INDEPENDENT AUDITORS' REPORT

To the Members of Mahindra Aerostructures Private Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Mahindra Aerostructures 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 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 .

INDEPENDENT AUDITORS' REPORT (Continued)

Mahindra Aerostructures Private Limited

Report on Other Legal and Regulatory Requirements (Continued)

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.

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 30 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 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.

INDEPENDENT AUDITORS' REPORT (Continued)

Mahindra Aerostructures Private Limited

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: 21063980AAAAEP5818

Place: Bengaluru
Date: April 27, 2021

Mahindra Aerostructures Private Limited

Annexure A to the Independent Auditor's Report

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

(i) (a) The Company has maintained proper records showing full, including quantitative details and situation of property, plant and equipment.

(b) According to the information and explanations given to us, the Company has a regular programme of physical verification of its property, plant and equipment, by which all property, plant and equipment are verified once in a year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, property, plant and equipment were physically verified during the year and no material discrepancies were noticed on such verification. The discrepancies noticed on such verification have been properly adjusted in the books of account.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, with respect to immovable property taken on lease, the lease agreement are in the name of the Company.

(ii) The inventory, except goods-in-transit, has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. The discrepancies noticed on verification between the physical stock and the book records were not material and have been properly dealt with in the books of account

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

(iv) In our opinion and according to the information and explanations given to us, the Company has not granted any loans or made investments, to parties covered under the register of sections 185 and 186 of the Act. Accordingly, paragraph 3(iv) of the Order is not applicable to the Company.

(v) The Company has not accepted any deposits from the public within the meaning of the directives issued by the Reserve Bank of India, provisions of Section 73 to 76 of the Act, any other relevant provisions of the Act and the relevant rules framed thereunder. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.

(vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013 in respect of certain products manufactured by the Company. We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under Section 148(1) of the Act in respect of its manufactured goods and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not carried out a detailed examination of the records with a view to determine whether these are accurate or complete.

Mahindra Aerostructures Private Limited

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

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

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident fund, Employees' State Insurance, Income-tax, Goods and Service tax, duty of Customs, Cess and other material statutory dues were in arrears as at 31 March 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
Custom duty	Custom Duty and Penalty	2,598.85 (232.14) *	AY 2014-2015	Custom, Excise and Service Tax Appellate Tribunal, Chennai
Custom duty	Custom Duty (excluding interest)	41.36 (45.33) *	AY 2014-2015	Joint Commissioner of Customs, Chennai
Income Tax Act 1961	Income Tax	99.88**	AY 2012-13	Income-tax Appellate Tribunal, Mumbai
Income Tax Act 1961	Income Tax	61.24**	AY 2013-14	Commissioner of Income Tax (Appeals), Mumbai
Income Tax Act 1961	Income Tax	644.15**	AY 2014-15	Commissioner of Income Tax (Appeals), Mumbai

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

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

Mahindra Aerostructures Private Limited

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

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of borrowings to banks. The Company did not have any outstanding loans or borrowings from financial institution and government and there are no 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. In our opinion and according to the information and explanations given to us, the term loans have been applied for the purpose for which they were obtained.

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

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

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

(xiii) According to the information and explanations given to us and based on our examination of the records of the Company, all transactions with the related parties are in compliance with 188 of the Act, where applicable, and details of such transactions have been disclosed in the 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: 21063980AAAAEP5818
Place: Bengaluru
Date: April 27, 2021

Annexure B to the Independent Auditors' report on the financial statements of Mahindra Aerostructures Private Limited for the year ended 31 March 2021.

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

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

Opinion

We have audited the internal financial controls with reference to financial statements of Mahindra Aerostructures Private Limited ("the Company") as of 31 March 2021 in conjunction with our audit of the 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 financial statements, whether due to fraud or error.

Annexure B to the Independent Auditors' report on the financial statements of Mahindra Aerostructures Private Limited for the year ended 31 March 2021 (Continued)

Meaning of Internal Financial controls with Reference to Financial Statements

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.

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

Inherent Limitations of Internal Financial controls with Reference to Financial Statements

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

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

Sanjay Sharma
Partner
Membership No. 063980
UDIN: 21063980AAAAEP5818

Place: Bengaluru
Date: April 27, 2021

Mahindra Aerostructures 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	**10,822.87**	11,861.34
Capital work in progress	3	**63.97**	247.76
Intangible assets	3	**75.43**	74.83
Right of use assets	3A	**33.63**	38.22
Financial assets			
Other financial assets	10	**36.23**	36.23
Income tax assets (net)	4	**17.39**	19.00
Other non-current assets	5	**1,160.44**	1,186.02
Total non-current assets		**12,209.96**	13,463.40
Current assets			
Inventories	6	**2,456.73**	2,186.08
Financial assets			
Trade receivables	7	**1,823.07**	1,927.36
Cash and cash equivalents	8	**2,664.24**	117.42
Bank balance other than cash and cash equivalents	9	**23.19**	4.70
Other financial assets	10	**31.01**	9.94
Other current assets	11	**1,260.59**	1,018.59
Total current assets		**8,258.83**	5,264.09
Total assets		**20,468.79**	18,727.49
Equity and liabilities			
Equity			
Equity share capital	12	**46,450.00**	42,886.00
Other equity	13	**(28,537.68)**	(26,249.09)
Total equity		**17,912.32**	16,636.91
Non-current liabilities			
Financial liabilities			
Lease liabilities		**32.53**	36.25
Provisions	16	**80.10**	72.58
Other non-current liabilities		**13.04**	20.64
Total non-current liabilities		**125.67**	129.47
Current liabilities			
Financial liabilities			
Borrowings	14	**1,289.49**	565.06
Lease liabilities		**3.72**	3.42
Trade payable	17		
Total outstanding dues of Micro Enterprises and Small Enterprises		**92.45**	16.86
Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises		**590.53**	870.89
Other financial liabilities	15	**42.06**	16.75
Other current liabilities	18	**377.99**	439.59
Provisions	16	**34.56**	48.54
Total current liabilities		**2,430.80**	1,961.11
Total equity and liabilities		**20,468.79**	18,727.49

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 Aerostructures Private Limited
CIN No. U35122MH2011PTC212744

