MAHINDRA ELECTRIC MOBILITY LIMITED

ANNUAL REPORT

2018-19

DIRECTORS' REPORT

Your Directors present their Twenty Third Report together with the audited financial statements of your Company for the year ended 31st March 2019.

FINANCIAL HIGHLIGHTS AND STATE OF COMPANY'S AFFAIRS

(Rs. in Lakhs)

Particulars	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Total Income	25,130	12,941
Loss before Depreciation, Finance costs and Taxation	1,266	8,394
Less: Depreciation & Amortisation	3,937	4,408
Loss before Finance costs and Taxation	5,203	12,802
Less: Finance costs	96	99
Loss before Tax	5,299	12,901
Less: Taxation	-	-
Loss for the year	5,299	12,901
Carryforward losses for the previous years	68,648	55,840
Networth	28,042	23,593

No material changes and commitments have occurred after the close of the year, under review, till the date of this Report which would affect the financial position of your Company.

OPERATIONS

Your Company's total income is higher by 94.2% mainly due to increase in Kits sale, 3-Wheeler product launch & product development income.

During the year under review, your Company has launched a new product to address the last mile connectivity in India. The new product 'TREO', first lithium ion based electric three wheeler, comes with two variants 'TREO' and 'TREO Yaari'. The product received great response from the market and as a result, your Company has signed two MoUs with different aggregators for supply of 3,000 electric 3Ws. Phase-2 delivery of the EESL order has begun in the year. Next generation mobility solutions platform 'NEMO' was launched during the year and acquired paying customers for the same.

Your Company inaugurated India's first electric vehicle technology manufacturing hub in the presence of honoured dignitaries. This facility increases the manufacturing capacity by 3x.

It also collaborated with the Puducherry Smart City Development Ltd. and IISc for the implementation of a sustainable mobility ecosystem pilot in the township of Auroville in Puducherry near Chennai.

Your Company received following awards during the year:

- Electric 3w of the year from ASSOCHAM
- Safety award from the Karnataka government
- Electric 3w of the year from Economic Times
- Gold award for Poka Yoke (Mistake proofing) & KAIZEN implementation from QCFI

During the year under review, your Company also completed following marketing initiatives to boost the sales:

- Active involvement in building the EV ecosystem by participating in multiple events at the state and national level as thought leaders.
- Participation as a keynote speaker and took the center stage in India’s first global electric mobility summit, ‘MOVE’, which was inaugurated by the Prime Minister Shri Narendra Modi.

Your Company continued to invest in Research & Development, development of new EV models and technology platforms and Capacity expansion, which consumed a significant part of your Company’s financial resources.

BUSINESS OUTLOOK AND FUTURE PROSPECTS

During the course of the year, your Company increased its sales volumes by 97%. The growth has been primarily driven by fleet customers and continued delivery of the EESL order and the launch of the benchmark electric 3w.

In parallel, it invested in new technologies (High voltage, high capacity drivetrain) to expand its offerings within M&M’s portfolio of vehicles and explore synergies with other group companies.

Investments made this year on capacity expansion, new products for the domestic and global markets and infrastructure development will place your Company well to deliver on existing pipeline orders & product development programs while expanding its product line as well as exploring new markets in the near future.

DIVIDEND

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

AMOUNTS TRANSFERRED TO RESERVES

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

SHARE CAPITAL

The Authorised Share Capital of your Company as on 31st March, 2019 stood at Rs. 400,00,00,000/- (Rupees Four Hundred Crores Only) divided into 40,00,00,000 (Forty Crores) Equity Shares of Rs. 10/- each.

The paid-up Share Capital of your Company as on 31st March, 2019 stood at Rs. 307,35,17,750/- (Rupees Three Hundred and Seven Crores Thirty-Five Lakhs Seventeen Thousand Seven Hundred and Fifty Only) divided into 30,73,51,775 (Thirty Crores Seventy-Three Lakhs Fifty-One Thousand Seven Hundred and Seventy-Five Only) Equity Shares of Rs. 10/- each.

During the year, your Company allotted 9,996,000 (Ninety Nine Lakhs Ninety Six Thousand) Equity Shares on 31st May, 2018 for cash at a price of Rs. 24.90 per share, 8,032,128 (Eighty Lakhs Thirty Two Thousand One Hundred Twenty Eight) Equity Shares on 11th July, 2018 for cash at a price of Rs. 24.90 per share and 9,996,000 Equity Shares on 31st August, 2018 for cash at a price of Rs. 24.90 per share on rights basis.

Your Company further allotted 13,85,000 (Thirteen Lakhs Eight Five Thousand) Equity Shares and 81,45,968 (Eight One Lakhs Forty-Five Thousand Nine Hundred and Sixty-Eight) Equity Shares of Rs. 10 each, for cash at a price of Rs. 25.17 per share on Preferential basis on 10th December, 2018 and 14th February, 2019 respectively.

SUBSIDIARY, ASSOCIATE AND JOINT VENTURE COMPANY

The Company does not have any subsidiary, associate or joint venture company.

BOARD OF DIRECTORS

Composition:

Composition of the Board of Directors of the Company is as under: -

Name of Director and DIN	Designation	Executive/Non-Executive Director	Independent / Non-Independent Director
Dr. Pawan Kumar Goenka (00254502)	Chairman	Non-Executive Director	Non-Independent Director
Mr. V S Parthasarathy (00125299)	Director	Non-Executive Director	Non-Independent Director
Ms. Sonali Kulkarni (00203701)	Director	Non-Executive Director	Independent Director
Mr. Ravindra Dhariwal (00003922)	Director	Non-Executive Director	Independent Director
Mr. Rajan Wadhera (00416429)	Director	Non-Executive Director	Non-Independent Director
Mr. Arvind Mathew 01377003)	Director	Non-Executive Director	Non-Independent Director
Mr. Ruzbeh Irani (01831944)	Director	Non-Executive Director	Non-Independent Director

Your Company has received declarations from Mr. Ravindra Dhariwal and Ms. Sonali Kulkarni, Independent Directors, to the effect that they meet the criteria of independence as laid down under Section 149 of the Companies Act, 2013.

Dr. Pawan Kumar Goenka (00254502) and Mr. Arvind Mathew (01377003) retire by rotation at the forthcoming Annual General Meeting, and being eligible, have offered themselves for re-appointment.

All the Directors of your Company have given requisite declarations pursuant to Section 164(2) of the Companies Act, 2013 that they are not disqualified from being appointed/ reappointed as Directors of the Company.

MEETINGS OF THE BOARD AND ANNUAL GENERAL MEETING:

The Board met five times during the year under review, i.e., on 26th April, 2018, 1st August, 2018, 29th October, 2018, 15th November, 2018 and 21st January, 2019. The gap between two consecutive Board Meetings did not exceed 120 days.

The 22nd Annual General Meeting (AGM) of the Company was held on 1st August, 2018.

The attendance at the meetings of the Board during the year under review was as under:-

SL. NO.	Name of Directors	No. of meetings attended out of 5 meetings held
1	Dr. Pawan Kumar Goenka	5
2	Mr. V S Parthasarathy	3
3	Ms. Sonali Kulkarni	4
4	Mr. Ravindra Dhariwal	4
5	Mr. Rajan Wadhera	2
6	Mr. Arvind Mathew	5
7	Mr. Ruzbeh Irani	4

DIRECTORS' RESPONSIBILITY STATEMENT

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

(i) in the preparation of the annual accounts, the applicable accounting standards have been followed;

(ii) Accounting policies have been selected in consultation with the Statutory Auditors and these have been applied consistently and reasonable and prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2019 and of the Loss of the Company for the year ended on that date;

(iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(iv) the annual accounts have been prepared on a going concern basis.

(v) Proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

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

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

EVALUATION OF PERFORMANCE:

Questionnaires/Feedback templates for annual evaluation were circulated to each Board member and duly filled in questionnaires/responses were submitted to the Chairman of the Board for facilitating the formal annual evaluation. Based on the feedback, the Board carried out the annual evaluation of performance of its own, its committees and individual Directors including independent directors at the meeting of the Board held on 24th April, 2019.

MEETING OF INDEPENDENT DIRECTORS

The Independent Directors of the Company met on 30th November, 2018 without the presence of the Chairman or other Non-Independent Directors or Chief Financial Officer or any other Management Personnel. The Meeting was conducted in an informal and flexible manner to enable the Independent Directors to discuss matters pertaining to, inter alia, review of performance of Non-Independent Directors and the Board as a whole, review the performance of the Chairman of the Company (taking into account the views of the Executive and Non-Executive Directors), assess the quality, quantity and timeliness of flow of information between the Company Management and the Board that was necessary for the Board to effectively and reasonably perform their duties.

COMMITTEES OF THE BOARD

Audit Committee

The present Composition of Audit Committee is as follows: -

Name of Director	Designation
Mr. V S Parthasarathy	Chairman
Ms. Sonali Kulkarni	Member
Mr. Ravindra Dhariwal	Member

The Audit Committee met four times during year under review, i.e., on 26th April, 2018, 1st August, 2018, 29th October, 2018 and 21st January, 2019 and complied with the terms of reference assigned to the Committee from time to time.

The attendance at the meetings of the Audit Committee was as under:-

Name of Director	No. of meetings attended
Mr. V S Parthasarathy	4*
Ms. Sonali Kulkarni (Independent Woman Director)	4*
Mr. Ravindra Dhariwal (Independent Director)	3

* Participated in one meeting through Video Conferencing facility.

Nomination and Remuneration Committee

The present Composition of Nomination and Remuneration Committee is as follows: -

Name of Director	Designation
Ms. Sonali Kulkarni	Chairman
Dr. Pawan Kumar Goenka	Member
Mr. V S Parthasarathy	Member
Mr. Ravindra Dhariwal	Member

The Nomination and Remuneration Committee met four times during year under review, i.e., on 26th April, 2018, 1st August, 2018, 29th October, 2018 and 21st January, 2019.

The attendance at the meeting of the Nomination and Remuneration Committee was as under:-

Name of Directors	No. of meetings attended
Ms. Sonali Kulkarni	3
Dr. Pawan Kumar Goenka	4
Mr. V S Parthasarathy	3
Mr. Ravindra Dhariwal	3

KEY MANAGERIAL PERSONNEL

Pursuant to Section 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, Key Managerial Personnel of your Company are as below:

1. Mr. Mahesh Babu - Chief Executive Officer of the Company
2. Mr. Saroj Khuntia - Chief Financial Officer of the Company
3. Mr. A Narayana Swamy - Manager of the Company
4. Mr. Jignesh Parikh - Company Secretary of the Company

During the year under review, Ms. Shweta Mayekar ceased to be Company Secretary of the Company with effect from 31st October, 2018 and Mr. Jignesh Parikh was appointed as the Company Secretary of the Company with effect from 1st November, 2018.

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

Your Board has, in place, policies for the appointment/removal of directors and senior management personnel together with the criteria for determining qualifications, positive attributes and independence of directors, and remuneration of directors, key managerial personnel and other employees. These were on the basis of recommendation of the Nomination and Remuneration Committee.

These policies are provided as **Annexure I** and form part of this Report.

RISK MANAGEMENT POLICY

The Board has a Risk Management Policy in place. The Policy helps in identifying elements of risk if any which may threaten the existence of the Company and managing the risks associated with the business of the Company.

VIGIL MECHANISM

Your Company has, in place, a vigil mechanism for directors and employees to facilitate reporting of genuine concerns/make protected disclosures to the Chairman of the Audit Committee in respect of actual or suspected fraud or violation of the Company's Codes or Policies or genuine grievances or concerns or any improper activity. The mechanism provides for adequate safeguards against victimization of persons reporting/disclosing, and makes a provision for direct access to the Chairman of the Audit Committee.

POLICY ON PREVENTION OF SEXUAL HARASSMENT

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

During the year under review, no complaints were received under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

INTERNAL FINANCIAL CONTROLS

Your Company has implemented a system of internal controls and monitoring procedures as well as internal financial controls on financial statement and the same is in the opinion of the Board, commensurate with the Company's size and operations. Your Company conducts internal audit through an independent agency to assess the adequacy of financial and operating controls for the business of the Company. Significant issues, if any, are brought to the attention of the Audit Committee. Statutory Auditors and Internal Auditors from Mahindra and Mahindra Limited are invited to attend Audit Committee meetings.

STATUTORY AUDITORS & AUDIT REPORT

Messrs B S R & Co. LLP, Chartered Accountants (Firm Registration Number 101248W/W-100022) were appointed as the Statutory Auditors of the Company to hold office for a period of 5 years from the conclusion of the 21st Annual General Meeting (AGM) till the conclusion of the 26th AGM of the Company to be held in the year 2022. The appointment was subject to ratification of appointment on annual basis.

With the amendment in the Companies Act, 2013, dispensing away with the requirement of ratification of appointment of auditors on annual basis, it is not proposed to seek the approval of the members for ratification of their appointment as statutory auditors at the forthcoming Annual General Meeting.

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

SECRETARIAL AUDITOR AND AUDIT REPORT

Pursuant to Section 204 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, your Company had appointed M/s. P K Pande & Associates, a firm of Practicing Company Secretaries, as the Secretarial Auditor of your Company for the financial year ended 31st March 2019.

The Secretarial Audit Report for the financial year ended 31st March 2019, issued by the Secretarial Auditor, pursuant to the aforesaid provisions, is provided as Annexure II and forms part of this report.

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

REPORTING ON FRAUDS BY AUDITORS

During the year under review, the Statutory Auditors and Secretarial Auditors have not reported any instances of frauds committed in the Company by its officers or employees to the Audit Committee under section 143 (12) of the Companies Act 2013 and Rules made thereunder, details of which are required to be furnished in this report.

COST RECORDS

The Company is not required to maintain cost records as specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013.

CORPORATE SOCIAL RESPONSIBILITY

The provisions relating to Corporate Social Responsibility were not applicable to your Company for the year under review.

SAFETY, HEALTH AND ENVIRONMENTAL PERFORMANCE

Your Company subscribes to guidelines on safety, health and environment and encourages involvement of all its employees in activities related to safety, including promotion of safety standards. Employees across facilities were trained in behavioral safety at work. Statutory requirements relating to various environmental legislations, and environment protection, have been duly complied with by your Company.

HUMAN RESOURCES

Your Company has about 548 people on its rolls as at March 31, 2019. Your Company acknowledges its commitment to regional development and improving the standard of living of the people in the region.

Ensuring a good working environment for the employees and enabling them to maintain work life balance are prime goals of your Company as reflected in its employee engagement interventions. Your Company continues to invest in capability building of its people and creating a future-ready talent pool.

EMPLOYEE STOCK OPTION PLAN

Relevant details, as required under The Companies (Share Capital and Debentures) Rules 2014 and other applicable provisions of the Companies Act, 2013, are furnished in **Annexure III** which forms part of this Report.

