dues, which are outstanding for more than 45 days as at 31 March, 2021. This information as required under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

26. NM5 Project
During November 2008, erstwhile M/S. Plexion Technologies India Pvt. Ltd., which was later on merged with Mahindra Engineering Services Limited (MESL), had entered into a Collaboration Agreement with Council of Scientific Industrial Research (CSIR), represented by National Aerospace Laboratories (NAL) for Joint Development, Commercial Production and Marketing of a 4-Seater Aircraft (NM 5 Project). By virtue of a Deed of Assignment dated 28th May, 2008, signed between MESL, the Company and Council of Scientific Industrial Research (CSIR), the rights, obligations and benefits of MESL under the said Collaboration Agreement was assigned to the Company by MESL and duly affirmed by CSIR. As per the Collaboration Agreement, the Company jointly owns the Intellectual Property Rights arising from joint development of the aircraft. Such Intellectual Property Rights arising from joint development of the aircraft will be a jointly held intangible asset. The Company has built a prototype of the aircraft which has carried out a successful test flight.

The Company had so far incurred an expenditure of Rs. 274.63 Lakhs (till 2020 : Rs. 274.63 Lakhs) on tools and jigs and Rs. 2,098.63 Lakhs (till 2020 : Rs. 2,098.63 Lakhs) towards the design & development and building one prototype aircraft and these are included under 'Capital work in progress' and 'Intangible assets under development' respectively.

The Management has evaluated the carrying value of above mentioned assets based on the projections of the project and recognized a cumulative impairment of Rs. 2,373.26 Lakhs (till 2020: Rs. 2,373.26 Lakhs)

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

Accordingly during the year ended March 31, 2021, the Company recognised a provision of Rs. 12,011.03 Lakhs (2020: Rs. 28,966.67 Lakhs) for diminution in value of investment in Mahindra Aerospace Australia PTY Ltd, resulting entire investment to be fully impaired and Rs 12,050 Lakhs (2020: Rs 2,800 Lakhs) in value of investment in Mahindra Aerostructures Private Limited, both being 100% subsidiary of the company.

During the year, the Board of Directors of Company's subsidiary Mahindra Aerospace Pty Ltd approved appointment of Advisors for sale of entire 100% equity ownership and/or sale of all assets or business of/or shares of Mahindra Aerospace Australia Pty Ltd and its Subsidiaries namely - GippsAero Pty Ltd., Airvan10 Pty Ltd., GA8 Airvan Pty Ltd., GA200 Pty Ltd., Airvan Flight Services Pty Ltd and Nomad TC Pty Ltd

28. Segment Reporting:
The Chief Operating Decision Maker (CODM) evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by industry classes. Accordingly, segment information has been presented for industry classes.
The operating segment of the Company is identified to be " design, development and manufacturing of aircrafts and Aerostructures" as the CODM reviews business performance at an overall Company level as one segment.

Mahindra Aerospace Private Limited
Notes to Financial Statements for the year ended March 31, 2021

Note 29 - Income taxes

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

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

Particulars	**As at March 31, 2021**	**As at March 31, 2020**
Deferred tax liabilities		
Related to depreciation of fixed assets	1.31	1.54
Total deferred tax liability (a)	**1.31**	1.54
Deferred tax assets		
Provision for diminution of Investments	25,703.67	19,447.81
Provision for service tax credit and others	36.87	36.87
Provision for goods and service tax input credit	9.55	9.55
Carry forward losses	1.16	1.16
Others	0.23	0.23
Total deferred tax assets (b)	**25,751.49**	19,495.62
Net deferred tax assets/ (liabilities) (b-a)	25,750.18	19,494.08

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

(a) Amount reocognised in statement of profit and loss

Particulars	**For the year ended March 31, 2021**	For the year ended March 31, 2020
Current Tax	9.00	5.75
Deferred tax	-	-

(b) Reconciliation of effective tax rate

Particulars	**As at March 31, 2021**		As at March 31, 2020	
Profit / (loss) before tax		(24,023.46)		(31,877.06)
Income tax expense calculated at domestic tax rates applicable to profits	26.00%	(6,246.10)	26.00%	(8,288.04)
Tax effects of:				
Permanent difference	0.00%	-	-0.11%	21.05
Carry forward losses lapsed during the year	0.00%	-	-0.36%	-
Change in tax rate impact	0.00%	-	0.36%	-
Others	0.04%	(10.00)	-25.88%	(0.02)
Deferred tax asset not recognised in statement of profit and loss		(6,256.10)		(8,267.00)
Income tax expense		9.00		5.75
Effective tax rate		26.00%		25.92%