Sanjay Sharma
Partner
Membership No. 063980
UDIN: 21063980AAAAEP5818

Dr. Karthik Krishnamurthy
Wholetime Director
DIN No.07130799

Mr. Arvind Mehra
Managing Director
DIN No.01039769

Mr. T. Subrahmanya Sarma
Chief Financial Officer

Mr. V.S. Ramesh
Company Secretary

Place: Bangalore
Date: April 27, 2021

Place: Mumbai
Date: April 27, 2021

Mahindra Aerostructures 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
Revenue from operations	19	**6,896.66**	9,085.99
Other income	20	**152.57**	125.72
Total income		**7,049.23**	9,211.71
Expenses			
Cost of materials consumed	21	**1,935.14**	2,555.25
Purchase of stock-in-trade		**196.72**	481.08
Changes in inventories of finished goods and work-in-progress	22	**52.59**	(43.76)
Employee benefits expense	23	**2,978.65**	2,977.29
Finance costs	24	**19.43**	188.37
Depreciation and amortization expense	25	**1,318.38**	1,409.83
Other expenses	26	**2,274.79**	2,505.30
Total expenses		**8,775.70**	10,073.36
Loss from operations before exceptional items and tax		**(1,726.47)**	(861.65)
Exceptional items (refer note 33)		**570.30**	-
Loss from operations before tax		**(2,296.77)**	-
Tax expense:			
Current tax		**-**	-
Deferred tax		**-**	-
Loss for the year		**(2,296.77)**	(861.65)
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss:			
Re-measurement gain on defined benefit plans (net of tax)		**8.18**	16.14
Other comprehensive income for the year, net of tax		**8.18**	16.14
Total comprehensive loss for the year		**(2,288.59)**	(845.51)
Earnings per equity share:			
Basic	32	**(0.50)**	(0.21)
Diluted	32	**(0.50)**	(0.21)
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 Aerostructures Private Limited
CIN No. U35122MH2011PTC212744

Sanjay Sharma
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Chief Financial Officer

Mr. V.S. Ramesh
Company Secretary

Place: Bangalore
Date: April 27, 2021

Place: Mumbai
Date: April 27, 2021

Mahindra Aerostructures 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		**(2,296.77)**		(861.65)
Adjustments for:				
Depreciation and amortisation expense	**1,318.38**		1,409.83	
Exceptional items (refer note 33)	**570.30**		-	
Finance costs	**19.43**		188.37	
Property plant and equipment written off	**6.73**		3.48	
Loss on sale of property plant and equipment	**0.66**		-	
Provision for doubtful incentive under government scheme	**-**		55.84	
Interest income	**(90.83)**		(11.19)	
Provision no longer required	**(55.84)**		-	
Net unrealised exchange (gain) / loss	**(6.02)**	**1,762.81**	(49.88)	1,596.45
Operating gain / (loss) before working capital changes		**(533.96)**		734.80
Changes in working capital:				
Adjustments for (increase) / decrease in operating assets:				
Inventories	**(270.65)**		251.42	
Trade receivables	**117.35**		(195.79)	
Current financial and other current assets	**(176.42)**		79.98	
Non-current financial and other non-current assets	**-**		0.24	
Adjustments for increase / (decrease) in operating liabilities:				
Trade payables	**(207.43)**		(484.49)	
Current financial and other current liabilities	**(61.60)**		84.80	
Non-current financial liabilities	**-**		-	
Other non-current liabilities	**(7.60)**		3.36	
Provisions	**1.72**		24.12	
		(604.63)		(236.36)
Cash generated from/ (used in) operations		**(1,138.59)**		498.44
Net income tax refunds		**1.61**		17.67
Net cash generated from / (used in) operating activities (A)		**(1,136.98)**		516.11
B. Cash flow from investing activities:				
Payment to acquire property, plant and equipment, including capital	**(619.60)**		(455.85)	
Proceeds from sale of property, plant and equipment	**0.17**		(0.00)	
Bank deposits (addition) / matured (net)	**(18.49)**		(3.55)	
Interest income received	**60.02**		11.09	
Net cash used in investing activities (B)		**(577.90)**		(448.31)
C. Cash flow from financing activities:				
Proceeds from issue of equity shares	**3,564.00**		3,000.00	
Repayment of PCFC Foreign currency loan	**(2,075.95)**		(274.32)	
Proceeds from PCFC Foreign currency loan	**2,798.68**		839.38	
Repayment of Term loan from bank	**-**		(2,349.32)	
Working capital Borrowings (Net)	**1.70**		(1,135.48)	
Repayment of lease liabilities	**(3.42)**		39.67	
Finance costs	**(18.93)**		(207.46)	
Net cash (used in) / from financing activities (C)		**4,266.08**		(87.53)
Net decrease in cash and cash equivalents (A+B+C)		2,551.20		(19.73)
Effect of exchange differences on restatement of foreign currency cash and cash equivalent		**(4.38)**		(12.59)
Cash and cash equivalents at the beginning of the year		**117.42**		149.74
Cash and cash equivalents at the end of the year		**2,664.24**		117.42
Components of Cash and cash equivalents				
Balance with banks				
– On Current Accounts		**17.54**		40.97
– On EEFC Accounts		**127.93**		76.07
Cash on Hand		**-**		0.38
Bank Balance other than Cash and cash equivalents				
– Fixed Deposits		**2,518.77**		-

Reconciliation of movement of liabilities to cash flow arising from financing activites

Particulars	**Borrowings**
Balance as at 01 April 2020	565.06
Loan availed during the year	2,801.88
Repayment of Loan during the year	(2,075.95)
Effect of Foreign currency fluctions	(1.50)
Closing balance as on 31 March 2021	1,289.49

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)

Sanjay Sharma
Partner
Membership No. 063980
UDIN: 21063980AAAAEP5818

Place: Bangalore
Date: April 27, 2021

For and on behalf of the Board of Directors of
Mahindra Aerostructures Private Limited
CIN No. U35122MH2011PTC212744

Dr. Karthik Krishnamurthy
Wholetime Director
DIN No.07130799

Mr. Arvind Mehra
Managing Director
DIN No.01039769

Mr. T. Subrahmanya Sarma
Chief Financial Officer

Mr. V.S. Ramesh
Company Secretary

Place: Mumbai
Date: April 27, 2021

Mahindra Aerostructures 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
As at April 1, 2019	**39,886.00**
Add: changes in equity shares	3,000.00
As at March 31, 2020	**42,886.00**
Add: changes in equity shares	3,564.00
As at March 31, 2021	**46,450.00**

b. Other equity — **Rs. In lakhs**

Particulars	Retained Earnings	Other comprehensive income	Total
As at April 1, 2019	**(25,392.52)**	**(11.06)**	(25,403.58)
Loss for the year	(861.65)	-	(861.65)
Re-measurement gain on defined benefit plans	-	16.14	16.14
Total comprehensive income	**(861.65)**	**16.14**	**(845.51)**
As at March 31, 2020	**(26,254.17)**	**5.08**	**(26,249.09)**
As at April 1, 2020	**(26,254.17)**	**5.08**	(26,249.09)
Loss for the year	(2,296.77)	-	(2,296.77)
Re-measurement gain on defined benefit plans	-	8.18	8.18
Total comprehensive income	**(2,296.77)**	**8.18**	**(2,288.59)**
As at March 31, 2021	**(28,550.94)**	**13.26**	**(28,537.68)**

The accompanying notes form an integral part of the financial statements

As per our report of even date attached

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

For and on behalf of the Board of Directors of
Mahindra Aerostructures Private Limited
CIN No. U35122MH2011PTC212744

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Managing Director
DIN No.01039769

Mr. T. Subrahmanya Sarma
Chief Financial Officer
Place: Mumbai
Date: April 27, 2021

Mr. V.S.Ramesh
Company Secretary

Place: Bangalore
Date: April 27, 2021

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

1. Corporate Information

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

2. Basis of preparation and Significant accounting policies:

2.1 Basis of preparation

A. Statement of compliance

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

The financial statements were authorised for issue by the Company's Board of Directors on 27 April 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
Net defined benefit (asset)/ liability	Fair value of plan assets less present value of defined benefit obligations

D. Use of estimates and judgements

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

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

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 27 – measurement of defined benefit obligations: key actuarial assumptions; key actuarial assumptions;
Note 30 - recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources;
Note 36 - recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used;
Note 3 - useful life of property, plant and equipment
Notes 7, 8 and 10 - impairment of financial assets.