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

Your Company continues to look at Research and Development as an effective tool for meeting its business objectives. Your Company continued to undertake a number of Research & Development projects to upgrade the technology and quality of the product during the year under review. Details of specific area in which Research & Development activities are carried out by your Company in the area of technology absorption, adaptation and innovations etc. and the particulars relating to conservation of energy, technology absorption and foreign exchange earnings and outgo, as required under Section 134(3)(m) of the Companies Act, 2013 read with the Companies Rule 8 (3) of The Companies (Accounts) Rules, 2014 are provided in **Annexure IV** and form part of this Report.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013.

Your Company has not given any loan or guarantee, or made investment in the securities of any body corporate, covered under section 186 of the Companies Act, 2013.

PUBLIC DEPOSITS AND LOANS / ADVANCES

Your Company had not accepted any deposits covered under Chapter V of the Companies Act, 2013, from the public, or its employees, during the year.

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

PARTICULARS OF TRANSACTIONS WITH RELATED PARTIES

All transactions entered into by your Company with its related parties, during the year under review, were in the ordinary course of business and at arm's length.

During the year under review, your Company had not entered into any contract /arrangement/transaction with related parties which could be considered material. Accordingly, there are no transactions to be reported in pursuance to Section 134(3)(h) of the Companies Act, 2013.

ANNUAL RETURN

Pursuant to Section 92(3) of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014 and Companies (Amendment) Act, 2017, an extract of the Annual Return as on March 31, 2019 is annexed as Annexure V and forms a part of this Board Report in Form No. MGT-9. The complete Annual Return is available on the Company's website www.mahindraelectric.com

GENERAL

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

1. Issue of equity shares with differential rights as to dividend, voting or otherwise.
2. Change in the nature of business carried out by the Company.
3. No significant and/or material orders passed by the Regulators or Courts or Tribunals which would impact the going concern status of the Company and its future operations.
4. Voting Rights which are not directly exercised by the employees in respect of shares for the subscription of which loan was given by the company as there is no scheme pursuant to which such persons can beneficially hold shares as envisaged under section 67(3)(c) of the Companies Act, 2013.
5. Particulars of employees, since the provisions of Section 197 (12) of the Companies Act, 2013 and the Rule 5 (2) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, are not applicable to an unlisted Company.

ACKNOWLEDGEMENT

Your Directors would like to place on record their sincere thanks for the cooperation and support received from your Company's bankers, stakeholders, business associates and various agencies of the Central and State Governments.

For and on behalf of the Board

Pawan Kumar Goenka
Chairman
DIN: 00254502

Mumbai, 24th April, 2019

Annexure I to the Directors' Report

POLICY ON APPOINTMENT OF DIRECTORS AND SENIOR MANAGEMENT AND SUCCESSION PLANNING FOR ORDERLY SUCCESSION TO THE BOARD AND THE SENIOR MANAGEMENT

DEFINITIONS

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

"Board" means Board of Directors of the Company.
"Company" means Mahindra & Mahindra Limited.
"Committee(s)" means Committees of the Board for the time being in force.
"Employee" means employee of the Company whether employed in India or outside India including employees in the Senior Management Team of the Company.
"HR' means the Human Resource department of the Company.
""Key Managerial Personnel" (KMP) refers to key managerial personnel as defined under the Companies Act, 2013 and as amended from time to time
"Nomination and Remuneration Committee" (NRC) means Nomination and Remuneration Committee of Board of Directors of the Company for the time being in force.
"Senior Management" means personnel of the Company who are members of its Core Management Team excluding Board of Directors comprising of all members of management one level below the executive directors including the functional heads.

I. APPOINTMENT OF DIRECTORS

- The NRC reviews and assesses Board composition and recommends the appointment of new Directors. In evaluating the suitability of individual Board member, the NRC shall take into account the following criteria regarding qualifications, positive attributes and independence of director:

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

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

REMOVAL OF DIRECTORS

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

SENIOR MANAGEMENT PERSONNEL

The NRC shall identify persons who are qualified to become directors and who may be appointed in senior management team in accordance with the criteria laid down above.

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

II. SUCCESSION PLANNING:

Purpose

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

Board:

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

The successors for the Executive Director(s) shall be identified by the NRC from among the Senior Management or through external source as the Board may deem fit.

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

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

Senior Management Personnel:

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

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

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

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

Policy Statement

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

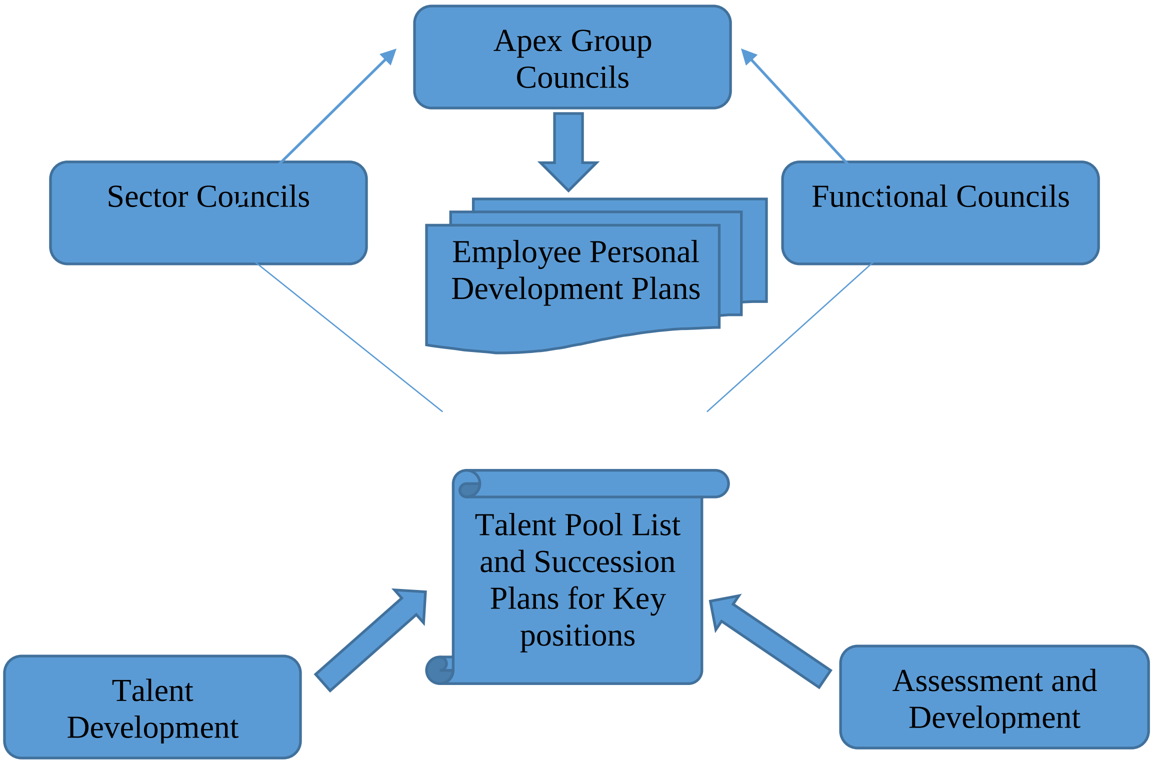
1) Given the strategic business plans, do we have the skills and competencies required to implement them? If not, how do we create them – by developing them internally or through lateral induction from outside?
2) For critical positions, what is the succession pipeline?
3) What are the individual development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

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

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

The Talent Management process is applicable to all employees. Over the years, the Talent Management framework has become a well-structured and process-oriented system which is driven by an interactive and collaborative network of Talent Councils at the Group and Sector Levels. These Talent Councils, which consist mainly of senior business leaders supported by HR, are a mix of Sector (Business) and Functional Councils coordinated by an Apex Talent Council, headed by the Group Chairman. The Apex Council reviews the work done by the Talent Councils and facilitates movement of talent across Sectors. The Sector / Functional Councils meet regularly throughout the year and the Apex Council interacts with each one of them separately once a year, and in addition conducts an integrated meeting where the Chairpersons of all the Councils are present.

The Talent Management process can be represented pictorially as under:



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

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

Purpose

This Policy sets out the approach to Compensation of Directors, Key Managerial Personnel and other employees in Mahindra Reva Electric Vehicles Limited.

Policy Statement

We have a well-defined Compensation policy for Directors, Key Managerial Personnel and all employees, including the Chairman, Presidents and other Members of the Group Executive Board who are employees of the Company. The overall compensation philosophy which guides us is that in order to achieve global leadership and dominance in domestic markets, we need to attract and retain high performers by compensating them at levels that are broadly comparable with the median of the comparator basket while differentiating people on the basis of performance, potential and criticality for achieving competitive advantage in the business.

In order to effectively implement this, we have built our Compensation structure by a regular annual benchmarking over the years with relevant players across the industry we operate in.

NON-EXECUTIVE INCLUDING INDEPENDENT DIRECTORS:

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

Executive Directors:

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

Key Managerial Personnel (KMPs)

The terms of remuneration of KMPs of the Company & the Company Secretary shall be determined by the Nomination and Remuneration Committee (NRC) shall decide from time to time. The remuneration shall be consistent with the competitive position of the salary for similar positions in the industry and their Qualifications, Experience, Roles and

Responsibilities. Pursuant to the provisions of section 203 of the Companies Act 2013 the Board shall approve the remuneration at the time of their appointment.

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

Employees

We follow a differential approach in choosing the comparator basket for benchmarking, depending upon the level in the organization:

a. For all employees from Operational to Executive Band, we benchmark with a set of comparators from the same industry.
b. For Strategic band and above, we have a position-based approach and the comparator basket includes benchmarks from across relevant industries.

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

- Performance
- Potential
- Criticality
- Longevity in grade

Remuneration for the new employees other than KMPs and Senior Management Personnel will be decided by the HR, in consultation with the concerned business unit head at the time of hiring, depending upon the relevant job experience, last compensation and the skill-set of the selected candidate.

The Company may also grant Stock Options to the Employees and Directors (other than Independent Directors and Promoter) in accordance with the ESOP Scheme of the Company and subject to the compliance of the applicable statutes and regulations.

For and on behalf of the Board

Pawan Kumar Goenka
Chairman
DIN: 00254502

Mumbai, 24th April, 2019

Annexure II to the Directors' Report for the year ended 31st March, 2019

Form No. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2019
[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To:
The Members,
Mahindra Electric Mobility Limited
Registered Office:
Plot No.66 to 69 &72 to 76, Bommasandra Industrial Area 4th Phase,
Jigani Link Road, Anekal Taluk, Bangalore-560099

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s Mahindra Electric Mobility Limited (Formerly known as Mahindra Reva Electric Vehicles Limited) (hereinafter called the "Company"). Secretarial Audit was conducted in the manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31st March, 2019 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minutes' books, forms and returns filed and other records made available to me and maintained by the Company for the Financial Year ended 31st March, 2019 according to the applicable provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made there-under;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there-under will not apply to this Company.

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there- under;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there-under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act,1992 ('SEBI Act') will not apply to this Company:-

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

(d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;

(e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

(vi) The provisions of applicable Fiscal Laws, Corporate and allied Acts, Labor Laws, Environmental Laws and Miscellaneous Acts.

(vii) I have also examined compliance with the Secretarial Standards issued by The Institute of Company Secretaries of India.

I further report that

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

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

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

P K Pande
Practicing Company Secretary FCS – 5487;
CP No.3984

Place: Bangalore
Date: 24/04/2019

Annexure III to the Directors' Report
For the year ended 31st March, 2019

Details of the Employees Stock Option Scheme:

(a)	options granted	**99,13,701**
(b)	options vested	0
(c)	options exercised	0
(d)	the total number of shares arising as a result of exercise of option	0
(e)	options lapsed	7,45,701
(f)	the exercise price	24.90
(g)	variation of terms of options	Nil
(h)	money realized by exercise of options	Nil
(i)	total number of options in force	**91,68,000**
(g)	employee wise details of options granted to (i) key managerial personnel (ii) any other employee who receives a grant of options in any one year of option amounting to five percent or more of options granted during that year (iii) identified employees who were granted option, during any one year, equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant	(i) Mahesh Babu - 11,23,448 (Chief Executive Officer) Saroj Khuntia - 1,44,251 (Chief Financial Officer) A Narayana Swamy – 53,969 (Manager) (ii) Nil (iii) Nil

For and on behalf of the Board

Pawan Kumar Goenka
Chairman
DIN: 00254502

Mumbai, 24th April, 2019

Annexure IV to the Directors' Report
For the year ended 31st March, 2019

PARTICULARS AS PER THE COMPANIES (ACCOUNTS) RULES, 2014

A. CONSERVATION OF ENERGY

The Company has always been conscious of the need to conserve energy. Your Company's manufacturing facility is having platinum rating from IGBC and significant portion of the energy generated from solar park. These measures are aimed at effective management and utilization of energy resources and have resulted in sustainable cost savings for the Company.

a) Your Company is using 100% LED lights at its Manufacturing facility.
b) Your Company is having a Solar Park in its manufacturing facility. Average power Generated per day is 268 units in FY19. Net metering has been commissioned in Jan 2019 resulting in buying back of surplus power 3216 units generated during holidays.
c) 64.5% of water utilized at the facility is from re-used STP water.
d) Recycled water increased by 9.25% over F18.
e) 3% reduction in packaging cost by converting carton boxes to returnable bins.
f) Inbound logistics cost reduced by 11.75% over F18 by optimising truck volume utilisation.
g) Specific energy consumption reduced by 27.03% over F18 by optimising process cycle times on Dyno machine and Automatic lighting control in the shop.

B. TECHNOLOGY ABSORPTION

i) The efforts made towards technology absorption:
Successful design and development of high voltage power trains for the first time for 380V (high performance EVs).

Successful delivery of drivetrain (A sample) and vehicle control unit (B sample) for an international order consisting of:

- 140kW , 360Nm, 12,000 RPM, PMSM motor
- In-house 150kW, 400Nm, 15,000 RPM with fixed ratio transmission system
- In–house Vehicle Control Unit with Model Based Design & Layered Architecture (AUTOSAR)

Successful demonstration of in-house 72V powertrain for both India and International market

- Air-cooled 3.3kW OBC complying with global charging standards(Type)
- 1.8kW DC-DC converter
- 40kW, 120Nm, 12000RPM Interior Permanent Magnet Motor

- 50kW, 120Nm, 12000RPM Multi-ratio Transmission Systems
- Liquid cooled battery pack system for operating in a wide range of temperature zone(0-50C)

10 patents filed in addition to grant of first Indian patent. Papers were presented at international forums.