(c) Tax losses

Particulars	**March 31, 2021**	**Expiry date**	March 31, 2020	Expiry date
Loss from business	4.47	31 March 2025	4.47	31 March 2025
Total	4.47		4.47	
Potential tax benefit	**1.16**		1.16	

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

31. In view of pandemic relating to COVID-19, the company has considered internal and external information and has performed sensitivity analysis based on current estimates in assessing the recoverability of receivables and other assets. The company has also assessed the impact of this whole situation on its capital and financial resources, profitability, liquidity position, internal financial reporting controls etc. and is of the view that based on its present assessment, this situation does not materially impact the financial result as on 31 March 2021. However, the actual impact of COVID-19 on the company's financial statements, in future may differ from that estimated and the company will continue to closely monitor any material changes to future economic conditions.

32. In the view of the losses for the three immediately preceding financial years, the Company is not required to spend any amount on CSR activities during the current financial year.

33. During the year ended 31 March 2021, no material foreseeable loss (2020: Nil) was incurred for any long-term contract including derivative contracts.

As per our report of even date attached

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

Sanjay Sharma
Partner
Membership No.063980
UDIN: 21063980AAAAEO4886

Place: Bangalore
Date: April 27, 2021

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

Mr. Arvind Mehra
Wholetime Director
DIN No.01039769

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

Mr. T. Subrahmanya Sarma
Chief Financial Officer

Mr. V.S. Ramesh
Company Secretary

Place: Mumbai
Date: April 27, 2021

Mahindra Aerospace Pvt Ltd

Form AOC 1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)
Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures **Rs.In Lakhs**

PART A - SUBSIDIARIES

Name of the subsidiary	Mahindra Aerostructures Pvt Ltd	Mahindra Aerospace Australia Pty Ltd	Gipps Aero Pty Ltd	Airvan Flight Services Pty Ltd	GA8 Airvan Pty Ltd	GA200 Pty Ltd	Nomad TC Pty Ltd	Airvan 10 Pty Ltd
Reporting period for the subsidiary concerned, if different from the holding company's reporting period	31st Mar '21	31st Mar '21	31st Mar '21	31st Mar '21	31st Mar '21	31st Mar '21	31st Mar '21	31st Mar '21
Reporting currency	Rupees	AUD	AUD	AUD	AUD	AUD	AUD	AUD
Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	1	AUD=Rs.55.96	AUD=Rs.55.96	AUD=Rs.55.96	AUD=Rs.55.96	AUD=Rs.55.96	AUD=Rs.55.96	AUD=Rs.55.96
Share capital	46,450.00	79,538.96	68,045.90	5.51	5.51	5.51	12.76	5.52
Reserves & Surplus	(28,537.68)	(76,203.39)	(65,941.20)	(5.13)	(5.13)	(5.13)	(12.38)	(5.13)
Total assets	20,468.77	3,347.88	3,053.23	0.38	0.38	0.38	0.38	0.39
Total Liabilities	2,556.45	12.31	948.53	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-
Turnover	7,049.23	-	2,596.66	-	-	-	-	-
Profit before taxation	(2,296.77)	(9,588.69)	(4,049.41)	(0.24)	(0.24)	(0.24)	(0.24)	(0.24)
Provision for taxation	-	-	-	-	-	-	-	-
Profit after taxation	(2,296.77)	(9,588.69)	(4,049.41)	(0.24)	(0.24)	(0.24)	(0.24)	(0.24)
Other comprehensive income	8.18	-	-	-	-	-	-	-
Total comprehensive income for the year	(2,288.59)	(9,588.69)	(4,049.41)	(0.24)	(0.24)	(0.24)	(0.24)	(0.24)
Proposed Dividend	-	-	-	-	-	-	-	-
% of shareholding	100%	100%	100%	100%	100%	100%	100%	100%

Additional Information:

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

PART B - ASSOCIATES and JOINT VENTURES : **None**

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

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

Mr. Arvind Mehra
Wholtetime Director

Mr. S .P. Shukla
Managing Director

Mr. T.Subrahmanya Sarma
CFO

Mr. V.S.Ramesh
Company Secretary

Mumbai, April 27, 2021