E. Measurement of fair values

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

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

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

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

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

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

- Note 29 - financial instruments.

2.2 Significant accounting policies

a) Property Plant and Equipment

i. Recognition and measurement

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

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

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

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

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

ii. Subsequent expenditure

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

iii. Depreciation

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

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

Asset	Useful life
Factory Buildings – Roads, Compound Wall*	5 years to 30 years
Plant and Machinery*	2 years, 3 years, 5 years, 10 years and 15 years
Electrical Installations	10 years
Office Equipment’s	3 years, 5 years and 10 years
Computers	3 years
Furniture and Fixtures	10 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**
Compute software	3-5 years

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

c) Impairment of assets

i.Financial Assets

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

ii.Non-financial assets

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

d) Leases

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

Company as a lessee

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

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

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

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

Transition to Ind AS 116

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

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

As a lessee:

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

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

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

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

e) Inventories

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

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

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

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

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

f) Financial Instruments

A. Recognition and initial measurement

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

B. Classification and subsequent measurement

i. Financial assets carried at amortized cost

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

ii. Financial assets at fair value through other comprehensive income

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

iii. Financial assets at fair value through profit or loss

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

iv. Financial liabilities

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

C. De-recognition

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

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

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

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

D. Offsetting

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

g) Revenue Recognition

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

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

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

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

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

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

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

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

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

h) Other Income

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

i) Income tax

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

i. Current tax:

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

ii. Deferred tax:

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits. Deferred tax is not recognised for:

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

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) Provisions and contingent liabilities

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

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

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

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

n) Segment reporting

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

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

o) Employee benefits

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

ii. Post-employment benefits

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

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

iii. Other long-term employee benefits

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

p) Cash and cash equivalents

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

q) Earnings per share

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

r) Cash flow statement

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

s) Recent accounting pronouncement

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

Note 3: Property, plant and equipment

Rs. In lakhs

Particulars	Tangible assets								Intangible assets	
	Factory Buildings	Plant & Machinery	Electrical Installations	Office Equipments	Computers	Furniture and Fixtures	Vehicles	Total	Computer software	Total
Cost										
As at April 1, 2019	**6,591.12**	**10,022.48**	**1,409.50**	**258.40**	**262.34**	**343.01**	**32.82**	**18,919.67**	**429.46**	**429.46**
Additions	**11.83**	**227.50**	**1.27**	**35.68**	**44.61**	**25.15**	**-**	346.04	**37.48**	37.48
Disposals	-	20.24	-	32.92	9.19	3.45	-	65.80	0.19	0.19
As at March 31, 2020	**6,602.95**	**10,229.74**	**1,410.77**	**261.16**	**297.76**	**364.71**	**32.82**	**19,199.91**	**466.75**	**466.75**
Additions	**4.37**	**727.04**	**-**	**70.26**	**6.08**	**8.63**	**-**	816.38	**37.41**	37.41
Disposals	-	47.30	-	22.56	4.40	2.11	14.20	90.57	-	-
As at March 31,2021	**6,607.32**	**10,909.48**	**1,410.77**	**308.86**	**299.44**	**371.23**	**18.62**	**19,925.72**	**504.16**	**504.16**
Accumulated Depreciation and Amortisation										
As at April 1, 2019	**1,231.57**	**3,623.44**	**626.54**	**203.55**	**209.86**	**130.81**	**21.85**	**6,047.62**	**340.14**	**340.14**
Charge for the year	**241.26**	**886.95**	**136.19**	**20.28**	**27.64**	**37.05**	**3.90**	1,353.27	**51.97**	51.97
Disposals	-	18.85	-	32.66	8.81	2.00	-	62.32	0.19	0.19
As at March 31, 2020	**1,472.83**	**4,491.54**	**762.73**	**191.17**	**228.69**	**165.86**	**25.75**	**7,338.57**	**391.92**	**391.92**
Charge for the year (Refer note 33)	**279.40**	**1,342.35**	**-**	**29.79**	**19.65**	**172.36**	**3.73**	1,847.28	**36.81**	36.81
Disposals	-	41.08	-	22.52	4.29	1.63	13.49	83.01	-	-
As at March 31,2021	**1,752.23**	**5,792.81**	**762.73**	**198.44**	**244.05**	**336.59**	**15.99**	**9,102.84**	**428.73**	**428.73**
Net block										
As at April 1, 2019	5,359.55	6,399.04	782.96	54.85	52.48	212.20	10.97	12,872.05	89.32	89.32
As at March 31, 2020	5,130.12	5,738.20	648.04	69.99	69.07	198.85	7.07	11,861.34	74.83	74.83
As at March 31,2021	4,855.09	5,116.67	648.04	110.42	55.39	34.64	2.63	10,822.88	75.43	75.43

Capital work in progress

Particulars	As at April 1, 2020	Additions	Capitalised during the year	As at March 31,2021
Capital work in progress	247.76	670.00	853.79	**63.97**

Net block	As at March 31, 2021	As at March 31, 2020	As at April 1, 2019
Property, plant and equipment	**10,822.88**	11,861.34	12,872.05
Capital work in progress	**63.97**	247.76	852.48
Intangible assets	**75.43**	74.83	89.32

Note:

1. First charge by way of equitable mortgage of the immovable property comprising leasehold land with factory building and other structures (existing and to be constructed) and first charge by way of hypothecation on all movable fixed assets (both present and future) is created in favour of Axis Bank Limited for the Credit facilities availed by the Company.

2. Plant and machinery includes certain equipment covered under a 'technical seizure order' issued by the Directorate of Revenue Intelligence (DRI). Gross block and net block value of these equipment as on March 31 2021 are Rs. 2,605.67 lakhs and Rs. 477.20 lakhs respectively (2020: 2,605.67 and 1,107.17 Gross block and net block respectively).

