

## BOARD'S REPORT TO THE SHAREHOLDERS OF MAHINDRA AEROSTRUCTURES PRIVATE LIMITED

Your Directors present their Eleventh Report together with the audited financial statements of your Company for the year ended 31<sup>st</sup> March, 2021.

### FINANCIAL HIGHLIGHTS AND STATE OF COMPANY'S AFFAIRS

(Rs.in Lakhs)

Particulars	For the year ended 31 <sup>st</sup> March, 2021	For the year ended 31 <sup>st</sup> March, 2020
Total Income	7,049.23	9,211.71
Profit / (Loss) before Depreciation, Finance Costs, and Taxation	(388.66)	736.55
Less: Depreciation & Amortization	1,318.38	1409.83
Profit / (Loss) before Finance Costs and Taxation	(1,707.04)	(673.28)
Less: Finance Costs	19.43	188.37
Profit / Loss before Exceptional Item	(1,726.47)	(861.65)
Less: Exceptional Item	570.30	-
Profit / (Loss) before Tax	(2,296.77)	(861.65)
Less: Taxation	--	-
Profit / (Loss) for the year	(2,296.77)	(861.65)
Other Comprehensive Income, net of tax	8.18	16.14
Total Comprehensive Income for the Period	(2,288.59)	(845.51)
Balance of Profit / Loss for earlier years	(26,254.17)	(25,392.52)
Profit / Loss for the year	(2,296.77)	(861.65)
Balance of Profit carried forward	(28,550.94)	(26,254.17)
Net Worth	17,912.32	16,636.91

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

### DIVIDEND

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

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

## **AMOUNTS TRANSFERRED TO RESERVES**

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

## **OPERATIONS**

During the year, in spite of the difficulties faced during the Pandemic, your Company entered the Aero-engines domain by winning a new order from a reputed US-based engines OEM. Your Company also completed all First Articles on time despite numerous disruptions and has started serial deliveries to this new customer. This is a critical initiative to reduce the Company's over-dependence on aircraft OEMS majors by diversifying into the aircraft engine components domain.

The Company continues to be a 'Gold Rated Supplier' to one key OEM and was conferred 'Challenger' status by another OEM. This enhances the Company's ability to receive bigger RFQs. Your Company continues to pursue various opportunities in India and abroad for larger value work, and these efforts are expected to yield results in the coming years.

## **SHARE CAPITAL**

The Authorised Share Capital of the Company, as at the end of the financial year under review, stood at Rs. 470,00,00,000/-

During the year under review, your Company issued, offered and allotted 3,56,40,000 Equity Shares of Rs.10/- each.

Consequently, the issued and paid up Equity Share Capital of the Company stood at Rs. 464,50,00,000/- as at the end of the financial year under review.

## **HOLDING COMPANY**

Mahindra Aerospace Private Limited is the Holding Company of your Company.

## **SUBSIDIARIES, JOINT VENTURE AND ASSOCIATE COMPANIES**

Your Company had no Subsidiaries, Associates and Joint Ventures as on 31<sup>st</sup> March, 2021.

## **BOARD OF DIRECTORS**

The Composition of the Board of Directors of your Company, as at the end of the financial year under review, was as follows:

Sl. No.	Name of the Director	Designation	Executive / Non-Executive	Independent / Non-Independent
1	Mr. Shriprakash Shukla (DIN: 00007418)	Chairman	Non - Executive	Non-Independent
2	Mr. Arvind Kumar Mehra (DIN: 01039769)	Managing Director	Executive	Non-Independent
3	Mr. Mukul Verma (DIN: 02428217)	Director	Non Executive	Non-Independent
4	Dr. Krishnamurthy Karthik (DIN: 07130799)	Whole Time Director	Executive	Non-Independent
5	Mr. Dhiraj Rajendran (DIN:06884408)	Director	Non - Executive	Non-Independent
6	Mrs. Seema Bangia (DIN:08742264)	Director	Non - Executive	Non - Independent

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

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

## ANNUAL EVALUATION OF PERFORMANCE OF DIRECTORS

Pursuant to the provisions of the Companies Act, 2013, the Board carried out an annual evaluation of its own performance as well as performance of the Directors individually. Feedback was sought by way of a structured questionnaire covering various aspects of the Board's functioning and the evaluation was carried out based on responses received from Directors.

The performance evaluation of each Director and the Board as a whole was carried out by the Board.

