

SEC/2023/123
16th June, 2023

BSE Limited

Corporate Relationship Department,
P. J. Towers,
Dalal Street, Fort,
Mumbai - 400 001
BSE Scrip Code: 532756

Sub: Re-submission of Annual Report for the financial year ended 31st December, 2022 under the period 2021-22 instead of 2022-23 as selected earlier

Dear Sir/ Madam,

Pursuant to Regulation 34(1)(a) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, on 11th May, 2023 the Company had submitted the Annual Report for the financial year ended on 31st December, 2022 which inter-alia comprised the Standalone and Consolidated Financial Statements of the Company for the Financial Year ended 31st December, 2022, report of the Board of Directors and Auditors thereon.

However, it was brought to our attention by the Stock Exchange that while submitting the same on BSE listing center the period 2022-2023 was selected by the Company and we have been advised to select the period as 2021-2022.

As advised to us, we are re-submitting the said Annual Report by selecting the period 2021-2022.

We further confirm that there are no changes in contents of the Annual Report being submitted today, with respect to our original submission made on 11th May, 2023.

The Annual Report is also available on the website of the Company at the web-link:
<https://www.cie-india.com/periodic-public-information8.html#Annual-Reports>.

Kindly take the same on the record.

Yours faithfully,
For CIE Automotive India Limited

Pankaj V. Goyal
Company Secretary and Compliance Officer
Membership No. A 29614
Encl: As above

CIE Automotive India Limited

(Formerly known as Mahindra CIE Automotive Limited)

CIN: L27100MH1999PLC121285

Corporate Office

602 & 603 Amar Business Park, Baner Road, Pune - 411045, India

Tel: +91 20 29804622

Registered Office

Suite F9D, Grand Hyatt Plaza (Lobby Level), Off Western Express Highway, Santacruz (E), Mumbai, India - 400055

Tel: +91 22 62411031 | Fax: +91 22 62411030 | website : www.cie-india.com | Email: contact.investors@cie-india.com

Mahindra CIE

Annual Report 2022



FORGINGS • CASTINGS • STAMPINGS • GEARS • COMPOSITES • MAGNETICS • ALUMINIUM



CIE Automotive

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



2022 ANNUAL REPORT

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Dear Shareholders,

The year gone by was a difficult year for the global economy, inflation and the war in Ukraine taking their toll. While these headwinds remain, the economic scenario could be changing for the better in the current year. IMF in its latest report says that 2023 could represent a turning point, with pressure on growth bottoming out and inflation declining. India remains a bright spot. IMF estimates that together with China, it will account for half of global growth in 2023, versus just a tenth for the US and euro area combined.

The company operates in two principal markets - India and Europe. They experienced contrasting fortunes in 2022. In India, the light vehicles segment recorded highest production levels since 2018, though two wheelers and tractors were a bit sluggish. Light vehicles production in Europe fell for the third straight year. The war in Ukraine resulted in electricity prices in Europe rising to unprecedented levels. Battery Electric Vehicles (EVs) continued to become more mainstream in both markets, with Europe experiencing a rapid increase in penetration levels.

Looking ahead, the demand situation in the Indian automotive market continues to be optimistic. The company is well prepared to capitalize on these prospects. In Europe the company will aim to reengineer products and processes to meet the twin challenges of rising costs in a stagnating market as well as a rapid transition to EVs.

The company's board also made two major decisions last year. The name of the company has been agreed to be changed to CIE Automotive India Ltd. and the regulatory process to do so is underway. It has also been decided to divest the German truck forgings operations. These changes strengthens the company's focus on the India market and helps it navigate the transition to electric mobility better, especially in Europe.

The company is in a good position to take advantage of the coming opportunities while being ready to face up to the challenges thrown up by the volatile, uncertain, complex & ambiguous (VUCA) business environment we operate in.

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

Yours Sincerely,

SP. Shukla

Chairman – Mahindra CIE



CHAIRMAN'S
STATEMENT





Dear Shareholders,

We are in the process of changing our name to CIE Automotive India Limited. CIE as a global group accords the highest priority to the Indian market and this change reflects this commitment.

The board of directors of the company has approved the divestment of our German truck forgings vertical. Our car forgings vertical out of Spain & Lithuania, is facing the challenge of a rapid transition to electric mobility. Divesting the German operations will facilitate greater attention to managing this transition. Thus, the CY22 results for our European business does not include the performance of the German operations, which are reported separately.