Depreciation for the current year includes Rs. 570.30 Lakhs of accelated depreciation (Refer Note 33)

Note 3A: Right of use assets

Particulars	Net carrying amount as at April 1, 2020	Additions for year ended March 31, 2021	Depreciation on right-of-use asset	Net carrying amount as at March 31, 2021
Right of use assets	38.22	-	4.59	33.63

Interest on lease liabilities for the year ended on March 31, 2021 is Rs. 3.24 Lakhs (2020: Rs.3.42 lakhs)

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

Note 4: Income tax assets (net) **Rs. In lakhs**

Particulars	As at March 31, 2021	As at March 31, 2020
TDS receivable (net of provision for taxation Rs. NIL Lakhs (2020: Rs. NIL Lakhs))	**17.39**	19.00
	17.39	19.00

Note 5: 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	**1,258.81**	1,258.81
Less: Provision	**(1,258.81)**	(1,258.81)
	-	-
Customs deposit	**277.47**	277.47
Capital advances	**-**	25.58
Consideration paid for lease land [Refer Note No 30 (a)]	**870.51**	870.51
Other deposits	**12.46**	12.46
	1,160.44	1,186.02

Note 6: Inventories **Rs. In lakhs**

Particulars	As at March 31, 2021	As at March 31, 2020
(at the lower of cost and net realisable value)		
Raw materials [Includes in transit Rs. Nil; (2020: Rs. 51.84 lakhs)]	**1,066.33**	621.67
Work in progress	**361.99**	305.99
Finished goods [Includes in transit Rs. 19.48 lakhs; (2020: Rs. 19.27 lakhs)]	**696.59**	805.18
Stores and spares	**331.82**	453.24
	2,456.73	2,186.08

Note: The above Inventory is net of, provision of Rs. 192.12 Lakhs (2020: Rs. 234.99 Lakhs) towards obsolescence. During the year the Company has recognised provision of Rs. Nil Lakhs (2020: Rs. 73.30 Lakhs) and has utilized opening provision of Rs. 42.87 Lakhs (2020: Rs. 124.55 Lakhs).

Note 7: Trade receivables

Rs. In lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Unsecured, considered good		
From others	**1,823.07**	1,927.36
	1,823.07	1,927.36

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

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

Age of Receivables	As at March 31, 2021	As at March 31, 2020
With in the Credit Period	**1,806.84**	1,809.31
Upto 6 months past due	**16.23**	118.05
More than 6 months past due	**-**	-
	1,823.07	1,927.36

Note 8: Cash and cash equivalents

Rs. In lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Cash and cash equivalents		
– On Current Accounts	**17.54**	40.97
– On EEFC Accounts	**127.93**	76.07
Cash on hand	**-**	0.38
Bank Balance other than Cash and cash equivalents		
Fixed Deposits	**2,518.77**	-
	2,664.24	117.42

Note 9: Bank balance other than cash and cash equivalents

Rs. In lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Restricted Cash and bank balances - current		
Earmarked deposit accounts with bank*	**23.19**	4.70
	23.19	4.70

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

Note 10: Other financial assets

Rs. In lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
Unsecured, considered good unless and otherwise stated		
Non - current		
Security deposits	**36.23**	36.23
	36.23	36.23
Current		
Security deposits	**-**	7.00
Dues from related parties (Refer note 28)	**-**	2.74
Interest accrued on deposit	**31.01**	0.20
	31.01	9.94

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

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

Note 11: Other current assets **Rs. In lakhs**

Particulars	**As at March 31, 2021**	As at March 31, 2020
Unsecured, considered good unless and otherwise stated		
Balances with government authorities:		
GST credit receivable	**695.42**	428.23
Foreign VAT receivable	**79.63**	134.68
MEIS benefit receivable	**207.20**	191.71
Duty drawback receivable	**31.59**	62.05
Less: Provision for Duty drawback receivable	-	(55.84)
	1,013.84	760.83
GST Refund receivable	**128.56**	4.52
Advance to suppliers	**70.94**	231.97
Advances to employees	**0.01**	1.65
Prepaid expenses	**47.24**	19.62
	1,260.59	1,018.59

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

Note 12 - Share capital

Rs. In lakhs

	Particulars	As at March 31, 2021		As at March 31, 2020	
		Nos	**Amount**	Nos	Amount
1	Authorised:	**47,00,00,000**	**47,000.00**	47,00,00,000	47,000.00
	(Equity shares of Rs 10 each)				
	Total	**47,00,00,000**	**47,000.00**	47,00,00,000	47,000.00
2	Issued:				
	Equity: (Equity shares of Rs 10 each)				
	Opening balance	**42,88,60,000**	**42,886.00**	39,88,60,000	39,886.00
	Add: Issued during the year	**3,56,40,000**	**3,564.00**	3,00,00,000	3,000.00
	Closing balance	**46,45,00,000**	**46,450.00**	42,88,60,000	42,886.00
3	Subscribed and fully paid up:				
	Equity: (Equity shares of Rs 10 each)				
	Opening balance	**42,88,60,000**	**42,886.00**	39,88,60,000	39,886.00
	Add: Issued during the year	**3,56,40,000**	**3,564.00**	3,00,00,000	3,000.00
	Closing balance	**46,45,00,000**	**46,450.00**	42,88,60,000	42,886.00
	Total	**46,45,00,000**	**46,450.00**	42,88,60,000	42,886.00

Notes:

1) The above 46,45,00,000 (2020: 42,88,60,000) shares are held by Mahindra Aerospace Private Limited, the holding company, Including shares held jointly with nominees.

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

Name of the shareholder	As at March 31, 2021		As at March 31, 2020	
	Nos	**%**	Nos	%
Mahindra Aerospace Private Limited and its nominees*	46,45,00,000	100.00%	42,88,60,000	100.00%

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

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

4a) During previous year ended 31st march 2020, the company has made a rights issue offer of 3,00,00,000 equity shares of Rs. 10 each for cash at par. The offer period was from 05 August 2019 to 03 September 2019 (both days inclusive). After the expiry of the time specified in this offer as aforesaid, the Rights Issue Committee of the Board of Directors alloted 3,00,00,000 shares.

4b) During current year the company has made a rights issue offer of 3,35,00,000 equity shares of Rs. 10 each for cash at par. The offer period was from 01 June 2020 to 15 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 alloted 3,35,00,000 shares.

4c) During current year the company has made a rights issue offer of 21,40,000 equity shares of Rs. 10 each for cash at par. The offer period was from 30 October 2020 to 13 November 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 alloted 21,40,000 shares.

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

Note 13: Other equity

Rs. In lakhs

Particulars	Retained earnings	Other comprehensive income	Total
As at April 1, 2019	**(25,392.52)**	**(11.06)**	**(25,403.58)**
Re-measurement gain/(loss) on defined benefit plans	-	16.14	16.14
Loss for the year	(861.65)	-	(861.65)
As at March 31, 2020	**(26,254.17)**	**5.08**	**(26,249.09)**
Re-measurement gain/(loss) on defined benefit plans	-	8.18	8.18
Loss for the year	(2,296.77)	-	(2,296.77)
As at March 31, 2021	**(28,550.94)**	**13.26**	**(28,537.68)**
Total other equity			
As at April 1, 2019	(25,392.52)	(11.06)	(25,403.58)
As at March 31, 2020	(26,254.17)	5.08	(26,249.09)
As at March 31, 2021	(28,550.94)	13.26	(28,537.68)

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

Note 14: Borrowings **Rs. In lakhs**

Particulars	As at March 31, 2021	As at March 31, 2020
Carried at Amortised Cost		
Current [repayable on demand (Refer note below)]		
Export credit facility	**1,289.49**	565.06
	1,289.49	565.06

Notes:
A) Loans repayable on demand is secured by:
- Exclusive charge on current assets of the company.