## CODES OF CONDUCT

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

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

## BOARD MEETINGS

Your Board of Directors met four times during the year under review i.e. on 8<sup>th</sup> May, 2020, 22<sup>nd</sup> July, 2020, 21<sup>st</sup> October, 2020 and 18<sup>th</sup> January, 2021.

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

Name of Directors	No. of meetings attended
Mr. S P Shukla	4
Mr. Mukul Verma	4
Mr. Dhiraj Rajendran	4
Mr. Arvind Kumar Mehra	4
Dr. Karthik Krishnamurthy	4
Mrs. Seema Bangia*	3

\* Mrs. Seema Bangia was appointed as an Additional Director with effect from 1<sup>st</sup> June, 2020 and as a Director by the Shareholders with effect from 22<sup>nd</sup> July, 2020.

## GENERAL MEETINGS

Tenth Annual General Meeting of the Members of the Company was held on 22<sup>nd</sup> July, 2020.

An Extra Ordinary General Meeting of the Members of the Company was held on 18<sup>th</sup> March, 2021.

## DIRECTORS' RESPONSIBILITY STATEMENT

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

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed;
- (ii) accounting policies have been selected in consultation with the Statutory Auditors and these have been applied consistently and reasonable and prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March, 2021 and of the loss of the Company for the year ended on that date;
- (iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) the annual accounts have been prepared on a going concern basis;
- (v) proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## **APPOINTMENTS OF / CHANGES IN KEY MANAGERIAL PERSONNEL**

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

1. Mr. Arvind Kumar Mehra is the Managing Director & CEO;
2. Dr. Karthik Krishnamurthy is the Whole-time Director ( reappointed as Whole-time Director with effect from 23<sup>rd</sup> March, 2021;
3. Mr. T Subrahmanya Sarma is the Chief Financial Officer;
4. Mr. V S Ramesh is the Company Secretary.

## **COMMITTEES OF THE BOARD**

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

## **MEETING OF INDEPENDENT DIRECTORS**

Your Company is exempted from appointing Independent Directors.

## **VIGIL MECHANISM**

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

## **AUDITORS**

### **STATUTORY AUDITORS**

The Shareholders of the Company had, at their 7<sup>th</sup> Annual General Meeting held on 2<sup>nd</sup> August, 2017, appointed M/s. B S R & Co., LLP, Chartered Accountants, (Registration No: 101248 W/W-100022) as statutory auditors of the Company for a consecutive term of 5 years from the conclusion of the said Annual General Meeting until the conclusion of 12<sup>th</sup> Annual General Meeting to be held in the year 2022.

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

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

### **SECRETARIAL AUDITOR**

Your Company had appointed M/s. "Siroya and BA Associates", Company Secretaries (Partnership Registration No. P2019MH074300), to conduct the Secretarial Audit of the Company for the financial year 2020-2021.

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

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

#### **MAINTENANCE OF COST ACCOUNTS AND RECORDS**

Your Company has made and maintained cost accounts and records as required under the Section 148 (1) of the Companies Act, 2013 and rules made thereunder.

#### **REPORTING OF FRAUDS BY AUDITORS**

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

#### **INTERNAL AUDITOR**

Your Directors had appointed Mr. K N Vaidyanathan, MBA, as an Internal Auditor of the Company for the year ended 31<sup>st</sup> March, 2021.

#### **COST AUDITOR**

The provisions of the Companies Act, 2013 relating to Cost Audit were not applicable to your Company.

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

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

- (a) Policy on Appointment of Directors and Senior Management and succession planning for orderly succession to the Board and the Senior Management;
- (b) Policy for remuneration of the Directors, Key Managerial Personnel and other employees.

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

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

The Remuneration Policies mentioned at (a) and (b) above are provided in **Annexure IIA and IIB** and the same form part of this Report.

The said policies have been uploaded on the Company's Website <https://www.mahindraaerospace.com/media-kit/>.

## **RISK MANAGEMENT POLICY**

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

## **CORPORATE SOCIAL RESPONSIBILITY POLICY**

The provisions of Section 135 of the Companies Act, 2013, relating to Corporate Social Responsibility were not applicable to your Company for the year under review.

## **INTERNAL FINANCIAL CONTROLS**

Your Company has in place adequate internal financial controls with reference to the Financial Statements commensurate with the size, scale and complexity of its operations. The internal control system is supplemented by documented policies, guidelines and procedures. Besides the Company regularly conducts reviews to assess the adequacy of financial and operating controls for various processes of the Company. Statutory Auditors have audited the Internal Financial Controls over Financial Reporting of the Company as of 31<sup>st</sup> March, 2021. Statutory Auditors are invited to attend the annual accounts approval Board Meetings. Corrective actions, if required, are being taken up immediately to ensure that the internal financial control system remains robust and as an effective tool.