The year 2022 has been a good year for Mahindra CIE. In India, the light vehicles segment recorded highest production levels since 2018 though the two wheelers and tractors segments were sluggish. Our Indian operations were able to grow faster than the market (CY 22 growth of 29%) and despite raw material prices remaining elevated, they managed to maintain EBITDA levels of 15.9%, +1.8% over previous year. Europe, in contrast, experienced a drop in the light vehicles market for a third straight year. In spite of this, our European operations (excluding the German forgings vertical) showed healthy growth of 27% over the previous year. Electricity prices rose to unprecedented levels largely due to the war in Ukraine, putting lot of strain on profitability. Our team in Europe worked very hard to have pain sharing agreements with key customers to pass through some of these large cost increases. Thus, they were able to minimize the impact on profitability, achieving an EBITDA margin of 14.5% in CY 22 (excluding the German forgings vertical – comparable EBITDA% for CY21 was 17.2%). Our CY22 results reflect the impact of the above business drivers. In 2022, CIE India's consolidated sales (excluding the German forgings vertical) were INR 82,283 mn, 28% higher than 2021 and our EBITDA margin was 15.4% vs 15.2% previous year.

We expect the growth momentum to sustain in India for the next few quarters. Our order book in India is in line with these expectations and we have been adding capacities in almost all our verticals. We are balancing order book requirements and investments in capacity such that both growth and profitability objectives are met. In Europe, we expect the market to start recovering very gradually and are focused on improving our profitability.

Electrification of powertrains has seen rapid adoption in Europe (market share >10%) and is picking up in India as well, especially in two and three wheelers. We have developed a good order book for EV parts and are working with major European & Indian OEMs in the EV space, across segments. Our EV order book covers Aluminum & steel forgings, gears, stampings & composites parts for e2W, e3W and e4W.

I commend my team for managing the uncertainties in the market to deliver these good results. Collectively, we remain committed to generating better returns for our shareholders. Thank you for the trust reposed in us and for being invested in Mahindra CIE.



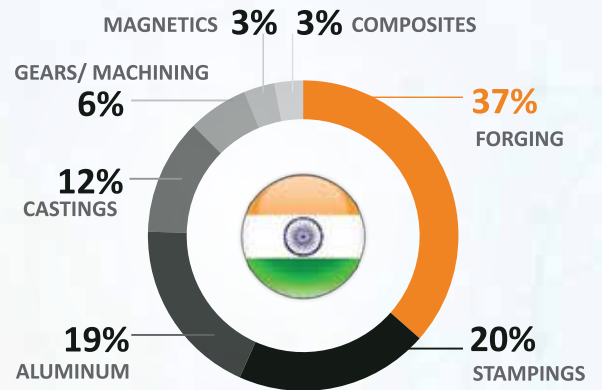
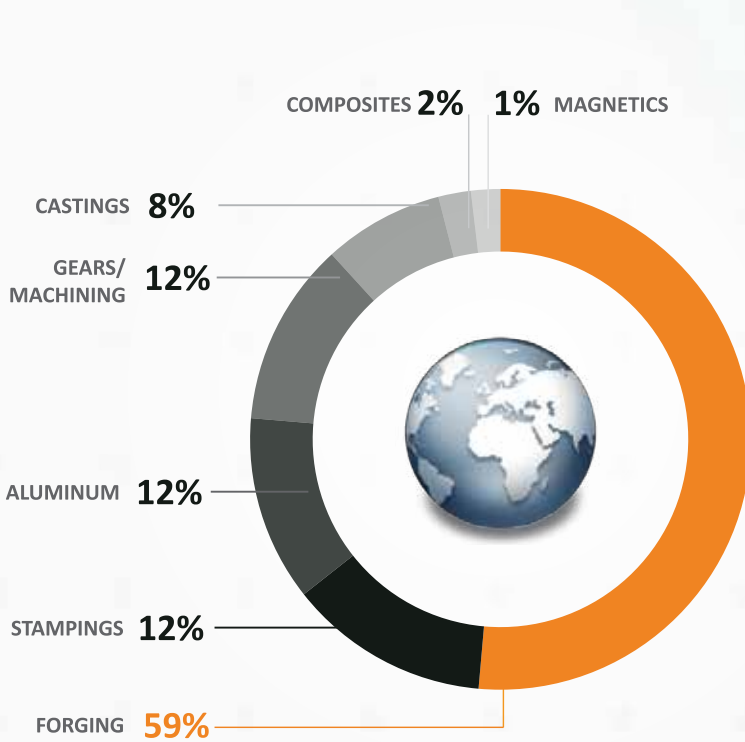
CEO'S
STATEMENT

Yours Sincerely,

Ander Arenaza Alvarez
CEO - MCIE Group



CY 2022 HIGHLIGHTS : GEOGRAPHY AND TECHNOLOGY



Excluding CIE Forgings Germany (CFG)