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

Due to its sustained R&D efforts, the Company continued to maintain its leadership in the electric vehicle technology in India. As the overall market for Electric Vehicles significantly expands both in India and abroad, your Company will be one of the major beneficiaries.

iii) During the year, your Company did not import any technology.

iv) The expenditure incurred on Research and Development :

(Rs. in Lakhs)

Description	**Current Year**	Previous Year
a) Capital	4,222	546
b) Recurring	5,696	2,832
Total	9,918	3,378
Total R&D expenditure as a percentage of total turnover	39.48%	26.79%

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

Total Foreign exchange used and earned

(Rs. in Lakhs)

	Current Year	Previous Year
Foreign Exchange used	9,768	3,444
Foreign Exchange Earned	1,792	590

For and on behalf of the Board

Pawan Kumar Goenka
Chairman
DIN: 00254502

Mumbai, 24th April, 2019

Annexure V to the Directors' Report
For the year ended 31st March, 2019

Form No. MGT-9

Extract of Annual Return as on the financial year ended on 31st March, 2019

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i.	Corporate Identification Number (CIN):	:	U34101KA1996PTC020195
ii.	Registration Date:	:	2nd April, 1996
iii.	Name of the Company:	:	Mahindra Electric Mobility Limited
iv.	Category/Sub-Category of the Company:	:	Indian Non-Government Company Limited by shares
v.	Address of the Registered office and contact details:	:	Plot No.66 to 69 & 72 to 76, Bommasandra Industrial Area, Bommasandra, 4th Phase, Jigani Link road, Anekal Taluk, Bengaluru 560099, Karnataka, India. Tel :+91-081-10421555 Email: mahindraelectric.com
vi.	Whether listed company Yes / No:	:	No
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any:	:	Link Intime India Pvt Ltd. C-3,Pannalal Silk Mills Compound, LBS Marg, Bhandup (West),Mumbai 400 078 Ph. No. 022 25963838 Fax No: 022 25946969

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:

Sr. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the
1	Manufacture of Electric Vehicles	29101	20.00%
2	Manufacture of Parts for Vehicles	4530	38.91%
3	Engineering Services	894	38.22%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES :

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary /	% of shares held	Applicable Section

1.	MAHINDRA & MAHINDRA LIMITED Gateway Building, Apollo Bunder, Mumbai 400 001	L65990MH1945PLC004558	Ultimate Holding Company	-	2(46)
2.	MAHINDRA VEHICLE MANUFACTURES LIMITED Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai 400018.	U34100MH2007PLC171151	Holding Company	99.45	2 (46)

IV. SHAREHOLDING PATTERN (Equity Share Capital Break-up as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shar	
A. Promoters									
(1) Indian									
a) Individual/HUF	0	0	0	0	0	0	0	0	0
b) Central Govt	0	0	0	0	0	0	0	0	0
c) State Govt (s)	0	0	0	0	0	0	0	0	0
d) Bodies Corp.	26,74,58,315	5	26,74,58,320	99.13	30,56,58,977	0	30,56,58,977	99.45	0.32
e) Banks / FI	0	0	0	0	0	0	0	0	0
f) Any Other....	0	0	0	0	0	0	0	0	0
Sub-total (A) (1):	26,74,58,315	5	26,74,58,320	99.13	30,56,58,977	0	30,56,58,977	99.45	0.32
(2) Foreign									
a) NRIs – Individuals	0	0	0	0	0	0	0	0	0
b) Other Individuals	0	0	0	0	0	0	0	0	0
c) Bodies Corp.	0	0	0	0	0	0	0	0	0
d) Banks / FI	0	0	0	0	0	0	0	0	0
e) Any Other....	0	0	0	0	0	0	0	0	0
Sub-total (A) (2):	0	0	0	0	0	0	0	0	0
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	26,74,58,315	**5**	**26,74,58,320**	**99.13**	**30,56,58,977**	**0**	**30,56,58,977**	**99.45**	0.32
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt	0	1,07,798	1,07,798	0.05	0	1,07,798	1,07,798	0.04	(0.01)
d) State Govt(s)	-	-	-	-	-	-	-	-	-

e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-				
Sub-total (B)(1):	**0**	**1,07,798**	**1,07,798**	**0.05**	**0**	**1,07,798**	**1,07,798**	**0.04**	**(0.01)**
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	0	0	0	0	0	0	0	0	0
ii) Overseas	0	22,30,561	22,30,561	0.83	0	0	0	0	(0.83)
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	-	-	-	-	-	-	-	-	-
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	-	-	-	-	15,85,000	-	15,85,000	0.52	0.52
c) Others (specify)									
Sub-total (B)(2):	**0**	**22,30,561**	**22,30,561**	**0.83**	**15,85,000**	**-**	**15,85,000**	**0.52**	**(0.31)**
Total Public Shareholding (B)=(B)(1)+ (B)(2)	**0**	**23,38,359**	**23,38,359**	**0.88**	**15,85,000**	**1,07,798**	**16,92,798**	**0.55**	**(0.32)**
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	**26,74,58,315**	**23,38,364**	**26,97,96,679**	**100.00**	**30,72,43,977**	**1,07,798**	**30,73,51,775**	**100**	**0.00**

(ii) Shareholding of Promoters:

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	
1.	Mahindra Vehicle manufactures Limited	26,74,58,315	99.13	-	30,56,58,972	99.45	-	0.32

	Mahindra Vehicle Manufacturers Limited jointly with Dr. Pawan Goenka	1	0.00	-	0	-	-	-
	Mahindra Vehicle Manufacturers Limited jointly with Mr. V. S. Parthasarthy	1	0.00	-	0	-	-	-
	Mahindra Vehicle Manufacturers Limited Jointly with Mr. Bharat Moossaddee	1	0.00	-	0	-	-	-
	Mahindra Vehicle Manufacturers Limited jointly with Mr. P. N. Shah	1	0.00	-	0	-	-	-
	Mahindra Vehicle Manufacturers Limited jointly with Mr. Narayan Shankar	1	0.00	-	1	0.00	-	-
	Mahindra Vehicle Manufacturers Limited jointly with Mr. Rajesh Arora	0	-	-	1	0.00	-	-
	Mahindra Vehicle Manufacturers Limited jointly with Mr. Anita Halbe	0	-	-	1	0.00	-	-

	Vehicle Manufacturers Limited jointly with Ms. Brijbala Batwal	0	-	-	1	0.00	-	-
	Vehicle Manufacturers Limited jointly with Mr. Feroze Baria	0	-	-	1	0.00	-	-
Total		26,74,58,320	99.13	-	30,56,58,977	99.45	-	0.32

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

Sr. No	**Particulars**	**Shareholding at the beginning of the year**		**Cumulative Shareholding during the year**	
		No. of shares	**% of total shares of the company**	**No. of shares**	**% of total shares of the company**
1.	**Mahindra Vehicle Manufacturers Limited**				
	At the beginning of the year	26,74,58,315	99.13		
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. Allotment / transfer / bonus / sweat equity etc.):	-	-	-	
	Transfer of Shares by AEV, LLC 22,30,561			269,688,881	
	Allotment on 31-05-2018 99,96,000			279,684,881	
	Allotment on 11-07-2018 80,32,128			287,717,009	
	Allotment on 31-08-2018 99,96,000			297,713,009	
	Allotment on 14.02.2019 79,45,968			305,658,977	
	At the End of the year			305,658,972	99.45
2.	**Mahindra Vehicle Manufacturers Limited jointly with Mr. P. N. Shah**				
	At the beginning of the year	1	0.00	-	-

	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. Allotment / transfer / bonus / sweat equity etc.): Decrease : Transferred shares on 1st August, 2018	**-**	**-**	1	0.00
	At the End of the year	**-**	**-**	**0**	**0.00**
3.	**Mahindra Vehicle Manufacturers Limited jointly with Dr. Pawan Goenka**				
	At the beginning of the year	**1**	**0.00**	-	-
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. Allotment / transfer / bonus / sweat equity etc.): Decrease : Transferred shares on 21st September, 2018	**-**	**-**	1	0.00
	At the End of the year	**-**	**-**	**0**	**0.00**
4.	**Mahindra Vehicle Manufacturers Limited jointly with Mr. V. S. Parthasarthy**				
	At the beginning of the year	1	0.00	-	-
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. Allotment / transfer / bonus / sweat equity etc.): Decrease : Transferred shares on 21st September, 2018	-	-	1	0.00
	At the End of the year	**-**	**-**	**0**	**0.00**
5.	**Mahindra Vehicle Manufacturers Limited jointly with Mr. Bharat Moossaddee**				
	At the beginning of the year	1	0.00	-	-
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. Allotment / transfer / bonus / sweat equity etc.): Decrease: Transferred shares on 21st September, 2018	-	-	1	0.00

	At the End of the year	**-**	**-**	**0**	**0.00**
6.	**Mahindra Vehicle Manufacturers Limited jointly with Mr. Rajesh Arora**				
	At the beginning of the year	0	0.00	-	-
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. Allotment / transfer / bonus / sweat equity etc.): Increase: Transferred shares on 21st September, 2018	-	-	1	0.00
	At the End of the year	**-**	**-**	**1**	**0.00**
7.	**Mahindra Vehicle Manufacturers Limited jointly with Mr. Feroze Baria**				
	At the beginning of the year	0	0.00	-	-
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. Allotment / transfer / bonus / sweat equity etc.): Increase: Transferred shares on 21st September, 2018	-	-	1	0.00
	At the End of the year	**-**	**-**	**1**	**0.00**
8.	**Mahindra Vehicle Manufacturers Limited jointly with Ms. Anita Halbe**				
	At the beginning of the year	0	0.00	-	-
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. Allotment / transfer / bonus / sweat equity etc.): Increase: Transferred shares on 21st September, 2018	-	-	1	0.00
	At the End of the year	**-**	**-**	**1**	**0.00**
9.	**Mahindra Vehicle Manufacturers Limited jointly with Ms. Brijbala Batwal**				
	At the beginning of the year	0	0.00	-	-

	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. Allotment / transfer / bonus / sweat equity etc.): Increase: Transferred shares on 21st September, 2018	-	-	1	0.00
	At the End of the year	**-**	**-**	**1**	**0.00**

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	Top Ten Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Bharat Moossaddee	-	-	1,50,000	0.05
2.	Hemant Sikka	-	-	1,00,000	0.03
3.	Mohammed Turra	-	-	1,00,000	0.03
4.	Velusamy Ramasamy	-	-	75,000	0.02
5.	Vijay Nakra	-	-	65,000	0.02
6.	Vijay Kalra	-	-	50,000	0.01
7.	Sanjoy Gupta	-	-	50,000	0.01
8.	Rajeev Dubey	-	-	50,000	0.01
9.	Rajeev Goyal	-	-	50,000	0.01
10.	Pravin Nagindas Shah	-	-	50,000	0.01

(v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	Name of the Directors/KMP	**No. of shares**	**% of total shares of the company**	**No. of shares**	**% of total shares of the company**

1.	Pawan Kumar Goenka	-	-	200,000	0.06
2.	Rajan Wadhera	-	-	200,000	0.06
3.	V.S. Parthasarathy	-	-	100,000	0.03
4.	Arvind Mathew	-	-	25,000	0.00
5.	Ruzbeh Baman Irani	-	-	50,000	0.01

V. INDEBTEDNESS:

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(In Rs.)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year (01.04.2018)				
i) Principal Amount	0.00	12,26,26,000	0.00	12,26,26,000
ii) Interest due but not paid	0.00	0.00	0.00	0.00
iii) Interest accrued but not due	0.00	70,28,689	0.00	70,28,689
Change in Indebtedness during the financial year				
• Addition	573,611,966	3,416,730	0	577,028,696
• Reduction	416,429,500	23,787,500	0	440,217,000
Total (i+ii+iii)	157,182,466	109,283,919	0	266,466,385
Net Change				
Indebtedness at the end of the financial year (31.03.2019)				
i) Principal Amount	157,000,000	105,108,000	0	262,108,000
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	182,446	4,175,919	0	4,358,385
Total (i+ii+iii)	157,182,446	109,283,919	0	266,466,385

REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(Rs. In lakhs)

Sr. no.	Particulars of Remuneration	Name of MD/WTD/Manager	Total Amount
		Mr. A Narayanaswamy (Manager)	
1	**Gross Salary**		
	a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	**27.10**	**27.10**
	b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0	0.00
	c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	0	0.00
2	Stock Option	0	0.00
3	Sweat Equity	0	0.00
4	Commission - as % of profit - Others, specify... (Employer PF)	1.04	1.04
5	Others, Please Specify		
6	Total (A)	28.14	28.14
	Ceiling as per the Act	In accordance with Schedule V to the Companies Act, 2013	

B. Remuneration to other directors:

(Rs. In Lakhs)

Sr. No.	Particulars of Remuneration	Name of Directors		Total Amount
		Ms. Sonali Kulkarni	**Mr. Ravindra Dhariwal**	
1	Independent Directors			
	• Fee for attending board / committee meetings	4.80	4.80	9.60
	• Commission	0	0	0
	• Others, please specify	0	0.62	0.62
	Total (1)	4.80	5.42	10.22
2	Other Non-Executive Directors			

	• Fee for attending board / committee meetings	0.00	0.00	0.00
	• Commission	0.00	0.00	0.00
	• Others, please specify	0.00	0.00	0.00
	Total (2)	0.00	0.00	0.00
	Total (B)=(1+2)	4.80	5.42	10.22
	Total Managerial Remuneration	4.80	5.42	10.22
	Overall Ceiling as per the Act	Sitting fees of Rs. 1 Lakh per Director per meeting as per Companies Act, 2013.		

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

(Rs. In Lakhs)

Sr. no.	Particulars of Remuneration	CEO	Company Secretary	CFO	Total
1.	Gross salary	Mr. Mahesh Babu	Mr. Jignesh Parekh	Mr. Saroj Khuntia	
	a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	158.57	3.04	55.65	217.26
	b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0	0	0.09	0.09
	c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	0	0	0	0
2.	Stock Option	0	0	0	0
3.	Sweat Equity	0	0	0	0
4.	Commission	0	0	0	0
	- as % of profit				
	- Others, specify... (Employer PF)	0	0	1.31	1.31
5.	Others, please specify				
	Total	158.57	3.04	57.05	218.66

VI. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: NONE

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-

Compounding	-	-	-	-	-
B. DIRECTORS					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
C. OTHER OFFICERS IN DEFAULT					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

For and on behalf of the Board

Mumbai, 24th April, 2019

Pawan Kumar Goenka
Chairman
DIN: 00254502

INDEPENDENT AUDITOR'S REPORT

To the Members of Mahindra Electric Mobility Limited

Report on the Audit of the IND AS Financial Statements

Opinion

We have audited the IND AS financial statements of Mahindra Electric Mobility Limited ("the Company"), which comprise the balance sheet as at 31 March 2019 and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the IND AS financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid IND AS financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2019, loss and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Management's Responsibility for the IND AS Financial Statements

The Company's management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these IND AS financial statements that give a true and fair view of the state of affairs, 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 the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the IND AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the IND AS financial statements, 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the IND AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the IND AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these IND AS financial statements.