## **PEOPLE**

Your Company has 307 employees on its rolls as at 31<sup>st</sup> March, 2021. Your Company acknowledges its commitment to regional development and improving the standard of living of the people in the region.

## **SAFETY, HEALTH AND ENVIRONMENT**

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

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

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

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

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

## **PUBLIC DEPOSITS**

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

## **PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS**

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

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

## **PARTICULARS OF TRANSACTIONS WITH RELATED PARTIES**

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

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



## **ANNUAL RETURN**

Pursuant to Section 92(3) and Section 134(3)(a) of the Companies Act, 2013, as amended, a copy of the annual return prepared under prescribed Form MGT-7, is placed on the website of the Company, which can be accessed at the web-address: <https://www.mahindraaerospace.com/media-kit/>. The Company is no longer required to attach to its Board's Report the extract of the Annual Return under Form MGT-9.

As per the Rule 12 of Companies (Management and Administration) Rules, 2014 as amended, a copy of the annual return shall also be filed with the Registrar with prescribed fees.

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

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

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

## **GENERAL**

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

1. Issue of Equity Shares with differential rights as to dividend, voting or otherwise.
2. Issue of Shares (Including Sweat Equity Shares) to employees of the Company under any Scheme.
3. Significant or material orders by Regulators or Courts or Tribunals which impact the going concern status and the Company's operations in future.
4. Shares having voting rights not exercised directly by the employees and for the purchase of which or subscription to which loan was given by the Company. (as there is no scheme pursuant to which such persons can beneficially hold shares as envisaged under section 67(3) (c) of the Companies Act, 2013).
5. Change in the nature of business of your Company.
6. An application or any proceeding under the Insolvency and Bankruptcy Code, 2016 during the year in respect of your Company.
7. One time settlement of loan obtained from the Banks or Financial Institutions.

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

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

## **SUSTAINABILITY**

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

## **ACKNOWLEDGEMENTS**

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

**For and on behalf of the Board**

**Arvind Kumar Mehra**  
**Managing Director & CEO**  
**DIN: 01039769**  
**New Delhi, 27<sup>th</sup> April, 2021**

**S P Shukla**  
**Director**  
**DIN: 00007418**  
**Mumbai, 27<sup>th</sup> April, 2021**

**ANNEXURE I TO THE BOARD'S REPORT**  
**FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2021**

**Form No. MR-3**

**SECRETARIAL AUDIT REPORT**

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2021

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

To,  
The Members,  
Mahindra Aerostructures Private Limited  
Mumbai

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

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

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

1. The Companies Act, 2013 (the Act) and the rules made thereunder, as may be applicable;
2. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment and Overseas Direct Investment (Not Applicable); and
3. As confirmed by the management, there are no other laws specifically applicable in relation to the business of the Company.

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

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

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

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

1. Labour Laws and other incidental laws related to employees appointed by the Company either on its payroll or on contractual basis as related to wages, gratuity, provident fund, ESIC, compensation etc.;
2. Acts as prescribed under Direct Tax and Indirect Tax;
3. Stamp Acts and Registration Acts;
4. Labour Welfare Act; and
5. Such other Local laws etc. as may be applicable.

We further report that the Board of the Company is duly constituted with proper balance of Executive Director, Non-Executive Directors and Woman Director. During the year under review, Ms. Seema Bangia was appointed as a Woman Director w.e.f. June 1, 2020 and Dr. Karthik Krishnamurthy was re-appointed as a Whole-Time Director for a period of 3 years w.e.f. March 23, 2021.

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

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

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

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

- (i) The Board of Directors at their meeting held on May 8, 2020, approved the issuance of 3,60,00,000 equity shares (which includes 3,50,00,000 equity shares approved for issuance by Board of directors at their meeting held on April 26, 2019) of Rs.10 each on Rights basis.

- (ii) The Committee of Directors vide their resolutions dated May 28, 2020 and November 12, 2020 passed by circulation approved the allotment of 3,35,00,000 and 21,40,000 equity shares of Rs. 10 each for cash at par to Mahindra Aerospace Private Limited respectively.