B) Repayment and other terms :
Export credit facility includes -
Rupee loan amonts to Rs 1.70 Lakhs (2020: Nil), payable on demand carries interest of 6 months MCLR.
Foreign currency loan amounts to Rs.1287.79 Lakhs (2020: Rs. 565.06 Lakhs),Payable on demand carries interest of 6 months LIBOR + 100 bps

Net debt reconciliation: **Rs. In lakhs**

Particulars	As at March 31, 2021	As at March 31, 2020
Cash and cash equivalents	**2,664.24**	117.42
Current borrowings	**(1,289.49)**	(565.06)
Net Surplus/ (debt)	**1,374.75**	(447.64)

Note 15: Other financial liabilities **Rs. In lakhs**

Particulars	As at March 31, 2021	As at March 31, 2020
Current		
Interest accrued but not due on borrowings	**1.09**	0.59
Security deposits - Dues to related parties (Refer note 28)	**3.60**	3.60
Capital creditors*	**37.37**	12.56
	42.06	16.75

*Includes Dues to micro and small enterprises Rs. 23.31 Lakhs (2020: Rs.8.83 Lakhs) (Refer Note No. 31)

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

Note 16: Provisions **Rs. In lakhs**

Particulars	As at March 31, 2021	As at March 31, 2020
Provision for employee benefits		
Non-current		
Compensated absences	**80.10**	72.58
	80.10	72.58
Current		
Gratuity (Refer note 27)	**14.03**	33.22
Compensated absences	**20.53**	15.32
	34.56	48.54

Note 17: Trade payables **Rs. In lakhs**

Particulars	As at March 31, 2021	As at March 31, 2020
Current		
Dues to micro and small enterprises (Refer note 31)	**92.45**	16.86
Dues to related parties (Refer note 28)	**42.68**	31.20
Dues to others	**547.85**	839.69
	682.98	887.75

Note 18: Other current liabilities **Rs. In lakhs**

Particulars	As at March 31, 2021	As at March 31, 2020
Statutory dues (contributions to provident fund, employee state insurance, withholding taxes, goods and service tax,etc.)	**42.31**	61.25
Payables to employees	**333.22**	310.99
Advance received from customers	**-**	64.99
Others	**2.46**	2.36
	377.99	439.59

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

Note 19: Revenue from operations **Rs. In lakhs**

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Sale of products		
- Manufactured products	**5,468.86**	7,772.12
- Traded goods	**244.90**	616.27
Sale of services		
Job work income	**624.63**	245.92
Product development income	**315.18**	138.02
Other operating revenues		
Duty drawback and other incentive	**235.98**	295.92
Scrap sales	**7.11**	17.74
	6,896.66	9,085.99

Note 20: Other income

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Operating lease rental income	**3.99**	3.81
Gain on foreign exchange translation, (net)	**-**	105.79
Interest income on		
Bank deposits	**89.99**	9.50
Income tax refund	**0.84**	1.69
Provision no longer required written back*	**55.84**	-
Other miscellaneous income	**1.91**	4.93
	152.57	125.72

Provision was originally created in FY 20 for doubtful incentive under government scheme

Note 21: Cost of materials consumed

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Inventory at the beginning of the year	**621.67**	994.21
Add: Purchases	**2,379.80**	2,182.71
Less: Inventory at the end of the year	**1,066.33**	621.67
	1,935.14	2,555.25

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

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
At the beginning of the year		
Work-in progress	**305.99**	344.63
Finished progress	**805.18**	722.78
	1,111.17	1,067.41
At the end of the year		
Work-in progress	**361.99**	305.99
Finished goods	**696.59**	805.18
	1,058.58	1,111.17
Net decrease/(increase)	**52.59**	(43.76)

Note 23: Employee benefits expense

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Salaries, wages and bonus	**2,391.52**	2,368.61
Remuneration to Managing Director	**190.81**	173.29
Contribution to provident and other funds	**124.08**	140.11
Staff welfare expenses	**272.24**	295.28
	2,978.65	2,977.29

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

Note 24: Finance costs

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Interest expense at amortised costs		
on loans	**11.54**	181.43
on lease liabilities	**3.24**	3.52
on others	**4.65**	3.42
	19.43	188.37

Note 25: Depreciation and amortisation expense

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Depreciation of tangible assets	**1,276.98**	1,353.27
Amortisation of intangible assets	**36.81**	51.97
Depreciation on right-of-use asset	**4.59**	4.59
	1,318.38	1,409.83

Refer Notes 3 & 3A

Note 26: Other expenses

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Consumption of stores and spares	**432.77**	394.58
Power and fuel	**298.78**	396.68
Rent	**6.60**	9.45
Repairs and maintenance:		
- Plant and equipment	**152.22**	86.07
- Buildings	**-**	3.37
- Others	**57.58**	60.28
Insurance	**102.64**	68.79
Rates and taxes	**21.45**	19.24
Auditors remuneration (refer note below)	**9.34**	9.30
Directors sitting fee	**-**	0.80
Legal and other professional charges	**636.79**	560.79
Travelling and conveyance	**5.17**	146.25
Bank charges	**41.13**	57.50
Business promotion expenses	**9.41**	63.08
Freight outwards	**91.23**	158.00
Loss on foreign exchange translation	**0.95**	-
Information technology expenses	**128.63**	132.65
Loss on sale of property, plant and equipment, (net)	**0.66**	-
Property, plant and equipment written off	**6.73**	3.48
Provision for doubtful incentive under government scheme	**-**	55.84
Office and administrative expenses	**103.16**	115.38
Testing and calibration charges	**86.54**	54.95
Other miscellaneous expenses	**83.01**	108.82
	2,274.79	2,505.30

Note:

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Auditors' remuneration includes:		
Statutory audit	**6.00**	4.50
Other services and certifications	**3.00**	4.28
Reimbursement of expenses	**0.34**	0.52
	9.34	9.30

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

Note 27: Employee benefits

(a) Defined Contribution Plan
The Company's contribution to Provident Fund and others aggregating Rs.94.09 lakhs (2020 : Rs. 99.23 lakhs) has been recognised in the Statement of Profit or Loss under the head employee benefits expense.

(b) Defined Benefit Plans:
Gratuity
The Company operates a gratuity plan covering qualifying employees. The benefit is payable as per the Payment of Gratuity Act, 1972. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting. The Company makes annual contribution to the group gratuity scheme administered by the Life Insurance Corporation of India through its Gratuity Trust Fund.