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

- Identify and assess the risks of material misstatement of the IND AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to IND AS financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the IND AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the IND AS financial statements, including the disclosures, and whether the IND AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Report on Other Legal and Regulatory Requirements

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

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

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

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

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

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

   e) On the basis of the written representations received from the directors as on 31 March 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019 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 IND AS 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 2019 on its financial position in its IND AS financial statements - Refer Note 17 and Note 34 to the IND AS financial statements;

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

   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

   iv. The disclosures in the IND AS financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these IND AS financial statements since they do not pertain to the financial year ended 31 March 2019.

   (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 Registration Number: 101248W/W-100022

Amrit Bhansali
Partner
Membership No. 065155

Place: Bengaluru

Date: 24th April, 2019

ANNEXURE - A TO THE INDEPENDENT AUDITORS' REPORT

With respect to the Annexure A referred to in paragraph 1 under Report on Other Legal and Regulatory Requirements of the Independent Auditors' Report to the members of the Company on the IND AS financial statements for the year ended 31 March 2019, we report that:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of three years. 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, certain fixed assets were physically verified during the year. No material discrepancies were noticed on such verification.

(c) In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties included in property, plant and equipment are held 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. For stocks lying with third parties at the year-end, written confirmation have been obtained by the management.

(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 Companies Act, 2013 ('the Act'). Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company.

(iv) According to the information and explanations given to us, there are no loans, investments, guarantees and security given in respect of which provisions of section 185 and 186 of the Act are applicable. Accordingly, the provisions of clause 3(iv) of the Order are not applicable to the Company.

(v) The Company has not accepted any deposits from the public. Accordingly, the provisions of clause 3(v) of the Order are not applicable to the Company.

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

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income-tax, custom duty, goods and services tax, cess and any other material statutory dues have been generally regularly deposited during the year by the Company with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employee state insurance, income-tax, custom duty, goods and services tax, cess and any other material statutory dues were in arrears, as at 31 March 2019, 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 or goods and services tax or service-tax or duty of customs or duty of excise which have not been deposited by the Company on account of disputes, except for the following:

Name of statute	Nature of dues	Amount (INR)*	Period to which the amount relates	Forum where dispute is pending
Central Excise Act, 1944	Excise Duty	5,142,000	AY 2009-2011	Additional Commissioner of Central Excise
Central Excise Act, 1944	Excise Duty	99,671,851*	AY 2009-2011	CESTAT
Central Excise Act, 1944	Customs Duty	9,600,000	AY 2016-2017	CESTAT
Central Excise Act 1944	Excise Duty	534,140	AY 2018-19	Assistant Commissioner
Finance Act 1994	Service tax	7,549,923	AY 2006-2009	CESTAT
Finance Act 1994	Service tax	10,510,651	AY 2006-2015	Additional Commissioner of Service tax
Income tax Act 1961	Income tax and penalties	–*	AY 2012-2013	–

* Against the above, amount of INR 25,000,000 is paid under protest for Excise Duty and INR 16,500,000 is paid under protest for Income Tax. Refer note 34 for details.

(viii) According to the information and explanations given to us, the Company did not have any outstanding loans or borrowings from any financial institution or bank or government or dues to debenture holders during the year. Accordingly, the provisions of clause 3(viii) of the Order are not applicable to the Company.

(ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause 3 (ix) of the Order is not applicable to the Company.

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

(xi) 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) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, clause 3(xii) of the Order is not applicable to the Company.

(xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act, where applicable, and details of such transactions have been disclosed in the IND AS financial statements as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has made preferential allotment of shares during the year and the requirements of section 42 of Companies Act, 2013 have been complied with.

(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 any non-cash transactions with directors or persons connected with him. Accordingly, clause 3(xv) of the Order is not applicable to the Company.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934. Accordingly, clause 3(xvi) of the Order is not applicable to the Company.

For B S R & Co. LLP
Chartered Accountants
Firm Registration Number: 101248W/W-100022

Amrit Bhansali
Partner
Membership No. 065155

Place: Bengaluru

Date: 24th April, 2019

ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT ON THE IND AS FINANCIAL STATEMENTS OF MAHINDRA ELECTRIC MOBILITY LIMITED FOR THE PERIOD ENDED 31ST MARCH 2019.

Report on the internal financial controls with reference to the aforesaid IND AS 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 Requirement's section of our report of even date)

Opinion

We have audited the internal financial controls with reference to IND AS financial statements of Mahindra Electric Mobility Limited ("the Company") as of 31 March 2019 in conjunction with our audit of the IND AS financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to IND AS financial statements and such internal financial controls were operating effectively as at 31 March 2019, based on the internal financial controls with reference to IND AS 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 IND AS 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 IND AS 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 IND AS 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 IND AS 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 IND AS financial statements and their operating effectiveness. Our audit of internal financial controls with reference to IND AS 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 IND AS financial statements, whether due to fraud or error.

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

Meaning of Internal Financial controls with Reference to IND AS Financial Statements

A company's internal financial controls with reference to IND AS financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of IND AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to IND AS 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 IND AS 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 IND AS financial statements.

Inherent Limitations of Internal Financial controls with Reference to IND AS Financial Statements

Because of the inherent limitations of internal financial controls with reference to IND AS 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 IND AS financial statements to future periods are subject to the risk that the internal financial controls with reference to IND AS 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 Registration Number: 101248W/W-100022

Amrit Bhansali
Partner
Membership No. 065155

Place: Bengaluru
Date: 24th April, 2019

BALANCE SHEET AS AT 31ST MARCH 2019

(₹ in lakhs)

	Notes	As at 31st March 2019	As at 31st March 2018
ASSETS			
Non-current assets			
Property, plant and equipment	4	**14,544**	11,227
Capital work-in-progress		**1,074**	932
Other intangible assets	5	**6,336**	4,976
Intangible assets under development		**2,384**	995
Financial assets			
Loans	6	**289**	262
Other non-current assets	7 (a)	**4,611**	1,714
		29,238	20,106
Current assets			
Inventories	8	**4,516**	3,637
Financial assets			
Investments	9	**–**	293
Trade receivables	10	**2,056**	3,974
Cash and cash equivalents	11	**3**	563
Other financial assets	12	**–**	1
Other current assets	7 (b)	**7,319**	5,178
Assets held for sale	13	**148**	–
		14,042	13,646
TOTAL ASSETS		**43,280**	33,752
EQUITY AND LIABILITIES			
Equity			
Equity share capital	14	**30,735**	26,980
Other equity		**(2,693)**	(3,387)
Total equity		**28,042**	23,593
Liabilities			
Non-current liabilities			
Financial Liabilities			
Borrowings	15 (a)	**876**	1,051
Other financial liabilities	16 (a)	**–**	26
Provisions	17 (a)	**957**	724
Other non-current liabilities	18 (a)	**13**	60
		1,846	1,861
Current liabilities			
Financial liabilities			
Borrowings	15 (b)	**1,570**	–
Trade payables	19		
Total outstanding dues of micro and small enterprises		**464**	168
Total outstanding dues of creditors other than micro and small enterprises		**5,728**	3,067
Other financial liabilities	16 (b)	**3,447**	1,732
Provisions	17 (b)	**695**	654
Other current liabilities	18 (b)	**1,488**	2,677
		13,392	8,298
		15,238	10,159
TOTAL EQUITY AND LIABILITIES		**43,280**	33,752
Summary of significant accounting policies	2.3		

The accompanying notes form an integral part of the IND AS financial statements.

As per our report of even date attached:

For B S R & Co. LLP
Chartered Accountants
Firm registration number: 101248W/W-100022

Amrit Bhansali
Partner
Membership Number: 065155

Place: Bengaluru
Date: 24th April, 2019

For and on behalf of the Board of Directors of
Mahindra Electric Mobility Limited

Dr. Pawan Kumar Goenka	Chairman	DIN: 00254502
Arvind Mathew	Director	DIN: 01377003
Saroj Khuntia	Chief Financial Officer	
Mahesh Babu	Chief Executive Officer	
Jignesh Parikh	Company Secretary	

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2019

(₹ in lakhs except per share data)

	Notes	For the year ended 31st March 2019	For the year ended 31st March 2018
Revenue from operations	20	24,906	12,608
Other income	21	224	333
Total Income		25,130	12,941
Expenses			
Cost of materials consumed	22	11,848	8,431
Changes in inventories of finished goods	23	(130)	(177)
Excise duty on sale of goods		-	144
Employee benefits expense	24	6,409	6,057
Finance cost	25	96	99
Depreciation and amortisation expense	4, 5 & 26	3,936	4,408
Other expenses	27	8,269	6,880
Total Expenses		30,428	25,842
Loss before tax		(5,298)	(12,901)
Tax expense			
Current tax		-	-
Deferred tax	35	-	-
Loss for the year		(5,298)	(12,901)
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Remeasurements of defined benefit plan, net of tax	31	(71)	93
		(71)	93
Total comprehensive loss for the year attributable to the owners of the Company		(5,369)	(12,808)
Earnings per equity share of face value Rs. 10 each			
Basic and diluted	30	(1.82)	(5.32)
Summary of significant accounting policies	2.3		

The accompanying notes form an integral part of the IND AS financial statements.

As per our report of even date attached:

For B S R & Co. LLP
Chartered Accountants
Firm registration number: 101248W/W-100022

Amrit Bhansali
Partner
Membership Number: 065155

Place: Bengaluru
Date: 24th April, 2019

For and on behalf of the Board of Directors of
Mahindra Electric Mobility Limited

Dr. Pawan Kumar Goenka	Chairman	DIN: 00254502
Arvind Mathew	Director	DIN: 01377003
Saroj Khuntia	Chief Financial Officer	
Mahesh Babu	Chief Executive Officer	
Jignesh Parikh	Company Secretary	

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH 2019

(₹ in lakhs)

	31st March 2019	31st March 2018
Cash flows from operating activities		
Loss before tax for the year	**(5,298)**	(12,901)
Adjustments for:		
Provisions no longer required written back	**–**	(185)
Allowances for expected credit losses on financial assets	**107**	305
Interest costs recognised in profit and loss	**96**	65
Interest income	**(37)**	(29)
Net gain on sale of current investment	**(5)**	(21)
Share-based payment expense	**476**	109
Actuarial (gain)/loss (reclassification to OCI)	**(71)**	93
(Profit)/loss on disposal of property, plant and equipment	**(14)**	8
Depreciation and amortisation expense	**3,936**	4,408
Provision for asset held for sale	**66**	–
Assets written off	**63**	673
Net foreign exchange (gain)/loss	**(56)**	3
Operating cash flow before working capital changes	**(737)**	(7,472)
Movements in working capital:		
Trade receivables	**1,856**	(572)
Non current assets	**(3,697)**	(224)
Current assets	**(2,142)**	(964)
Inventories	**(878)**	267
Trade payables	**2,990**	(2,544)
Non current provisions	**238**	101
Current provisions	**41**	(82)
Non current liabilities	**(47)**	(204)
Other current liabilities	**(1,100)**	2,953
Cash generated from operations	**(3,476)**	(8,741)
Income taxes paid	**(225)**	(470)
Net cash flows used in operating activities	**(3,701)**	(9,211)
Cash flows from investing activities		
Acquisition of property, plant and equipment	**(7,900)**	(3,704)
Proceeds from disposal of property, plant and equipment	**74**	23
Interest received	**38**	28
Acquisition of investments	**(1,696)**	(4,799)
Proceeds from sale of investments	**1,993**	5,022
Net cash flows used in investing activities	**(7,491)**	(3,430)

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH 2019

	(₹ in lakhs)
Equity share capital*	
As at 1 April 2017	20,757
Issued during the year	6,223
Balance as at 31 March 2018	26,980
As at 1 April 2018	26,980
Issued during the year	3,755
Balance as at 31 March 2019	**30,735**

* refer note 14

Other equity

(₹ in lakhs)

Particulars	Share application money pending allotment	Reserves and surplus: Securities premium	Reserves and surplus: Share options outstanding account #	Reserves and surplus: Retained earnings	Items of Other Comprehensive Income: Remeasurement of defined benefit liability, net of tax	Total
Balance as at 1 April 2017	2,000	55,929	-	(55,840)	-	2,089
Total comprehensive income for the year ended 31st March 2018						
Loss for the year	-	-	-	(12,901)	-	(12,901)
Other comprehensive income	-	-	-	-	93	93
Total comprehensive income	-	-	-	(12,901)	93	(12,808)
Transferred to retained earnings	**-**	**-**	**-**	**93**	**(93)**	**-**
Contributions by and distributions to owners						
Issue of equity shares	(2,000)	9,257	-	-	-	7,257
Share based payments #	-	-	75	-	-	75
Total contributions by and distributions to owners	(2,000)	9,257	75	93	(93)	7,332
Balance as at 31 March 2018	**-**	**65,186**	**75**	**(68,648)**	**-**	**(3,387)**
Total comprehensive income for the year ended 31 March 2019						
Loss for the year	-	-	-	(5,298)	-	(5,298)
Other comprehensive income	-	-	-	-	(71)	(71)
Total comprehensive income	**-**	**-**	**-**	**(5,298)**	**(71)**	**(5,369)**
Transferred to retained earnings	**-**	**-**	**-**	**(71)**	**71**	**-**
Contributions by and distributions to owners						
Issue of equity shares	-	5,611	-	-	-	5,611
Share based payments #	-	-	452	-	-	452
Total contributions by and distributions to owners	-	5,611	452	(71)	71	6,063
Balance as at 31 March 2019	**-**	**70,797**	**527**	**(74,017)**	**-**	**(2,693)**

 # Refer note 32

Nature and purpose of reserves

(a) **Securities Premium**

Securities premium is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of section 52 of the Companies Act, 2013.

(b) **Share options outstanding Account**

The share options outstanding account is used to recognise the grant date fair value of options during the vesting period issued under Mahindra Electric Mobility Limited ESOP Scheme ('MEML ESOP-2017').

As per our report of even date attached:

For B S R & Co. LLP
Chartered Accountants
Firm registration number: 101248W/W-100022

Amrit Bhansali
Partner
Membership Number: 065155

Place: Bengaluru
Date: 24th April, 2019

For and on behalf of the Board of Directors of

Mahindra Electric Mobility Limited

Dr. Pawan Kumar Goenka	Chairman	DIN: 00254502
Arvind Mathew	Director	DIN: 01377003
Saroj Khuntia	Chief Financial Officer	
Mahesh Babu	Chief Executive Officer	
Jignesh Parikh	Company Secretary	

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH 2019

(₹ in lakhs)

		31st March 2019	31st March 2018
Cash flows from financing activities			
Proceeds from issue of equity share capital (including securities premium)		**9,366**	13,479
Proceeds from short term borrowings		**1,570**	–
Repayment of long term borrowings		**(175)**	(800)
Interest paid		**(129)**	(98)
Net cash flow from financing activities		**10,632**	12,581
Net decrease in cash and cash equivalents		**(560)**	(60)
Cash and cash equivalents at the beginning of the year		**563**	623
Cash and cash equivalents at the end of the year (Refer Note 11)		**3**	563
Components of cash and cash equivalents			
Cash on hand		**–**	–
Balances with banks			
Current accounts		**3**	16
Deposit accounts		**–**	547
Total cash and cash equivalents		**3**	563
Summary of significant accounting policies	2.3		

The accompanying notes are an integral part of the IND AS financial statements.