**For Siroya and BA Associates  
Company Secretaries**

**Bhavyata Raval**

**Partner**

**ACS No.: 25734**

**CP No.: 21758**

**UDIN: A025734C000192648**

**Date: 27<sup>th</sup> April, 2021**

**Place: Mumbai**

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

To,  
The Members,  
Mahindra Aerostructures Private Limited

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

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

**For Siroya and BA Associates**  
**Company Secretaries**

**Bhavyata Raval**  
**Partner**  
**ACS No.: 25734**  
**CP No.: 21758**  
**UDIN: A025734C000192648**  
**Date: 27<sup>th</sup> April, 2021**  
**Place: Mumbai**

**ANNEXURE II A TO THE BOARD'S REPORT**  
**FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2021**

**POLICY ON APPOINTMENT OF DIRECTORS AND SENIOR MANAGEMENT PERSONNEL**

**DEFINITIONS**

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

**“Board”** means Board of Directors of the Company.

**“Company”** means Mahindra Aerostructures Private Limited.

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

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

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

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

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

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

**I. APPOINTMENT OF DIRECTORS**

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

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

### **Removal of Directors**

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

### **Senior Management Personnel**

The Board shall identify persons who may be appointed in senior management team in accordance with the criteria laid down above.

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

## **II. SUCCESSION PLANNING:**

### **Purpose**

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

### **Board:**

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

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

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



### **Senior Management Personnel:**

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

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

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

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

### **Policy Statement**

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

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

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

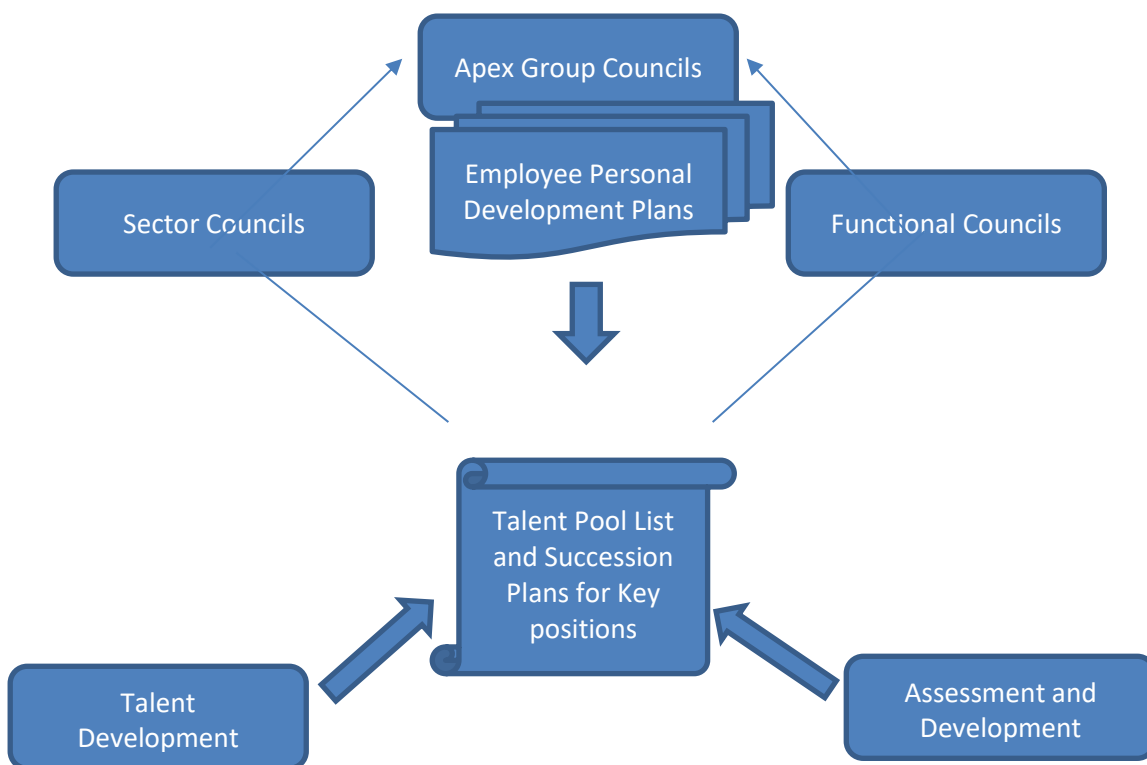
- a) **Experience** i.e. both long and short-term assignments. This has 70% weightage
- b) **Exposure** i.e. coaching and mentoring – 20% weightage
- c) **Education** i.e. learning and development initiatives – 10% weightage

The Talent Management process is applicable to all employees. Over the years, the Talent Management framework has become a well-structured and process-oriented system which is driven by an interactive and collaborative network of Talent Councils at the Group and Sector Levels.