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	29.07	36.83
Net interest cost	0.91	1.59
	29.98	**38.42**
II. Recognised in other comprehensive income for the year		
Return on Plan Assets	4.02	(1.64)
Actuarial (Gain)/Loss on account of :		
- Demographic Assumptions	-	(1.40)
- Financial Assumptions	(9.57)	(14.97)
- Experience Adjustments	(2.63)	1.87
	(8.18)	**(16.14)**
Total	**21.80**	**22.28**
III. Change in the obligation during the year ended		
1. Present value of defined benefit obligation at the beginning of the year	138.89	115.76
2. Acquisitions/Divestures/Transfer (transfer of employees from MAPL)	-	-
3. Current Service Cost	29.07	36.83
4. Interest Cost	9.81	7.41
5. Recognised in Other Comprehensive Income		
- Actuarial (Gain) / Loss	(12.20)	(14.50)
6.Benefit paid	(5.04)	(6.61)
Present value of defined benefit obligation at the end of the year	**160.53**	**138.89**
IV. Change in fair value of assets during the year ended		
1. Fair value of plan assets at the beginning of the year	105.67	78.29
2. Interest income	8.89	5.82
3.Recognised in Other Comprehensive Income		
- Return on plan assets	(4.02)	1.64
4.Contributions by employer	41.00	26.53
5.Benefit paid	(5.04)	(6.61)
Fair value of plan assets at the end of the year	**146.50**	**105.67**
V. Net Liability/(Asset) recognised in the Balance Sheet		
- Present value of defined benefit obligation	160.53	138.89
- Fair value of plan assets	146.50	105.67
Net liability	**14.03**	**33.22**
Current portion of the above	14.03	33.22
Non current portion of the above	-	-

Plan Assets:

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

Actuarial Assumptions:

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

Particulars	**31-Mar-21**	31-Mar-20
Discount rate	7.19%	6.59%
Future salary increases	6.00%	6.00%
Attrition rate	11.12%	11.12%
Estimated rate of return on plan assets	7.19%	6.59%
Mortality	Indian Assured Lives Mortality (2012-14) (Ultimate)	Indian Assured Lives Mortality (2012-14) (Ultimate)

A quantitative Sensitivity analysis for significant assumption as at 31 March 2021 are as below

	Gratuity						
Assumptions	**Discount Rate**		**Further Salary Increase**		**Attrition**		**Mortality**
Sensitivity Level	1% Increase	1% Decrease	1% Increase	1% Decrease	1% Increase	1% Decrease	10% Up
Impact on defined benefit obligation - Gratuity (Rs.in Lakhs)	(14.00)	16.50	16.11	(13.86)	0.36	(0.48)	0.010
Percentage change	-8.72%	10.28%	10.04%	-8.63%	0.23%	-0.30%	0.01%

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

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

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

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

Rs. In lakhs

Particulars	**Gratuity**	
	31-Mar-21	31-Mar-20
Within the next 12 months	9.20	5.86
Between 2 and 5 years	38.25	24.53
Between 6 and 10 years	34.12	23.19

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Note 28: Related Party transactions

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

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

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

Mr. S. P. Shukla	Chairman & Non-executive director
Mr. Arvind Kumar Mehra	Managing Director & CEO (w.e.f 26 April 2019)
Dr. Karthik Krishnamurthy	Chief Operating Officer and Wholetime Director
Ms. Seema Bangia	Non-executive director (w.e.f 01 June 2020)
Mr. Mukul Verma	Non-executive director
Mr. Dhiraj Rajendran	Non-executive director
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
GippsAero Pty Ltd.	Fellow subsidiary
Mahindra Integrated Business Solutions Private Limited	Fellow subsidiary
Bristlecone India Ltd.	Fellow subsidiary
Mahindra Defence Systems Limited, SSG Division	Fellow subsidiary
Mahindra E-Market Limited	Fellow subsidiary
Mahindra Engineering And Chemical Pvt Ltd	Fellow subsidiary
Mahindra Aerostructures Private Limited Employees Group Gratuity Assurance Scheme	Employees Gratuity Trust

iii) Details of the transactions with the related parties during the year: **Rs. In lakhs**

Particulars	2020-21	2019-20
I. Transactions with Group entities		
Services received (included under note 26 Other expense)		
Mahindra & Mahindra Limited	280.09	211.91
Mahindra Integrated Business Solutions Private Limited	77.04	48.76
Mahindra Defence Systems Limited, SSG Division	0.99	4.57
Mahindra eMarket Limited	-	0.89
Mahindra Engineering And Chemical Pvt Ltd	-	0.43
	358.12	**266.56**
Sale of goods		
GippsAero Pty Ltd.	120.28	367.60
	120.28	**367.60**
Purchase of Goods		
GippsAero Pty Ltd.	-	14.72
	-	**14.72**
Rent received		
Mahindra Aerospace Private Limited	3.99	3.81
	3.99	**3.81**
Reimbursement of expenses made to:		
Mahindra & Mahindra Limited	-	1.46
Mahindra Aerospace Private Limited	77.65	53.49
(included under Legal and other professional charge Refer note 26)		
Bristlecone India Ltd.	-	0.75
	77.65	**55.70**
Expenses paid		
Mahindra Aerostructures Private Limited Employees Group Gratuity Assurance Scheme	0.15	2.56
	0.15	**2.56**

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

Particulars	2020-21	2019-20
Equity shares issued		
Mahindra Aerospace Private Limited	3,564.00	3,000.00
	3,564.00	**3,000.00**

Particulars	2020-21	2019-20
II. Transactions with key managerial personnel		
Salary and perquisites*		
Mr. Arvind Kumar Mehra	**190.81**	173.29
Dr. Karthik Krishnamurthy	**74.10**	75.88
Mr. T. Subrahmanya Sarma	**57.70**	60.26
	322.61	309.43
Sitting fees paid to independent directors	**-**	0.80

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

(iv) Details of balances receivable from and payable to related parties are: **Rs. In lakhs**

Particulars	As at March 31, 2021	As at March 31, 2020
Other financial assets		
Mahindra Aerospace Private Limited	-	2.74
	-	**2.74**
Trade payables		
Mahindra & Mahindra Limited	41.59	21.89
Mahindra Integrated Business Solutions Pvt Ltd.	-	7.75
GippsAero Pty Ltd	-	0.66
Mahindra Defence Systems Limited, SSG Division	1.09	0.44
Mahindra Engineering And Chemical Pvt Ltd	-	0.46
	42.68	**31.20**
Security Deposit		
Mahindra Aerospace Private Limited	3.60	3.60
	3.60	**3.60**

Notes:

1. Corporate guarantees given by holding company in respect of credit facilities availed by the Company Rs. 9,500 Lakhs (2020: Rs. 9,500 Lakhs)

Terms and conditions of transactions with related parties

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

Note 29: Financial instruments - Fair values and risk management **Rs. In lakhs**

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

	As at March 31, 2021		As at March 31, 2020		Fair value			
	Carrying Value	Fair values	Carrying Value	Fair values	Level 1	Level 2	Level 3	Total
Financial assets								
Trade receivables	1,823.07	1,823.07	1,927.36	1,927.36	-	-	-	-
Cash and cash equivalents and other bank balances	2,664.24	2,664.24	117.42	117.42	-	-	-	-
Bank balance other than cash and cash equivalents	23.19	23.19	4.70	4.70	-	-	-	-
Security deposits	36.23	36.23	43.23	43.23	-	-	-	-
Dues from related parties	-	-	2.74	2.74	-	-	-	-
Interest accrued on deposits	31.01	31.01	0.20	0.20	-	-	-	-

	As at March 31, 2021		As at March 31, 2020		Fair value			
	Carrying Value	Fair values	Carrying Value	Fair values	Level 1	Level 2	Level 3	Total
Financial liabilities								
Borrowings	1,289.49	1,289.49	565.06	565.06	-	-	-	-
Trade payables	682.98	682.98	887.75	887.75	-	-	-	-
Other financial liabilities	42.06	42.06	16.75	16.75	-	-	-	-

Fair value hierarchy

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

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The fair value of cash and cash equivalents, trade receivables, loans, bank balance other than cash and cash equivalents, borrowings, trade payables, other current financial assets and liabilities approximate their carrying amount largely due to the short-term nature of these instruments. The Company's long-term debt has been contracted at market rates of interest. Accordingly, the carrying value of such long-term debt approximates fair value. Based on this evaluation, the Company records allowance for estimated losses on these receivables. As of March 31, 2021 and March 31, 2020, the carrying value of such receivables, net of allowances approximates the fair value.