As per our report of even date attached:

For B S R & Co. LLP
Chartered Accountants
Firm registration number: 101248W/W-100022

Amrit Bhansali
Partner
Membership Number: 065155

Place: Bengaluru
Date: 24th April, 2019

For and on behalf of the Board of Directors of

Mahindra Electric Mobility Limited

Dr. Pawan Kumar Goenka	Chairman	DIN: 00254502
Arvind Mathew	Director	DIN: 01377003
Saroj Khuntia	Chief Financial Officer	
Mahesh Babu	Chief Executive Officer	
Jignesh Parikh	Company Secretary	

NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

1. **Reporting Entity**

Mahindra Electric Mobility Limited ('the Company') is engaged in design and manufacture of electrically powered vehicles and design and development of related technology for end use vehicles. The marketing of the car is done through a network of dealers in India and abroad.

The Company is an unlisted public limited company domiciled in India and is incorporated under the provisions of the Indian Companies Act, 2013. The registered office of the Company is located at Plot No 66 to 69 & 72 to 76, Bommasandra Industrial Area, 4th Phase, Jigani Link Road, Anekal Taluk, Bangalore 560 099.

The Company's Holding Company is Mahindra Vehicle Manufacturers Limited ("the Holding Company) and the Ultimate Holding Company is Mahindra & Mahindra Limited ("the Ultimate Holding Company").

2.1. **Statement of compliance**

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

In the Board of Directors meeting held on 24 April 2019, the Board has approved to issue these IND AS financial statements to shareholders of the Company.

2.2. **Basis of preparation**

a) **Basis of measurement**

The IND AS financial statements have been prepared on the historical cost convention and on an accrual basis except for the following items:

Items	Measurement basis
Certain financial assets	Fair value / Amortized cost
Liabilities for equity-settled share-based payments	Fair value
Net defined benefit liability	Present value of defined benefit obligations

b) **Functional and presentation currency**

These IND AS financial statements are presented in Indian rupee (INR), which is the Company's functional and presentation currency.

c) **Going concern**

The Company has been incurring losses and has accumulated losses of Rs. 74,017 lakhs as at 31 March 2019. However, owing to the continued support for the past several years from the Holding Company and based on future business plans, the Company is confident of funding its operating and capital expenditure and continue business operations in the foreseeable future. Hence, these IND AS financial statements have been prepared on a going concern basis.

d) **Use of estimates and judgements**

In preparing these IND AS 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 IND AS financial statements is included in the notes:

Note 2.3 (c) – Intangible assets: whether the Company recognises the expenditure incurred on technology development as an intangible asset or as an operating expense.

Note 2.3 (h) – Leases: Whether the Company classifies a lease transaction as a finance lease or an operating lease.

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended 31 March 2019 are included in the following notes:

- Note 2.3 (b) and Note 2.3 (c) - useful life of assets;
- Note 2.3 (d) - impairment of financial assets: key assumptions over expected credit losses associated with its assets carried at amortised cost;
- Note 2.3 (d) - impairment of non-financial assets: key assumptions underlying recoverable value;
- Note 2.3 (g) - measurement of defined benefit obligations: key actuarial assumptions;
- Note 2.3 (i) - recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used; and
- Note 2.3 (k) - recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources;

e) **Measurement of fair values**

A number of the Company's accounting policies and disclosures 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. Significant valuation issues, if any, are reported to the Company's Management.

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 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.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

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

- Note 2.3 (g) - share-based payment transactions
- Note 2.3 (p) - financial instruments.

2.3 **Significant accounting policies**

a) **Current versus non-current classification**

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

b) Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. This applies mainly to components for machinery. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied.

Subsequent expenditure related to an item of property, plant and equipment is added to its book value only if it increases the future benefits from its previously assessed standard of performance. All other expenses on existing property, plant and equipment, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

Borrowing costs directly attributable to acquisition of property, plant and equipment which take substantial period of time to get ready for its intended use are also included to the extent these relate to the period till such assets are ready to be put to use.

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date are classified as capital advances under other non-current assets. Costs of assets not ready for use at the balance sheet date are disclosed under capital work- in- progress.

An item of property, plant and equipment and any significant part initially recognized is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss when the Property, plant and equipment is de-recognized.

Depreciation

Depreciation is calculated on a straight-line basis over the estimated range of useful lives of the assets as follows:

Class of assets	Management estimate of useful life in years	Useful life as per Schedule II
Factory Building	30	30
Plant & Machinery*	5 to 15	10 to 15
Tools & Fixtures*	8	NA
Office equipment*	3 to 5	5
Computer equipment	3 to 6	3 to 6
Furniture & Fixtures	10	10
Vehicles*	5	8
Batteries*	3 to 5	NA

Leasehold improvements are amortized over the lease term or useful lives of assets, whichever is lower.

* The Company, based on technical assessment made by technical expert and management estimate, depreciates certain items of plant and machinery, tools and fixtures, office equipment, vehicles and batteries over estimated useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

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.

c) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost and carried at cost less any accumulated amortisation and accumulated impairment losses, if any.

Development expenditure on an individual project is recognised as an intangible asset when the Company can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale;
- Its intention to complete and its ability and intention to use or sell the asset;
- How the asset will generate future economic benefits;
- The availability of resources to complete the asset; and
- The ability to measure reliably the expenditure during development.

During the period of development, the asset is tested for impairment annually.

Intangible assets are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as

NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

The Management estimates the useful lives for its intangible assets as follows:

Class of assets	Useful life estimated (in years)
Technical Knowhow	5
Product development expenditure	5
Computer software	4

De recognition

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

d) Impairment

i. Impairment of financial assets

The Company recognises loss allowances for expected credit losses on financial assets measured at amortised cost.

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

In all cases, the maximum period considered when estimating expected credit losses is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of expected credit losses

Expected credit losses are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive).

Presentation of allowance for expected credit losses in the balance sheet

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write off.

ii. Impairment of non-financial assets

For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of a CGU (or an individual asset) is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU (or the asset).

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in statement of profit and loss.

In respect of assets for which impairment loss has been recognised in prior periods, the Company reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

e) Revenue recognition

Effective 1 April 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 Recognition. The Company has adopted Ind AS 115 using the cumulative effect method (without practical expedients), with the effect of initially applying this standard recognised at the date of initial application (i.e.1 April 2018). Accordingly, the information presented for the year ended 31 March 2018 has not been restated – i.e. it is presented, as previously reported, under Ind AS 18 and related interpretations.

The Company recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. A 5-step approach is used to recognise revenue as below:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligation in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Sale of goods

Revenue from the sale of goods is recognised upon transfer of control of promised goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. The Company provides normal warranty provisions for general repairs on all its products sold, in line with the industry practice. A liability is recognised at the time the product is sold.

Rendering of services

Arrangements with customers for development of technology and engineering services are on a fixed-price and fixed-time frame basis. Revenue from these contracts, where the performance obligations are satisfied over time and where there is no uncertainty as to measurement or collectability of consideration, is recognised as per the percentage-of-completion method. When there is uncertainty as to measurement or ultimate collectability, revenue recognition is postponed until such uncertainty is resolved. Costs expended have been used to measure progress towards completion as there is a direct relationship between input and productivity.

Maintenance revenue is recognized ratably over the term of the underlying maintenance arrangement.

Revenue in excess of invoicing are classified as contract assets

NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

(referred as unbilled revenue) while invoicing in excess of revenues are classified as contract liabilities (referred as deferred revenues).

Deferred contract costs are incremental costs of obtaining a contract which are recognized as assets and amortized over the term of the contract.

Contract modifications are accounted for when additions, deletions or changes are approved either to the contract scope or contract price. The accounting for modifications of contracts involves whether the services added to an existing contract are distinct and whether the pricing is at the standalone selling price. Services added that are not distinct are accounted for on a cumulative catch up basis, while those that are distinct are accounted for prospectively, either as a separate contract, if the additional services are priced at the standalone selling price, or as a termination of the existing contract and creation of a new contract if not priced at the standalone selling price.

Interest income

For all debt instruments measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability.

When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses. Interest income is included in other income in the statement of profit and loss.

f) Foreign currency transactions

Transactions in foreign currency are translated to the functional currency at the exchange rates at the dates of the transaction or an average rate, if the average rate approximates the actual rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency using exchange rate prevalent at the each reporting date.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated in to the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Exchange differences are recognised in statement of profit and loss for the period in which the transaction is settled.

g) Employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset.

The Company operates a defined benefit gratuity plan which requires contributions to be made to a separately administered fund. The cost of providing benefits under the defined benefit plan is determined on the basis of on actuarial valuation at the year end, using the projected unit credit method.

Long-term compensated absences are provided for based on the actuarial valuation carried out at year-end using the projected unit credit method.

Gains and losses through re-measurements of the net defined benefit liability/ (asset) are recognized in other comprehensive income and are not reclassified to profit or loss in a subsequent period. Further, as required under Ind AS compliant Schedule III, the Company transfers those amounts recognised in other comprehensive income to retained earnings.

Share-based payment transactions

The grant date fair value of equity settled share-based payment awards granted to employees is recognised as an employee benefit expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as expense is based on the estimate of the number of awards for which the related service are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service conditions at the vesting date.

h) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Company as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term.

Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

i) Income taxes

Income tax comprises current and deferred tax. It is recognised in statement of profit and 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. Minimum Alternative Tax ('MAT') under the provisions of the Income-tax Act, 1961 is recognised as current tax in the statement of profit and loss. 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.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised

NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

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 assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Company recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets unrecognised or recognised, 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.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

j) **Earnings / (loss) per share**

The basic earnings / (loss) per share ('EPS') is computed by dividing the net profit / (loss) after tax for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

The number of shares used in computing diluted earnings per share comprises the weighted average number of shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period unless issued at a later date. In computing dilutive earning per share, only potential equity shares that are dilutive i.e. which reduces earnings per share or increases loss per share are included.

k) **Provision and contingent liabilities**

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, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

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

Warranty provision

Provisions for warranty-related costs are recognised when the product is sold or service provided to the customer.

Initial recognition is based on historical experience. The initial estimate of warranty-related costs is revised annually.

Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the IND AS financial statements.

l) **Inventories**

Inventories are valued at the lower of cost and net realisable value. Cost of inventories comprises purchase price, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In determining the cost, weighted average cost is used. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs to sell. The comparison of cost and net realizable value is made on an item-by-item basis.

Inventories are stated net of write down or allowances on account of obsolescence, damage or slow moving items.

The method of determination of cost is as follows:

– Raw materials and components – on a weighted average basis

– Stores and spares – on a weighted average basis

– Work-in-progress – includes costs of conversion

– Finished goods – includes costs of conversion

– Goods in transit – at purchase cost

The provision for inventory obsolescence is assessed periodically and is provided as considered necessary.

m) **Cash flow statement**

Cash flows are reported using the indirect method, whereby net profit / (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

n) **Government grants**

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

o) **Cash and cash equivalents**

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

p) **Financial instruments**

i. **Recognition and initial measurement**

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

ii. **Classification and subsequent measurement**

Financial assets

On initial recognition, a financial asset is classified as measured at either at amortised cost, FVTPL or fair value in other comprehensive income (FVOCI).

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets 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.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI – equity investment). This election is made on an investment by investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at investment level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for each of such investments and the operation of those policies in practice;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable interest rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

Financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL - These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in statement of profit and loss.

Financial assets at amortised cost - These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in statement of profit and loss. Any gain or loss on derecognition is recognised in statement of profit and loss.

Equity investments at FVOCI - These assets are subsequently measured at fair value. Dividends are recognised as income in statement of profit and loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to statement of profit and loss.

Financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held for trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in statement of profit and loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in statement of profit and loss. Any gain or loss on derecognition is also recognised in statement of profit and loss.

iii. **Derecognition**

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset

NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset 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 the new financial liability with modified terms is recognised in statement of profit and loss.

iv. **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 to realise the asset and settle the liability simultaneously.

3. **Standards issued but not yet effective**

Ministry of Corporate Affairs ("MCA"), through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified the following new and amendments to Ind ASs which the Group has not applied as they are effective from April 1, 2019:

Ind AS 116 – 'Leases'

Ind AS 116 will replace the existing leases standard, Ind AS 17 Leases. 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 lessee accounting model for lessees. A lessee recognises right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

The Company will adopt Ind AS 116, effective annual reporting period beginning April 1, 2019. The Company will apply the standard to its leases with modified retrospective approach with prospective computation of right-of-use asset by discounting future lease payments using incremental borrowing rate as on the date of inital application (1 April 2019). Accordingly, the Company will not restate comparative information. In accordance with the standard, the Company will elect not to apply the requirements of Ind AS 116 to short-term leases and leases for which the underlying asset is of low value.

On transition, the Company will be using the practical expedient provided the standard and therefore, will not reassess whether a contract, is or contains a lease, at the date of initial application.

With effect from 1 April 2019, the Company will recognise new assets and liabilities for its operating leases of premises and other assets. The nature of expenses related to those leases will change from lease rent in previous periods to a) amortization change for the right-to-use asset; and b) interest accrued on lease liability.

Previously, the Company recognised operating lease expense on a straight-line basis over the term of the lease, and recognised assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognised.

The Company is in the process of evaluating the potential impact of the adoption of IND AS 116 on accounting policies followed in its IND AS financial statements. The quantitative impact of adoption of IND AS 116 on the financial statements in the period of initial application is not reasonably estimable as at present.

Ind AS 12 Income taxes (amendments relating to income tax consequences of dividend and uncertainty over income tax treatments)

The amendment relating to income tax consequences of dividend clarify that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The Company does not expect any impact from this pronouncement. It is relevant to note that the amendment does not amend situations where the entity pays a tax on dividend which is effectively a portion of dividends paid to taxation authorities on behalf of shareholders. Such amount paid or payable to taxation authorities continues to be charged to equity as part of dividend, in accordance with Ind AS 12.