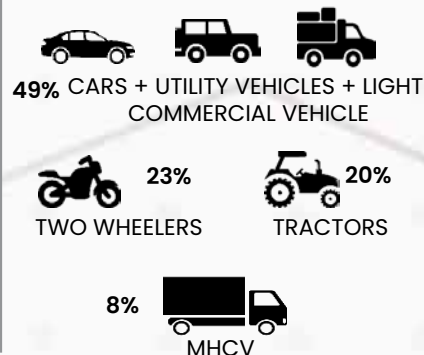
END USE SEGMENTS AND TOP CUSTOMERS



TECHNOLOGIES

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

END USE SEGMENTS



TOP CUSTOMERS

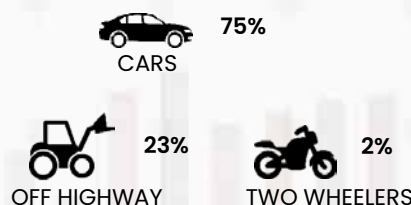
Mahindra, Bajaj, Maruti, Tata, Hero, GKN, Nexteer, Hyundai, Kia, Ola Electric, Stellantis, Brembo



TECHNOLOGIES

- Car Forgings
Spain, Lithuania
- Gears/Machining
Italy

END USE SEGMENTS



TOP CUSTOMERS

Renault, VW, Ford, JLR, BMW, FIAT

CAT, Eaton, CNH



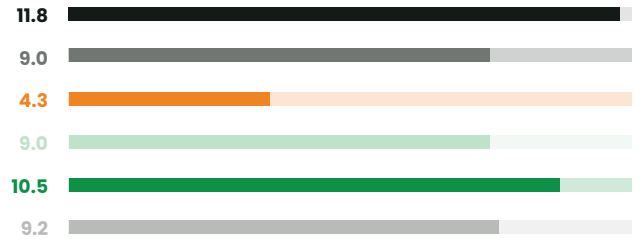
MCIE CONSOLIDATED KEY Parameters

● 2022 ● 2021 ● 2020 ● 2019 ● 2018 ● 2017

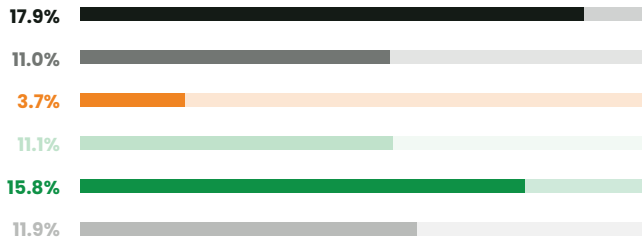
SALES (INR MILLION)



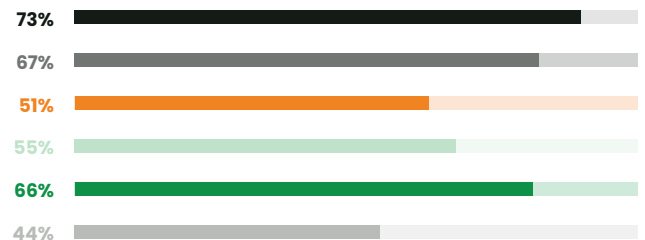
EBIT %



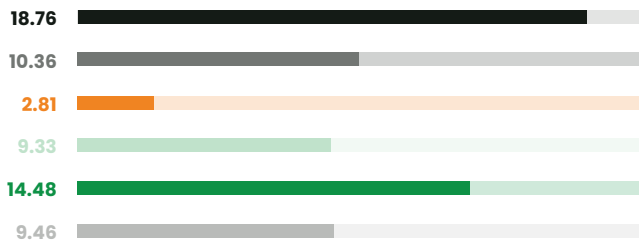
RONA



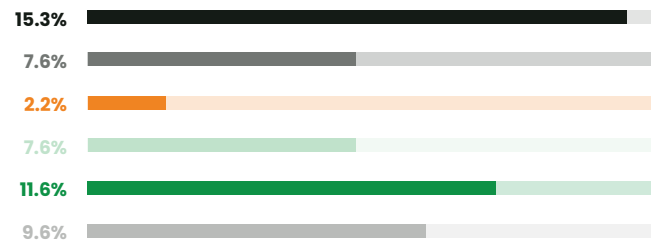
OPERATIVE CASH FLOW/EBITDA



EPS (₹)



ROE



1. Stokes Group Ltd. was discontinued in 2018 and CFG discontinued from 2022. All data in the above charts are after giving effect of discontinuation in the respective years of discontinuation
2. RONA (Return on Net Assets) = $\text{EBIT} / \text{Net Assets (Fixed Assets + Net Working capital + Goodwill)}$.
3. Operative Cash Flow = $\text{EBITDA} - \text{Finance Cost} - \text{Maintenance Capex} - \text{Tax Paid}$.