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

B Risk management framework

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

C Financial risk management objectives and policies

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

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

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

(i) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings. The sensitivity analyses in the following sections relate to the position as at 31 March 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

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

b. Interest rate sensitivity

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

Particulars	Average Interest Rate	Increase/ decrease in base points	Effect on profit before tax
March 31, 2021			
Interest Rates increased by 50 bps	1.38%	+50	Increase in interest by Rs. 3.02 Lakhs
Interest Rates reduced by 50 bps	1.38%	-50	Reduction in interest by Rs. 3.02 Lakhs
March 31, 2020			
Interest Rates increased by 50 bps	9.80%	+50	Increase in interest by Rs. 6.69 Lakhs
Interest Rates reduced by 50 bps	9.80%	-50	Reduction in interest by Rs. 6.69 Lakhs

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

c. Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency).

d. Foreign currency sensitivity

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

Rs. In lakhs

	31-Mar-21		31-Mar-20	
Particulars	**Increase /decrease in basis points**	**Effect on profit before tax**	**Increase /decrease in basis points**	**Effect on profit before tax-**
AUD	+50	-	+50	-
EUR	+50	0.78	+50	(0.46)
GBP	+50	(0.03)	+50	(0.00)
USD	+50	9.63	+50	11.29
SGD	+50	(0.01)	+50	0.02
AUD	-50	-	-50	-
EUR	-50	(0.78)	-50	0.46
GBP	-50	0.03	-50	0.00
USD	-50	(9.63)	-50	(11.29)
SGD	-50	0.01	-50	(0.02)

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

(ii) Credit risk

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

a. Trade Receivable

Trade Receivables: The credit period on sales ranges between 30 to 120 days. No interest is charged on trade receivables. The company's customers are reputed Aerospace industry companies having good financial position and there is no past default experience of the counter parties. Trade receivables disclosed below includes the amounts that are past due at the end of the reporting period for which the company has not recognised an allowance for doubtful debts because there has not been a significant change in credit quality and amounts are still considered recoverable.

Rs. In lakhs

Particulars	**31-Mar-21**	31-Mar-20
Not Due	1,806.84	1,809.31
< 30 days	15.62	79.68
30-60 days	0.61	32.44
61-180 days	-	5.93
181-360 days	-	-
> 360 days	-	-
Total	**1,823.07**	**1,927.36**

Information about major customers:

Revenue from single external customer is approximately Rs. 1,572.51 lakhs (2020: Rs. 2,587.84 lakhs) representing 24% (2020: 30%) of Company's total revenue from operations for the year ended 31 March 2021. Receivables from single external customer is approximately Rs. 373.15 Lakhs (2020: Rs. 452.13 Lakhs) representing 20% (2020: 23%) of Company's total receivables as at 31 March 2021. Apart from the aforesaid single customer, the Company does not have a significant credit risk exposure to any other single counterparty.

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	1,289.49	-	-	-	-	1,289.49
Trade payables	-	682.98	-	-	-	682.98
Other financial liabilities	-	42.06	-	-	-	42.06
	1,289.49	**725.04**	**-**	**-**	**-**	**2,014.53**
Year ended 31 March 2020						
Borrowings	565.06	-	-	-	-	565.06
Trade payables	-	887.75	-	-	-	887.75
Other financial liabilities	-	16.75	-	-	-	16.75
	565.06	**904.50**	**-**	**-**	**-**	**1,469.56**

Financial assets carried at amortised cost as at March 31, 2021 is Rs. 4,577.48 Lakhs. (2020: Rs. 2,095.65 Lakhs) carried at amortised cost is in the form of cash and cash equivalents, bank deposits, earmarked balances with banks, security deposits etc. where the Company has assessed the counterparty credit risk. Trade receivables of Rs. 1,823.07 Lakhs as at March 31, 2021 forms a significant part of the financial assets carried at amortised cost which is valued considering provision for allowance using expected credit loss method (if any). In addition to the historical pattern of credit loss, we have considered the likelihood of increased credit risk and consequential default considering emerging situations due to COVID-19. This assessment is not based on any mathematical model but an assessment considering the impact immediately seen in the demand outlook and the financial strength of the customers in respect of whom amounts are receivable. The Company has specifically evaluated the potential impact with respect to Aerospace Sector. The Company closely monitors its customers who are being impacted.

Basis this assessment, the Management believes Company is not required to provide for doubtful trade receivables as at March 31, 2021.

D Capital management

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

		Rs. In lakhs	% change
	31 March 2021	31 March 2020	**% change**
Total equity (A)	**17,912.32**	16,636.91	7.67
Current loans and borrowings	**1,289.49**	565.06	
Non current loans and borrowings	**-**	-	
Current maturities of long-term loans	**-**	-	
Total loans and borrowings (B)	**1,289.49**	565.06	128.20
Total capital (loans and borrowings and equity) (C)	**19,201.81**	17,201.97	
As percentage of total capital (B/C)	**6.72**	3.28	
Total loans and borrowings as percentage of Total equity (B/A)	**7.20**	3.40	

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

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2021 and 31 March 2020.

30. Commitments and contingent liabilities

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

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

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

b) The estimated amount of contracts remaining to be executed on Capital account and not provided for Rs. 176.01 lakhs (2020: Rs. 174.62 lakhs)

c) Customs duty and penalty of Rs. 2,598.85 lakhs (2020: 2,598.85 lakhs) along with the applicable interest payable against the order issued by the Commissioner of Customs in the matter of import of certain pre-owned equipment. The Company has filed an appeal and the same is pending with the CESTAT.

d) Customs duty of Rs. 41.36 lakhs along with the applicable interest (2020: Rs. 41.36 lakhs) payable against the Demand Cum show cause notice issued by the Directorate of Revenue Intelligence in the matter of certain imports relating to installation of certain equipment, for which the company has submitted reply and the same is pending with Joint Commissioner of Customs.

e) In February 2019, Supreme Court of India in its judgement clarified that certain special allowances should be considered to measure obligation under Employees Provident Fund Act, 1952. The company has been legally advised that there are interpretive challenges on the application of judgement retrospectively and as such does not consider there any probable obligations for past periods. Accordingly, based on legal advice the company has made provision for provident fund contribution form the date of Supreme court order. The probable obligation for past periods amounting to Rs. 83.75 Lakhs has been considered by the Company as contingent liability.