The amendment to Appendix C of Ind AS 12 specifies that the amendment is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. It outlines the following: (1) the entity has to use judgement, to determine whether each tax treatment should be considered separately or whether some can be considered together. The decision should be based on the approach which provides better predictions of the resolution of the uncertainty (2) the entity is to assume that the taxation authority will have full knowledge of all relevant information while examining any amount (3) entity has to consider the probability of the relevant taxation authority accepting the tax treatment and the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates would depend upon the probability.

Ind AS 19 – Plan Amendment, Curtailment or Settlement

The amendments clarify that if a plan amendment, curtailment or settlement occurs, it is mandatory that the current service cost and the net interest for the period after the re-measurement are determined using the assumptions used for the re-measurement. In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. The Company does not expect this amendment to have any significant impact on its IND AS financial statements.

Ind AS 23 – Borrowing Costs

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. The Company does not expect any impact from this amendment.

NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

4. Property, plant and equipment

Reconciliation of carrying amount

(Rs. in lakhs)

Particulars	Freehold land	Factory Buildings	Leasehold improvements	Plant & machinery	Tools & fixtures	Office equipment	Computer equipment	Furniture and fixtures	Vehicles	Batteries	Total
At Cost (Gross carrying amount)											
At 31 March 2017	836	1,741	13	2,398	6,552	168	484	194	1,395	1,986	15,767
Additions during the year	–	905	–	765	346	40	176	5	112	2	2,351
Disposals during the year	–	–	–	(157)	–	(67)	(60)	(64)	(446)	(2)	(796)
At 31 March 2018	**836**	**2,646**	**13**	**3,006**	**6,898**	**141**	**600**	**135**	**1,061**	**1,986**	**17,322**
Additions during the year	–	1,233	–	2,182	1,940	70	231	9	53	–	5,718
Disposals during the year	–	–	(1)	(1)	–	–	(51)	–	(869)	(245)	(1,167)
At 31 March 2019	**836**	**3,879**	**12**	**5,187**	**8,838**	**211**	**780**	**144**	**245**	**1,741**	**21,873**
Accumulated depreciation											
At 31 March 2017	–	280	6	730	2,201	131	383	125	623	500	4,979
Depreciation for the year	–	80	1	211	760	17	88	11	211	292	1,671
On disposals	–	–	–	(118)	–	(64)	(60)	(57)	(256)	(0)	(555)
At 31 March 2018	–	**360**	**7**	**823**	**2,961**	**84**	**411**	**79**	**578**	**792**	**6,095**
Depreciation for the year	–	101	1	311	1,109	22	123	10	140	247	2,064
On disposals	–	–	(1)	(1)	–	–	(49)	–	(584)	(195)	(830)
At 31 March 2019	–	**461**	**7**	**1,133**	**4,070**	**106**	**485**	**89**	**134**	**844**	**7,329**
Carrying amount (net)											
At 31 March 2018	**836**	**2,286**	**6**	**2,183**	**3,937**	**57**	**189**	**56**	**483**	**1,194**	**11,227**
At 31 March 2019	**836**	**3,418**	**5**	**4,054**	**4,768**	**105**	**295**	**55**	**111**	**897**	**14,544**

Notes:

a. Vehicles as on 31 March 2019 includes self generated assets with cost aggregating to Rs. 181 lakhs (31 March 2018 – Rs. 919 lakhs).

b. Gross carrying amount of tools and fixtures as on 31 March 2019 includes tools aggregating to Rs. 7,875 lakhs (31 March 2018 – Rs. 5,963 lakhs) lying with third party vendors.

c. Batteries are given to customers on operating lease arrangement.

NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

5. Other Intangible assets

Reconciliation of carrying amount (Rs. in lakhs)

Particulars	Product Development	Computer Software	Total
Cost (Gross carrying amount)			
At 31 March 2017	19,127	648	19,775
Additions during the year	–	305	305
At 31 March 2018	19,127	953	20,080
Additions during the year	2,492	740	3,232
Disposals during the year	–	(100)	(100)
At 31 March 2019	**21,619**	**1,593**	**23,212**
Accumulated amortisation			
At 31 March 2017	11,911	456	12,367
Amortisation for the year	2,617	120	2,737
At 31 March 2018	14,528	576	15,104
Amortisation for the year	1,655	217	1,872
On disposals	–	(100)	(100)
At 31 March 2019	**16,183**	**693**	**16,876**
Carrying amount (net)			
At 31 March 2018	4,599	377	4,976
At 31 March 2019	**5,436**	**900**	**6,336**

Intangible asset under development

Intangible asset under development includes Rs. 4,055 lakhs (31 March 2018: Rs. 1,067 lakhs) pertaining to expenses incurred on product development and Rs. 581 lakhs (31 March 2018: Rs. 380 lakhs) pertaining to expenses incurred on software.

6. Loans

(Rs. in lakhs)

	31 March 2019	31 March 2018
Non-current		
Security Deposits		
Unsecured, considered good	**289**	262
Unsecured, credit impaired	**8**	8
Less: Allowance for expected credit losses	**(8)**	(8)
	289	262

7. Other assets

(Rs. in lakhs)

(a) Non-current		31 March 2019	31 March 2018
Capital advances	**(A)**	231	1,184
Advances other than capital advances			
Unsecured, considered good			
Tax deducted at source		**738**	513
Rent paid in advance		**3,642**	17
	(B)	**4,380**	530
Unsecured, credit impaired			
Advances recoverable in cash or kind		**169**	157
Balances with government authorities*		**529**	571
	(C)	**698**	728
Less: Allowance for expected credit losses	**(D)**	**(698)**	(728)
	(E) = (A) + (B) + (C)–(D)	**4,611**	1,714

(b) Current

(Rs. in lakhs)

	31 March 2019	31 March 2018
Unsecured, considered good		
Advances recoverable in cash or kind	**405**	668
Balances with government authorities	**4,363**	3,239
Prepaid expenses	**36**	81
Rent paid in advance	**54**	21
Unbilled revenue	**2,461**	1,169
	7,319	5,178

* Includes Rs. 415 lakhs (31 March 2018: Rs. 415 lakhs) paid under protest against disputed demands. Out of Rs. 415 lakhs, the amount pertaining to excise duty is Rs. 250 lakhs and that pertaining to Income Tax is Rs. 165 lakhs.

8. Inventories

(At lower of cost and net realisable value)

(Rs. in lakhs)

	31 March 2019	31 March 2018
Raw materials (includes raw materials in transit Rs. 61 lakhs (31 March 2018: Rs. 183 lakhs) – Net of provision of Rs. 544 Lakhs (31 March 2018: Rs. 457 Lakhs)	**3,603**	2,899
Finished goods -Net of provision of Rs. 15 Lakhs (31 March 2018: Rs. 612 Lakhs)	**590**	460
Stores and Spares–Net of provision of Rs. 30 Lakhs (31 March 2018: Rs. Nil)	**323**	278
	4,516	3,637

Out of the total stock above, stocks lying with third parties as at March 2019 is Rs. 219 lakhs (31 March 2018: Rs. 308 lakhs)

9. Investments

Current investments (measured at Fair Value through Profit and Loss)

(Rs. in lakhs)

Unquoted mutual funds	31 March 2019	31 March 2018
ICICI Money Market Fund–Cash–Growth, Nil (31 March 2018: 94,048 units)	–	225
UTI Money Market Fund–Growth, Nil (31 March 2018: 3,487 units)	–	68
Total	–	293

10. Trade receivables

(Rs. in lakhs)

	31 March 2019	31 March 2018
Unsecured, considered good	**2,056**	3,974
Unsecured, considered doubtful	**290**	227
Less: Allowance for expected credit losses	**(290)**	(227)
	2,056	3,974
Of the above, trade receivables from:		
– Related parties (refer note 36)	**1,351**	2,140
– Others	**995**	2,062
	2,346	4,202

Note:

No trade or other receivable 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.

NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

11. Cash and cash equivalents

(Rs. in lakhs)

	31 March 2019	31 March 2018
Cash on hand	-	-
Balances with banks:		
Current accounts	3	16
Deposits with original maturity of less than three months	-	547
	3	563

12. Other financial assets

(Rs. in lakhs)

	31 March 2019	31 March 2018
Current		
Interest accrued on deposits	-	1
	-	1

13. Assets held for sale

(Rs. in lakhs)

	31 March 2019	31 March 2018
Assets held for sale	214	-
Less: Provision for assets held for sale	(66)	-
	148	-

14. Equity Share Capital

(Rs. in lakhs except per share data)

	As at 31 March 2019	As at 31 March 2018
Authorised		
40,00,00,000 (31 March 2018: 40,00,00,000) equity shares of Rs. 10 each	40,000	40,000
Issued, subscribed and fully paid-up		
30,73,51,775 (31 March 2018: 26,97,96,679) equity shares of Rs. 10 each	30,735	26,980

a. Reconciliation of shares outstanding at the beginning and at the end of reporting year

i. Equity shares of Rs. 10 each, fully paid-up

(Rs. in lakhs except per share data)

	As at 31 March 2019		As at 31 March 2018	
	Number of shares	Amount	Number of shares	Amount
At the commencement of the year	269,796,679	26,980	207,573,461	20,757
Issued during the year*	37,555,096	3,755	62,223,218	6,222
At the end of the year	307,351,775	30,735	269,796,679	26,979

**** Rights Issue and Preferential Issue***

Equity shares issued pursuant to a rights issue & preferential issue approved by the Board of Directors at their meetings on 01 August 2018, 29 October 2018, 15 November 2018 and 21 January 2019 (31 March 2018: 27 April 2017, 19 July 2017, 02 November 2017 and 22 January 2018).

b. Rights, preference and restrictions attached to:

Equity shares of Rs. 10 each

The Company has a single class of equity shares. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets. The equity shares are entitled to receive dividend as declared from time to time. The voting rights of an equity shareholder on a poll (not on show of hands) are in proportion to its share of the paid-up equity capital of the Company. Voting rights cannot be exercised in respect of shares on which any call or other sums presently payable have not been paid.

On winding up of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company, remaining after distribution of all preferential amounts in proportion to the number of equity shares held.

Share based payments

Terms attached to stock options granted to employees are described in note 32 on 'Employee share based payment plan'.

c. Particulars of shareholders holding more than 5% of shares

(Rs. in lakhs except per share data)

	As at 31 March 2019		As at 31 March 2018	
	Number of shares	Percentage	Number of shares	Percentage
Equity shares of Rs. 10 each, fully paid-up				
Mahindra Vehicle Manufacturers Limited (Holding Company)	305,658,977	99.45%	267,458,320	99.13%

d. Equity shares reserved for issue under options

(Rs. in lakhs except per share data)

	As at 31 March 2019		As at 31 March 2018	
	Number of equity	Amount	Number of equity	Amount
Under Employee Stock Option plan, equity shares of Rs. 10 each	9,168,000	917	8,041,107	804

e. No shares are held by the Ultimate Holding Company, their subsidiaries and associates.

f. There are no bonus shares issued, shares issued for consideration other than cash and .shares bought back during the period of five years immediately preceeding the reporting date.

15. Borrowings

(Rs. in lakhs)

	31 March 2019	31 March 2018
(a) Non-current		
Unsecured		
Term loan from Council of Scientific and Industrial Research	1,051	1,226
Less: Amount of current maturities disclosed under other financial liabilities, current (refer note 16)	(175)	(175)
Total	876	1,051
(b) Current		
Secured		
Working capital demand loan	1,570	-
Total	1,570	-

NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

Details of Borrowings:

Description of the instrument	Currency of Loan	Interest Rate	Repayment Bullet (or) Instalment	Number of Instalments	Period of repayment	Security
Unsecured						
Term loans from other parties:						
Council of Scientific and Industrial Research	INR	3%	Instalment	10 annual installments	01.10.2015 to 01.10.2024	–
Secured						
Working capital demand loan	INR	9%	Repayment Bullet	-	11.04.2019	First and exclusive hypothecation charge on all existing & future receivables/current assets of the Company.

16. Other financial liabilities

(Rs. in lakhs)

		31 March 2019	31 March 2018
(a)	Non-Current		
	Interest accrued and not due	–	26
		–	26
(b)	Current		
	Current maturities of long-term debt (refer note 15)	175	175
	Interest accrued and not due	44	44
	Accrued salary and benefits	907	819
	Creditors for capital goods	2,321	694
		3,447	1,732

17. Provisions

(Rs. in lakhs)

		31 March 2019	31 March 2018
(a)	Non Current		
	Provision for employee benefits (refer Note 31)		
	Compensated absences	321	300
	Gratuity benefits	64	–
	Other Provisions		
	Warranty & service coupon	119	105
	Provision for disputes and contingencies	453	319
		957	724
(b)	Current		
	Provision for employee benefits (refer note 31)		
	Compensated absences	83	69
	Gratuity benefits	125	61
	Other Provisions		
	Warranty & Service Coupon	248	161
	Discount	239	363
		695	654

Warranties

A provision is recognised for expected warranty claims on products sold during the last three years, based on past experience of the level of repairs and claims. It is expected that these costs will be incurred within three years after the reporting date. Assumptions used to calculate the provision for warranties are based on current sales levels and current information available about claims based on the three-year warranty period for all products sold.

Details of movement in Other Provisions is as follows:

(Rs. in lakhs)

	Warranty & Service Coupon	Disputes and contingencies	Discount
Balance at 31 March 2018	266	319	363
Additional provisions recognised	579	134	157
Amounts used during the year	(479)	–	(281)
Unused amounts reversed during the year	–	–	–
Unwinding of discount	1	–	–
Balance at 31 March 2019	**367**	**453**	**239**

18. Other Liabilities

(Rs. in lakhs)

		31 March 2019	31 March 2018
(a)	Non Current		
	Deferred government grant*	13	26
	Deferred revenue	–	34
		13	60
(b)	Current		
	Advances received from customers	441	169
	Deferred government grant*	13	13
	Deferred revenue	657	2,274
	Statutory dues	377	221
		1,488	2,677

* The Company has received a non-recurring grant-in-aid of Rs 69 lakhs in 2016-17 for a pilot project to install DC Fast Charging infrastructure. Amount of grant recognised as income for the year is Rs 13 lakhs (31 March 2018: Rs.13 lakhs).

19. Trade Payables

(Rs. in lakhs)

	31 March 2019	31 March 2018
Total outstanding dues of micro and small enterprises (refer note 38)	464	168
Total outstanding dues of creditors other than micro and small enterprises	5,728	3,067
	6,192	3,235

NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

20. Revenue from operations

(Rs. in lakhs)

		31 March 2019	31 March 2018
Sale of products (including excise duty)			
Revenue from sale of products		14,801	8,064
	(A)	14,801	8,064
Sale/rendering of services			
Product development and design fee		9,604	3,906
Income from leasing		417	496
After sales service		51	59
	(B)	10,072	4,461
Other operating revenue			
Scrap sale		32	13
Royalty		1	70
	(C)	33	83
	(D) = (A) + (B) + (C)	24,906	12,608

Sale of products includes excise duty collected from customers Nil (31 March 2018 Rs. 144 lakhs).