These Talent Councils, which consist mainly of senior business leaders supported by HR, are a mix of Sector (Business) and Functional Councils coordinated by an Apex Talent Council, headed by the Group Chairman.

The Apex Council reviews the work done by the Talent Councils and facilitates movement of talent across Sectors. The Sector/Functional Councils meet regularly throughout the year and the Apex Council interacts with each one of them separately once a year, and in addition conducts an integrated meeting where the Chairpersons of all the Councils are present.

The Talent Management process can be represented pictorially as under:



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

**For and on behalf of the Board**

**Arvind Kumar Mehra**  
Managing Director & CEO  
DIN: 01039769  
New Delhi, 27<sup>th</sup> April, 2021

**S P Shukla**  
Director  
DIN: 00007418  
Mumbai, 27<sup>th</sup> April, 2021

**ANNEXURE II B TO THE BOARD'S REPORT**  
**FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2021**

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

**Purpose**

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

**Policy Statement**

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

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

**Non-Executive Including Independent Directors**

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

**Executive Directors:**

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

## **Key Managerial Personnel (KMPs)**

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

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

## **Employees**

We follow a position and level-based approach for compensation benchmarking with aerospace component manufacturing companies.

We have a CTC (Cost to Company) concept which includes a fixed component (guaranteed pay) and a variable component (performance pay). The percentage of the variable component increases with increasing hierarchy levels as employees at higher positions have a greater impact and influence on the Company's overall business result. CTC is reviewed once every year and the compensation strategy for positioning of individuals takes into consideration the following elements:

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

Remuneration for new employees other than KMPs and Senior Management Personnel will be decided by HR and approved by the Managing Director/Whole Time Director/Executive Director, based on factors such as relevant job experience, last compensation drawn, skill-set of the selected candidate, internal equity and related parameters.

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

**For and on behalf of the Board**

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Managing Director & CEO  
DIN: 01039769  
New Delhi, 27<sup>th</sup> April, 2021

**S P Shukla**  
Director  
DIN: 00007418  
Mumbai, 27<sup>th</sup> April, 2021

**ANNEXURE III TO THE BOARD'S REPORT**  
**FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2021**

**PARTICULARS AS PER RULE 8 (3) OF THE COMPANIES (ACCOUNTS) RULES, 2014 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2021.**

**A. CONSERVATION OF ENERGY**

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

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

(b) **the steps taken by the Company for utilizing alternate sources of energy: During the year, the Company purchased Wind Energy to meet a portion of its requirements.**

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

**B. TECHNOLOGY ABSORPTION**

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

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

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

(a) **the details of technology imported:**

(b) **the year of import**

(c) **whether the technology been fully absorbed:**

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

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

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

Total Foreign Exchange Earned and Used:

(Rupees in Lakhs)

	For the Financial Year Ended 31 <sup>st</sup> March, 2021	For the Financial Year Ended 31 <sup>st</sup> March, 2020
Total Foreign Exchange earned	6,496.59	6,553.34
Total Foreign Exchange used	3,085.04	3,163.86

**For and on behalf of the Board**

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**Managing Director & CEO**  
**DIN: 01039769**  
**New Delhi, 27<sup>th</sup> April, 2021**

**S P Shukla**  
**Director**  
**DIN: 00007418**  
**Mumbai, 27<sup>th</sup> April, 2021**

**ANNEXURE IV TO THE BOARD'S REPORT**  
**FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2021**

**FORM NO. AOC -2**

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

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

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

Sr. No.	Name(s) of the related party & nature of relationship		Nature of Transaction	Duration of the transaction	Salient terms of the transaction, including the value if any (Rs. in Lakhs)		Date of approval by the Board	Amount paid as advances, if any
1.	Mahindra Aerospace Private Limited	Holding Company	Equity Received	1 <sup>st</sup> April, 2020 to 31 <sup>st</sup> March, 2021	The related party transactions (RPTs) entered during the year were in the ordinary course of business and on arm's length basis.	3,564.00	Since these RPTs are in the ordinary course of business and are at arm's length basis, approval of the Board is not required.	NIL

**For and on behalf of the Board**

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**Managing Director & CEO**  
 DIN: 01039769  
 New Delhi, 27<sup>th</sup> April, 2021

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