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

31. Dues to micro , small and medium enterprises

The information as required under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company. This information has been relied upon by the Auditors. The disclosures relating to Micro, Small and Medium Enterprises as at March 31, 2021 are as under: -

		Rs in Lakhs	
Sr. No.	**Particulars**	**2020-21**	2019-20
A	The principal amount remaining unpaid to supplier as at the end of the year	115.76	25.69
B	The interest due thereon remaining unpaid to supplier as at the end of the year	0.42	0.01
C	Interest paid in terms of Section 16 of the Act along with the amount of payment made to the supplier beyond the appointed day during the year		
	- Principal paid beyond the appointed date	625.56	536.69
	- Interest paid in terms of the Section 16 of the Act	9.85	-
D	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	-	-
E	Further interest due and payable even in the succeeding year, until such date when the interest due as above are actually paid to the small enterprises	13.04	20.64
F	The amount of interest accrued during the year and remaining unpaid at the end of the year	2.25	3.36

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Notes to Financial Statements for the year ended March 31, 2021

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

Rs in lakhs

Sr. No.	Particulars	31-Mar-21	31-Mar-20
(a)	Earnings attributable to equity shareholders	(2,296.77)	(861.65)
(b)	Weighted average number of equity shares outstanding during the year	45,69,39,726	41,55,44,932
(c)	Basic Earnings per share (Rs.)	(0.50)	(0.21)
(d)	Dilutive Earnings per share (Rs.)	(0.50)	(0.21)

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	42,88,60,000	39,88,60,000
(b)	Effect of fresh issue of shares	2,80,79,726	1,66,84,932
(c)	Weighted average no of shares	45,69,39,726	41,55,44,932

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	45,69,39,726	41,55,44,932
Add: Effect of potential equity shares	-	-
Weighted average number of equity shares used in the calculation of Diluted EPS	45,69,39,726	41,55,44,932

33. During the year, management has carried out technical evaluation of certain Plant and machinery which are specialized equipments used for specific purposes. Based on such evaluation, management noted that these assets are not likely to be used due to capability limitations and are not expected to generate any future economic benefits to the Company. Management has performed a cost benefit analysis and identified that the refurbishing cost to bring these assets into use is significantly higher as compared to replacement cost of new assets. Accordingly, management has decided to charge accelerated depreciation of INR 570.30 Lakhs in the current year, resulting in the closing written down value of such asset to be Nil.

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

34. Segment Reporting:

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

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

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

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

Revenue from Operations

	Domestic	Overseas	Total
2020-21	172.00	6,481.57	6,653.57
2019-20	204.00	8,568.33	8,772.33

a) Domestic & Overseas segments include Component sales, job work services and product development income to customers located in India & Out side India

b) There are no assets located outside India.

c) Customers contributing 10% or more of Company’s revenue (4 customers amounting to Rs 4,903.82 Lakhs in 2020-21 and 4 customers amounting to Rs 7,107.11 Lakhs in 2019-20)

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

A. Revenue streams:

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

Particulars	**For the year ended 31 March 2021**	For the year ended 31 March 2020
Sale of goods and services	6,653.57	8,772.33
Other operating revenue	243.09	313.66
Total revenue	**6,896.66**	9,085.99

B. Disaggregation of revenue from contracts with customers:

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

Particulars	**For the year ended 31 March 2021**	For the year ended 31 March 2020
India	172.00	204.00
Others	6,481.57	8,568.33
Total revenue	**6,653.57**	8,772.33

Impact of COVID-19

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

• Reduction in customer requirement arising from overall reduction from Aerospace sector

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

The Company has taken steps to assess the cost budgets required to complete its performance obligations in respect of contracts and have noted that there is no significant impact of likely delays / increased cost in meetings its obligations as at 31 March 2021. The Company has also assessed the impact of any delays and inability to meet contractual commitments and has taken actions such as engaging with the customers to agree on revised SLAs in light of current crisis, invoking of force-majeure clause etc., to ensure that revenue recognition in such cases reflect realisable values.

35. The Company has incurred losses in current and earlier years. The Company expects growth in its operations in coming years and is taking measures to improve its operational efficiency. Basis the continued financial support provided by the shareholders, undrawn borrowing facilities from the banks and cash flow projections, the use of going concern assumption has been considered appropriate in preparation of financial statements of the company. The Company's current assets exceed its current liabilities as at 31 March 2021.

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Note 36- Income taxes

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

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

Rs. In lakhs

Particulars	**As at March 31, 2021**	As at March 31, 2020
Deferred tax liabilities		
Related to depreciation of fixed assets	626.29	768.07
Total deferred tax liability (a)	**626.29**	768.07
Deferred tax assets		
Provision for gratuity	3.65	8.64
Provision for leave encashment	26.16	22.85
Provision for inventory	49.95	61.10
Provision for service tax credit	327.29	327.29
Provision for Duty drawback receivable	-	14.52
Unabsorbed Depreciation	3,080.59	2,689.20
Carry forward losses	3,935.92	3,897.28
Others	6.08	10.53
Total deferred tax assets (b)	**7,429.65**	7,031.41
Net deferred tax assets (b-a)	6,803.36	6,263.34

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

(b) Reconciliation of effective tax rate:

Particulars	**As at March 31, 2021**		As at March 31, 2020	
Profit / (loss) before tax		(1,726.47)		(861.65)
Income tax expense calculated at domestic tax rates applicable to profits	26.00%	(448.88)	26.00%	(224.03)
Tax effects of:				
Permanent difference	-0.12%	2.08	-0.17%	2.08
Adoption of dispute resolution scheme	-12.13%	209.37	0.00%	209.37
Others	17.53%	(302.59)	-11.24%	96.89
Deferred tax asset not recognised in statement of profit and loss		(540.02)		84.31
Income tax expense		-		-
Effective tax rate		0.00%		0.00%

(c) Tax losses

Particulars	**March 31, 2021**	**Expiry date**	March 31, 2020	Expiry date
Loss from business	15,138.17	31 March 2021 to 31 March 2030	14,989.53	31 March 2020 to 31 March 2029
Unabsorbed depreciation	11,848.43	Carried forward indefinitely	10,343.09	Carried forward indefinitely
Total	26,986.60		25,332.62	
Potential tax benefit	**7,016.52**		6,586.48	

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

38. As the Company has losses in the earlier years provision of corporate social responsibility as per Companies Act, 2013 was not applicable.

39. 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: 21063980AAAAEP5818

Place: Bangalore
Date: April 27, 2021

For and on behalf of the Board of Directors of
Mahindra Aerostructures Private Limited
CIN No. U35122MH2011PTC212744

Dr. Karthik Krishnamurthy
Wholetime Director
DIN No.07130799

Mr. Arvind Mehra
Managing Director
DIN No.01039769

Mr. T. Subrahmanya Sarma
Chief Financial Officer

Mr. V.S. Ramesh
Company Secretary

Place: Mumbai
Date: April 27, 2021