The following customer had transactions for more than 10% of the revenue during the year ended 31 March 2019:

(Rs. in lakhs)

Name of the Customer	Business segment	31 March 2019 Amount
Mahindra & Mahindra Ltd.	Sale of products	7,943
Mahindra & Mahindra Ltd.	Product development and design fee	8,482

The following customer had transactions for more than 10% of the revenue during the year ended 31 March 2018:

Name of the Customer	Business segment	31 March 2018 Amount
Mahindra & Mahindra Ltd.	Sale of products	1,988
Mahindra & Mahindra Ltd.	Product development and design fee	3,511

Revenue disaggregation by geography is as follows:

(Rs. in lakhs)

Geography	31 March 2019	31 March 2018
India	22,191	11,642
South Korea	1,277	395
Nepal	906	-
Others	115	75
	24,489	12,112

Geographical revenue is allocated based on the location of the customers.

Note: The amount of INR 417 lakhs pertaining to lease income has not been considered in the above revenue disclosure.

Revenue to be recognised for performance obligation(s) not satisfied or partially satisfied at the end of the current year in respect of contracts with customer that are in place (i.e. signed agreements/POs/WOs, etc) at the end of 31 March 2019:

(Rs. in lakhs)

Time Band	31 March 2019
< 1year	8,471
>1 year but < 5 year	8,284
	16,755

Changes in unbilled revenue or contract assets are as follows:

(Rs. in lakhs)

	31 March 2019
Opening balance	1,169
Additions during the year	6,268
Reclassification adjustments:	
- Billing from opening balance of contract assets to trade receivables	(1,169)
- Billing from contract assets transferred to trade receivables	(3,807)
Closing balance	2,461

Changes in deferred revenue or contract liabilities are as follows:

(Rs. in lakhs)

	31 March 2019
Opening balance	2,476
Additions during the year	1,406
Reclassification Adjustments:	
- Billing from opening balances of contract liabilities to revenue	(2,353)
- Billing from contract liabilities transferred to revenue	(431)
Closing balance	1,098

Reconciliation of revenue from contracts with customers

(Rs. in lakhs)

	31 March 2019
Revenue from contracts with customers as per the contract price	23,330
Adjustments made to contract price on account of:-	
a) Discounts/Rebates/Incentives	(157)
b) Sales Returns/Reversals	(63)
c) Deferrment of revenue	(975)
e) Recognition of revenue from contract liability out of opening balance of contract liability	2,353
Revenue from contracts with customers as per the Statement of Profit and Loss	24,488

21. Other Income

(Rs. in lakhs)

	31 March 2019	31 March 2018
Interest income on financial assets carried at amortized cost		
Bank deposits	16	29
Security deposits	21	20
Other non-operating income		
Net gain on sale of investments	5	21
Profit on assets sold/discarded (net)	14	-
Net foreign exchange gain	153	62
Income from government grant	13	13
Liabilities no longer required written back	-	185
Interest on income tax refunds	-	1
Miscellaneous income	2	2
	224	333

NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

22. Cost of materials consumed

(Rs. in lakhs)

	31 March 2019	31 March 2018
Inventories at the beginning of the year (refer note 8)	3,177	3,621
Add: Purchases	13,134	8,058
	16,312	11,679
Less: Issued for product development	(538)	(71)
Less: Inventories at the end of the year (refer note 8)	(3,925)	(3,177)
Cost of materials consumed	11,848	8,431

23. Changes in inventories of finished goods

(Rs. in lakhs)

	31 March 2019	31 March 2018
Inventories at the end of the year:		
Finished goods (refer note 8)	590	460
	590	460
Inventories at the beginning of the year:		
Finished goods (refer note 8)	460	283
	460	283
Increase in inventories	(130)	(177)

24. Employee benefits expense

(Rs. in lakhs)

	31 March 2019	31 March 2018
Salaries and wages, including bonus	5,138	5,174
Contribution to provident and other funds	491	474
Share based payments (refer note 32)	476	109
Staff welfare expenses	305	300
	6,409	6,057

25. Finance cost

(Rs. in lakhs)

	31 March 2019	31 March 2018
Interest expenses on		
Term loan	75	63
Unwinding of discount	1	2
Defined benefit obligation (refer note 31)	3	33
Others	17	1
	96	99

26. Depreciation and amortisation expense

(Rs. in lakhs)

	31 March 2019	31 March 2018
Depreciation of property, plant and equipment (refer note 4)	2,064	1,671
Amortisation of intangible assets (refer note 5)	1,872	2,737
	3,936	4,408

27. Other expenses

(Rs. in lakhs)

	31 March 2019	31 March 2018
Power and fuel	124	126
Rent	328	344
Rates and taxes	17	54
Insurance	37	57
Repairs and maintenance		
– Buildings	31	21
– Machinery	336	168
– Others	163	209
Advertisement	363	1,500
Freight outward	177	151
Sales promotion expenses	79	315
Travelling and conveyance expenses	469	384
Allowances for expected credit losses on financial assets	107	305
Auditors remuneration and out-of-pocket expenses		
As auditors	16	14
For other services	2	2
For reimbursement of expenses	1	1
Legal and other professional costs	3,478	819
Materials used in customer projects	304	71
Communication costs	24	37
Sub-contracting expenses	420	343
Security charges	111	124
Recruitment expenses	133	94
Research and development costs	432	463
Assets written-off and provision for assets held for sale	129	673
Warranties & service coupons	579	346
Loss on assets sold/discarded (net)	-	8
Bank charges	14	12
Other miscellaneous expenses	395	239
	8,269	6,880

28. Financial instruments

The carrying value and fair value of financial instruments by categories are as follows:

(Rs. in lakhs)

Particulars	Note	Carrying value	
		31 March 2019	31 March 2018
Measured at amortised cost			
Trade receivables	10	2,056	3,974
Cash and cash equivalents	11	3	563
Loans	6	289	262
Other financial assets	12	-	1
Measured at fair value through profit and loss (FVTPL)			
Investment in mutual funds	9	-	293
Total financial assets		2,348	5,093
Financial liabilities			
Measured at amortised cost			
Borrowings	15	2,446	1,051
Trade payables	19	6,192	3,235
Other financial liabilities	16	3,447	1,758
Total financial liabilities		12,085	6,044

NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

28.1 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 following tables present the fair value measurement hierarchy of financial assets and liabilities measured at fair value on recurring basis as at 31 March 2019 and 31 March 2018:

Fair value hierarchy of assets and liabilities measured at fair value as at 31 March 2019:

(Rs. in lakhs)

Particulars	Total	Fair value measurement using Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets measured at fair value:				
Investment in mutual funds	-	-	-	-
Total	-	-	-	-

Fair value hierarchy of assets and liabilities measured at fair value as at 31 March 2018:

(Rs. in lakhs)

Particulars	Total	Fair value measurement using Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets measured at fair value:				
Investment in mutual funds	293	293	-	-
Total	293	293	-	-

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

The fair value of mutual funds is based on market observable inputs.

The Company has not separately disclosed the fair values for financial assets and liabilities other than investment in mutual funds because their carrying amounts are a reasonable approximation of the fair values.

28.2 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. The management is assisted in its oversight role by internal audit. Internal audit undertakes both regular and adhoc reviews of risk management controls and procedures, the results of which are reported to the Board.

28.3 Financial Risk Management Objective And Policies

The Company's principal financial liabilities comprise borrowings, trade payables and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include investments, loans, trade and other receivables, cash and short-term deposits.

The Company is exposed to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market 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.

28.4 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations resulting in a financial loss to the Company. Credit risk arises principally from the Company's trade receivables. Credit risk arises from cash held with banks and financial institutions, investment in mutual funds as well as credit exposure to clients, including outstanding accounts receivable. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The objective of managing counterparty credit risk is to prevent losses in financial assets. The Company assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors.

The Company's trade and other receivables are actively monitored to review credit worthiness of the customers to whom credit terms are granted and also avoid significant concentrations of credit risks.

Given below is ageing of trade receivable spread by period of six months:

(Rs. in lakhs)

Particulars	31 March 2019	31 March 2018
Outstanding for more than 6 months	**496**	1,022
Others	**1,850**	3,180
Total	**2,346**	4,202

The Company continuously monitors receivables from customers and other counterparties, identified either individually or by the Company, and incorporates this information into its credit risk controls.

The Company limits its exposure to credit risk by generally investing in liquid securities and only with counter-parties that have a good credit rating. The Company does not expect any losses from non-performance by these counter-parties, and does not have any significant concentration of exposures to specific industry section.

Credit risk on cash and cash equivalents is limited as the Company generally invests in deposits with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies.

Information about major customers

Revenue from single external customer is approximately Rs. 16,425 lakhs (31 March 2018: Rs. 5,499 lakhs) representing 66% (31 March 2018: 44%) of Company's total revenue from operations for the year ended 31 March 2019. Receivables from single external customer is approximately Rs 1,337 lakhs (31 March 2018: Rs. 2,120 lakhs) representing 57% (31 March 2018: 50%) of Company's total receivables as at 31 March 2019. Apart from the aforesaid single customer, the Company does not have a significant credit risk exposure to any other single counterparty.

28.5 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.

Typically the Company ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

As of 31 March 2019, the Company had a working capital of Rs. 650 lakhs, including cash and cash equivalents of Rs. 3 lakhs.

The table below provides details regarding the contractual maturities of significant financial liabilities as at 31 March 2019 and 31 March 2018.

(Rs. in lakhs)

31 March 2019	1 year or less	1 year to 5 years	5 years or more	Adjustments	Total
Borrowings (refer note 15)	1,761	950	5	(95)	2,621
Trade payables	6,192	-	-	-	6,192
Other financial liabilities	3,272	-	-	-	3,272
Total	**11,225**	**950**	**5**	**(95)**	**12,085**

31 March 2018	1 year or less	1 year to 5 years	5 years or more	Adjustments	Total
Borrowings (refer note 15)	194	1,146	16	(129)	1,226
Trade payables	3,235	-	-	-	3,235
Other financial liabilities	1,732	26	-	-	1,759
Total	**5,161**	**1,172**	**16**	**(129)**	**6,220**

28.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables and long term debt. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

- **Currency risk**

  The Company is not exposed to significant currency risk as majority of the transactions are primarily denominated in Indian Rupees ("INR"), which is the national currency of India.

- **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 does not have exposure to long-term debt obligations with floating interest rates and hence does not foresee any significant risk arising from interest rate fluctuation.

28.7 Capital Management

The Company's capital management objectives are:

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

The Company monitors capital on the basis of the carrying amount of equity including share application, securities premium and profit and loss account as presented on the face of the statement of financial position.

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

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

29. Leases

(Rs. in lakhs)

	31 March 2019	31 March 2018

Details of leasing arrangements

As Lessor

Operating Lease

The Company has leased out power pack batteries on operating lease for a period of upto 5 years and such assets are to be returned to the Company at the end of lease term.

(Rs. in lakhs)

	31 March 2019	31 March 2018
Future minimum lease receipts		
Within one year	**285**	405
After one year but not more than five years	**115**	423
More than five years	-	-
	400	828

As Lessee

Operating Lease

The Company has taken office and other facilities under cancellable and non-cancellable operating leases with lock in periods, which are renewable on a periodic basis and are cancellable, at the option of both the lessee and the lessor. The future rental commitments for non-cancellable period (including notice period) are as follows:

Non-cancellable minimum lease commitments		
Within one year	**277**	336
After one year but not more than five years	-	277
More than five years	-	-
	277	613
Expenses recognised in the Statement of Profit and Loss		
Minimum Lease Payments	**328**	344

30. Earnings per share

(Rs. in lakhs except per share data)

	31 March 2019	31 March 2018
Loss for the year	**(5,298)**	(12,901)
Weighted average number of equity shares outstanding	**291,243,923**	242,560,782

Basic and diluted earnings per share

The Company has potential dilutive shares, however since they are anti-dilutive in nature, no adjustments are made to diluted loss per share.

Basic and diluted loss per share (face value Rs. 10 each)	**(1.82)**	(5.32)

NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

31. **Employee benefits**

(a) **Defined contribution plan**

The Company's contribution to Provident Fund aggregating to Rs. 310 lakhs (31 March 2018: Rs. 251 lakhs) has been recognised in the Statement of Profit and Loss under the head employee benefits expense.

(b) **Defined benefit plan:**

Gratuity

The Company operates one defined benefit plan, viz., gratuity, for its employees. Under the gratuity plan, every employee who has completed at least five years of service gets gratuity on departure at 15 days of last drawn salary for each completed year of service. The scheme is funded with an insurance company in the form of qualifying insurance policy.

Through the defined benefit plan the Company is exposed to the following risks:

Asset volatility

The plan liabilities are calculated using a discount rate set with references to government bond yields; if plan assets under perform compared to the government bonds discount rate, this will create or increase a deficit. The defined benefit plan holds a significant proportion of equity type assets, which are expected to outperform government bonds in the long-term while providing volatility and risk in the short-term.

The Company has chosen a suitable plan with Insurance, which augurs well with the Company's long term strategy to manage the plan efficiently.

Changes in bond yields

A decrease in government bond yields will increase plan liabilities, although this is expected to be partially offset by an increase in the value of the plans' bond holdings.

Life expectancy

Increase in life expectancy will result in an increase in the plan's liabilities, as the inflationary increases result in higher sensitivity to changes in life expectancy.

	Actuarial Assumptions	
	31 March 2019	31 March 2018
Discount rate(s)	7.61%	7.54%
Expected rate(s) of salary increase	9.50%	9.00%
Average longevity	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)

Defined benefit plan – as per actuarial valuation

(Rs. in lakhs)

	Funded Plan	
	31 March 2019	31 March 2018
Amounts recognised in comprehensive income in respect of the defined benefit plan are as follows:		
Service cost:		
Current service cost	**109**	80
Net interest expense	**34**	33
Expected return on assets	**(32)**	(26)
Components of defined benefit costs recognised in profit or loss	**111**	87
Remeasurement on the net defined benefit liability:		
Actuarial (gains)/loss arising from changes in financial assumptions	**71**	(93)
Components of defined benefit costs recognised in other comprehensive income	**71**	(93)
	182	(6)

(Rs. in lakhs)

	Funded Plan	
	31 March 2019	31 March 2018
I. Net Asset/(Liability) recognised in the Balance Sheet as at 31 March 2018		
1. Present value of defined benefit obligation	**(633)**	(478)
2. Fair value of plan assets	**444**	417
3. Deficit	**(189)**	(61)
4. Current portion	**125**	61
5. Non-current portion	**64**	0
II. Change in the obligation during the year ended 31 March 2018		
1. Present value of defined benefit obligation at the beginning of the year	**478**	469
2. Expenses Recognised in Profit or Loss		
– Current Service Cost	**109**	80
– Interest Expense	**34**	33
3. Recognised in Other Comprehensive Income	–	–
Remeasurement loss/(gains)		
– Actuarial loss/(gains)	**67**	(47)
4. Benefit payments	**(55)**	(58)
Present value of defined benefit obligations at the end of the year	**633**	478
III. Change in fair value of assets during the year ended 31 March 2018		
1. Fair value of plan assets at the beginning of the year	**417**	335
2. Expenses Recognised in Profit and Loss		
– Expected return on plan assets	**31**	26
3. Recognised in Other Comprehensive Income		
Remeasurement gains/(losses)		
– Actual Return on plan assets in excess of the expected return	**(4)**	46
4. Contributions by employer (including benefit payments recoverable)	**55**	68
5. Benefit payments	**(55)**	(58)
Fair value of plan assets at the end of the year	**444**	417
IV. The Major categories of plan assets		
– Investment with insurer	**100%**	100%

The Company's policy is driven by considerations of maximizing returns. The asset allocation for plan assets is determined by the insurance company based on investment criteria prescribed by the local regulators. The Company evaluates the risks, transaction costs and liquidity for potential investments. To measure plan asset performance, the Company compares actual returns for each asset category with published benchmarks.

V. **The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:**

			Impact on defined benefit obligation	
Principal assumption	**Year**	**Changes in assumption**	**Increase in assumption**	**Decrease in assumption**
Discount rate	**2019**	**1.00%**	**(46)**	**52**
	2018	1.00%	(30)	34
Salary growth rate	**2019**	**1.00%**	**46**	**(43)**
	2018	1.00%	24	(24)

NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method has been applied as when calculating the defined benefit liability recognised in the Balance sheet.

The method and types of assumptions used in preparing the sensitivity analyses did not change compared to the previous period.

VI. Maturity profile of defined benefit obligation:

(Rs. in lakhs)

	31 March 2019	31 March 2018
Within 1 year	**48**	51
1–2 years	**45**	40
2–3 years	**45**	38
3–4 years	**35**	37
4–5 years	**52**	29
5–10 years	**143**	120
Above 10 years	**265**	163
	633	478

VII. Experience Adjustments:

(Rs. in lakhs)

	31 March 2019	31 March 2018
	Gratuity	
1. Defined benefit obligation	**633**	478
2. Fair value of plan assets	**444**	417
3. Deficit	**(189)**	(61)
4. Experience adjustment on plan liabilities [Loss/(Gain)]	**67**	(47)
5. Experience adjustment on plan assets [(Loss)/Gain]	**(4)**	46

The expected rate of return on plan assets is based on the average long term rate of return expected on investments of the fund during the estimated term of obligation. The estimate of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The Company expect to contribute Rs. 125 lakhs to gratuity fund in next year.

32. Employee share based payment plan

a) Description of share-based payment arrangements

The Company has the following share-based payment arrangement for employees:

Mahindra Electric Mobility Limited ESOP Scheme ('MEML ESOP–2017')

The MEML ESOP-2017 plan was approved by the Board of Directors pursuant to resolution passed at its meeting held on 02 November 2017 read with special resolution passed by the shareholders at the Extraordinary General Meeting held on 10 November 2017. The plan entitles the employees with a right but not an obligation to purchase or subscribe at a future date the shares underlying the option at a pre-determined price, subject to compliance with vesting conditions; all exercised options shall be settled by physical delivery of equity shares or as provided under the MEML ESOP–2017 plan. As per the plan, holders of vested options are entitled to purchase one equity share of Rs.10 each for every option at an exercise price of Rs. 24.90 each.

The Company has computed the fair value of the options for the purpose of accounting for the employee stock compensation expense over the vesting period of the options.

The terms and conditions related to the grant of the share options are as follows:

		(No. of options)	
Employees entitled	Vesting conditions	**For the year ended 31 March 2019**	For the year ended 31 March 2018
Specified employees	One to four years of service from grant date	**9,168,000**	8,041,107
Total share options		**9,168,000**	8,041,107

For continuing employees, the options which vest would have to be exercised within a period of 5 years from the repective dates of vesting of options. No portion of the options vested can be exercised after a period of 5 years from the date of each vesting.

The number and reconciliation of the share options under the share option plan are as follows:

b) Reconciliation of outstanding share options

	As at 31 March 2019	As at 31 March 2018
Outstanding at the beginning	**8,041,107**	–
Granted during the year	**1,872,594**	8,041,107
Forfeited and expired during the year	**745,701**	–
Settled during the year	–	–
Outstanding at the end	**9,168,000**	8,041,107
Exercisable at the end	–	–

c) The fair value per option is measured based on the Black-Scholes option pricing model, which is as below:

Measurement of fair value	Number of options	Range of fair value per option
From 1 April 2018 to 31 March 2019	9,168,000	Rs. 10.40–Rs. 16.70
From 1 April 2017 to 31 March 2018	8,041,107	Rs. 10.40–Rs. 15.40

The fair value per options mentioned above is calculated on the grant date using the Black-Scholes option pricing model with the following assumptions:

d) Assumptions

	For the year ended 31 March 2019	For the year ended 31 March 2018
Risk free interest rate	**6.6%–7.99%**	6.6%–7.2%
Dividend yield	–	–
Expected volatility	**42.3%–53.1%**	42.3%–52.1%
Expected life	**5 years**	5 years

e) During the year, the Company recorded a share based payment expense of Rs. 476 lakhs (31 March 2018: Rs. 109 lakhs) in the statement of profit and loss.

f) The weighted average contractual life of options granted is 7.5 years (31 March 2018: 7.5 years).

33. Segment reporting

The Company currently operates in a single reportable segment i.e., design and manufacture of electrically powered vehicles and designing and development of related technology for end use vehicles. Consequently, the requirement for a separate disclosure under Ind AS 108-"Operating Segments" is not applicable.

NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

34. Contingent liabilities and commitments

(Rs. in lakhs)

Contingent liabilities #		31 March 2019	31 March 2018
(a)	Central Excise/Service tax matters under dispute	**781**	706
(b)	Disputed Income Tax demand *	–	1,100
(c)	Bank Guarantees	**137**	137

(d) In February 2019, Supreme Court of India in its judgement clarified that certain special allowances should be considered to measure obligations under Employees Provident Fund Act, 1952. The Company has been legally advised that there are interpretative challenges on the application of judgement retrospectively and as such does not consider there is any probable obligations for past periods. Accordingly, based on legal advice the Company has made a provision for provident fund contribution from the date of Supreme Court order.

* The Company has received a favourable order in the current year from Income Tax Apellate Tribunal ("ITAT") in respect of the income tax demands pertaining to AY 12-13. Accordingly, the said demand has no longer been classified as a Contingent liability. Company has claimed a refund of the amount paid under protest.

(Rs. in lakhs)

Commitments		31 March 2019	31 March 2018
(a)	Estimated amount of contracts remaining to be executed on capital account and not provided for	3,183	3,896
(b)	Commitment relating to leases (refer note 29)	277	613

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 its operations.

35. Unrecognised deferred tax (net)

(Rs. in lakhs)

Particulars	31 March 2019"	31 March 2018"
Deferred tax liability		
Property, plant and equipment	**2,258**	1,880
	2,258	1,880
Deferred tax assets		
On carry forward business losses, unabsorbed depreciation and unabsorbed capital R&D expenditure claimed u/s 35(1)(iv)	**20,417**	**20,126**
Provisions	**780**	**520**
	21,197	**20,646**
Deferred tax assets/(liability) (net) (refer note below)	–	–

Net deferred tax assets have been recognised only to the extent that the Company has sufficient taxable temporary differences or there is convincing evidence that sufficient taxable profit will be available against which such deferred tax assets can be realised.

36. Related party disclosures

Names of related parties and related party relationship

Related parties where control exists	**Ultimate holding Company**	**Mahindra & Mahindra Limited**
Related parties where control exists	Holding Company	Mahindra Vehicles Manufacturers Limited
Related parties with whom transactions have taken place		
	Fellow subsidiaries	Ssang Yong Motor Company ("SYMC")
		Mahindra Integrated Business Solutions Private Limited
		Mahindra Retail Limited
		NBS International Limited
		Lords Freight India Pvt Ltd
		Mahindra International UK ("MIUK")
		Mahindra Automobile Distributor Pvt Ltd
		Mahindra Two Wheelers Limited
		Mahindra Logistics Limited
		Mahindra Steel Services Centre Limited
	Associate companies of the Ultimate Holding Company	Tech Mahindra Limited
		Mahindra CIE Automotive Limited
	Key management personnel	Mr. Mahesh Babu (CEO from 01 December 2016)
		Mr. Ajay Patel (CFO till 30 September 2017)
		Mr. Saroj Khuntia (CFO from 01 October 2017)
		Mr. Narayana Swamy (Manager)
		Mr. Jignesh Parikh (Company Secretary)

NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

36. Related Party Transactions (contd..)

(Rs. in lakhs)

Particulars	Year	Mahindra & Mahindra Ltd	Mahindra Vehicle Manufacturers Ltd	NBS International	Mahindra Automobile Distributor Pvt Ltd	MIUK	SYMC	KMPs	Mahindra CIE Automotive Limited	Tech Mahindra Limited	Others	Total
Transactions during the year												
Sale of goods and services	31 March 2019	7,943	277	224	(3)	-	155	-	-	-	-	8,596
	31 March 2018	1,988	237	79	4	(208)	-	-	-	-	-	2,100
Development Fee	31 March 2019	8,482					1,122				-	9,604
	31 March 2018	3,511	-	-	-	-	395	-	-	-	-	3,906
Purchase of goods and services	31 March 2019	249	-	0	-	-	-	-	403	3	283	938
	31 March 2018	240	-	-	-	-	-	-	147	-	210	597
Purchase of fixed assets	31 March 2019	-	-	-	-	-	-	-	596	-	7	602
	31 March 2018	-	-	-	-	-	-	-	2	-	-	2
Rent paid	31 March 2019	4	-	-	-	-	-	-	-	-	-	4
	31 March 2018	12	-	-	-	-	-	-	-	-	-	12
Reimbursement of expenses by the Company	31 March 2019	317	73	-	-	-	-	-	-	-	-	390
	31 March 2018	358	57	19	-	-	-	-	-	-	3	437
Crosscharge of expenses to others	31 March 2019	1	-	21	-	-	-	-	-	-	-	22
	31 March 2018	23	-	-	-	57	-	-	-	-	30	110
Allotment of equity shares (including premium)	31 March 2019	-	8,978	-	-	-	-	-	-	-	-	8,978
	31 March 2018	-	15,494	-	-	-	-	-	-	-	-	15,494
Fixed assets Sold	31 March 2019	-	-	-	-	-	-	-	-	-	-	-
	31 March 2018	17	-	-	-	-	-	-	-	-	-	17
Remuneration to key management personnel												
Narayan Swamy	31 March 2019	-	-	-	-	-	-	27	-	-	-	27
	31 March 2018	-	-	-	-	-	-	24	-	-	-	24
Saroj Khuntia	31 March 2019	-	-	-	-	-	-	59	-	-	-	59
	31 March 2018	-	-	-	-	-	-	28	-	-	-	28
Balance as at year end												
Deferred revenue	31 March 2019	650	-	-	-	-	7	-	-	-	-	657
	31 March 2018	2,306	-	-	-	-	-	-	-	-	-	2,306
Unbilled revenue	31 March 2019	2,461	-	-	-	-	-	-	-	-	-	2,461
	31 March 2018	773	-	-	-	-	395	-	-	-	-	1,168
Amount receivables	31 March 2019	1,337	0	-	-	-	14	-	-	-	-	1,351
	31 March 2018	2,120	20	-	-	-	-	-	-	-	-	2,140
Amount payable	31 March 2019	401	17	11	0	-	-	-	410	-	50	889
	31 March 2018	279	-	11	-	-	-	-	39	-	25	354

Note:

i) The remuneration to the KMP does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the Company as a whole.

ii)The remuneration to KMP includes short-term employee benefit of Rs. 83 lakhs and other long-term benefits of Rs. 3 lakhs.

iii) Key managerial service cost charged on the Company by Mahindra & Mahindra Ltd is Rs. 162 lakhs (31 March 2018: Rs. 142 lakhs) (excluding tax).

Tems and conditions

All transactions with related parties are priced at arm's length basis and resulting outstanding balances are to be settled in cash within six months to one year of reporting date. None of the balances are secured.

NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

37. Research and Development expenditure

(Rs. in lakhs)

	31 March 2019	31 March 2018
a)		
Debited to Profit or loss, including certain expenditure based on allocations made by the Company (excluding depreciation and amortization)	1,060	1,385
Development expenditure, computer software, patent & trademark expenditure	4,636	1,447
Capital expenditure/Non-recurring expenditure	4,222	293
Total	9,918	3,125
b) Expenses incurred during the year		
Raw Material and Components	330	227
Salaries and Wages	2,465	1,554
Professional Charges	2,095	323
Rent	86	40
Travel expenses	6	1
Computer Software	310	380
Others	406	307
Capital expenditure	4,222	293
	9,918	3,125

38. Disclosures related to micro, small and medium enterprises

Total outstanding dues of micro, small and medium enterprises, which are outstanding for more than the stipulated period and other disclosures as per the Micro, Small and Medium Enterprises Development Act, 2006 (hereinafter referred to as "the MSMED Act") are given below:

(Rs. in lakhs)

		31 March 2019	31 March 2018
(a)	Dues remaining unpaid		
	– Principal	455	166
	– Interest on the above	8	2
(b)	Interest paid in terms of Section 16 of the MSMED Act along with the amount of payment made to the supplier beyond the appointed day during the year		
	– Principal paid beyond the appointed date	–	–
	– Interest paid in terms of Section 16 of the MSMED Act	–	–
(c)	Amount of interest due and payable for the period of delay on payments made beyond the appointed day during the year	–	–
(d)	Further interest due and payable even in the succeeding years, until such date when the interest due as above are actually paid to the small enterprises	2	2
(e)	Amount of interest accrued and remaining unpaid	9	–

39. Long-term contracts

The Company does not have any long-term contracts including derivative contracts for which there are any material foreseeable losses.

40. Specified Bank Notes

The disclosures 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 donot pertain to the financial year ended 31 March 2019.

As per our report of even date attached:

For **B S R & Co. LLP**
Chartered Accountants
Firm registration number: 101248W/W-100022

Amrit Bhansali
Partner
Membership Number: 065155

Place: Bengaluru
Date: April 24, 2019

For and on behalf of the Board of Directors of

Mahindra Electric Mobility Limited

Dr Pawan Kumar Goenka	Chairman	DIN : 00254502
Arvind Mathew	Director	DIN : 01377003
Saroj Khuntia	Chief Financial Officer	
Mahesh Babu	Chief Executive Officer	
Jignesh Parikh	Company Secretary	