ESG PROJECTS IN INDIA - 2022



OHC AT BILL FORGE DIVISION PLANT 2



BILL FORGE DIVISION ETP STP WATER TESTING LAB



Open Access Captive Generation 6 MWp(DC) Solar Plant Rawankola, Maharashtra



Open Access Captive Generation 18 MWp(DC) Solar Plant Udgir, Maharashtra

Energy efficient compressors installed at stamping kanhe plant



CSR PROJECTS IN INDIA - 2022

Project Lakshya – CIE India Institute of Skills, Bhosari



CIE INDIA Institute of Skills

Special Batch : In Plant Training @ Gears and Foundry



Trainee Engagement Activity

Fire Safety Training

Self Defense Training

Employee Social Engagement Program (ESEP)



"Talking Walls" School Painting

Tree Plantation at Bill Forge Division

Swachta Abhiyan at Alandi temple



Fruits and flavoured milk

Dasera Poojan

Christmas celebration



MCIE India EV Product Portfolio



4W INTERMEDIATE
SHAFT ASSEMBLY
GEARS



4W INPUT SHAFT
GEARS



4W OUTPUT GEAR
GEARS



3W MOTOR SHAFT
GEARS



4W E-MOTOR SHAFT
Gears



4W PINION
Forging



4W SHAFTS
Forging



4W SHAFTS
Forging



4W MOUNTING BRACKET
Forging



4W CAMBER PLATE
Forging



4W MOUNTING BRACKET
Forging



2W STEERING RACES
Forging



2W STEERING RACES
Forging



3W PANELS
Composites



3W PANELS
Composites



4W POWER ELECTRONIC COVER
Composite



3W BATTERY BOX
Composite



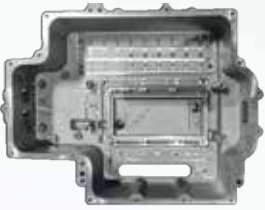
3W PANELS
Composites



3W PANELS
Composites



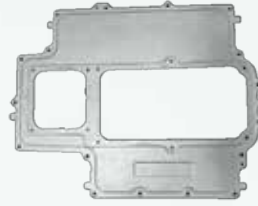
3W PANELS
Composites



4W INVERTER HOUSING
Aluminum



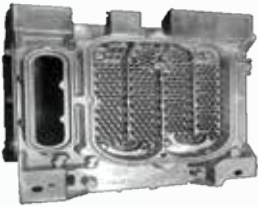
4W MOTOR END COVER
Aluminum



4W INVERTER COVER
Aluminum



4W INVERTER COVER
Aluminum



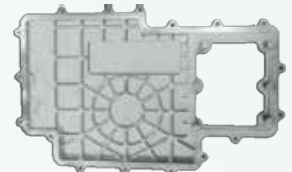
4W INERTER HOUSING
Aluminum



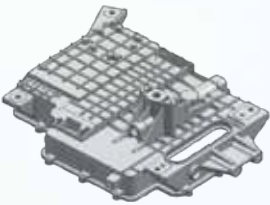
4W MOTOR END COVER
Aluminum



4W INVERTER COVER
Aluminum



4W INVERTER COVER
Aluminum



4W INERTER HOUSING
Aluminum



4W MOTOR HOUSING
Aluminum



2W GRAB HANDLE
Aluminum



2W FOOT REST
Aluminum



4W LOWER DASHBOARD
REINFORCEMENT INNER
Stampings



4W LOWER D PILLAR
REINFORCEMENT
Stampings



4W INNER QUARTER PANEL
EXTENSION
Stampings



4W FLOOR
INTERMEDIATE PANEL
Stampings



Board of Directors (upto 22nd February, 2023)

Mr. Shriprakash Shukla - Chairman
 Mr. Ander Arenaza Alvarez
 Mr. Manoj Menon
 Mr. Anil Haridass
 Mr. Jesus Maria Herrera Barandiaran
 Mr. Kadambi Narahari
 Mr. Dhananjay Mungale
 Mr. Manoj Maheshwari
 Mrs. Roxana Meda Inoriza
 Mr. Alan Savio D'Silva Picardo
 Mr. Suhail Amin Nathani

Chief Financial Officer

Mr. K. Jayaprakash

Company Secretary & Compliance Officer

Mr. Pankaj Goyal

Committees of the Board (upto 22nd February, 2023)**Audit Committee**

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

Nomination and Remuneration Committee

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

Stakeholders Relationship Committee

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

Corporate Social Responsibility Committee

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

Risk Management Committee

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

Registered Office

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

Pune Office

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

• Statutory Auditors

B S R & Co. LLP
 8th Floor, Business Plaza, Westin Hotel Campus,
 36/3-B, Koregaon Park Annex, Mundhwa Road,
 Ghorpadi, Pune - 411 001

• Bankers

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

• Registrar and Share Transfer Agents

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



DIRECTORS' REPORT



NOTES

DIRECTORS' REPORT

Dear Shareholders

Your Directors present their Report together with the Audited Financial Statements of your Company for the Financial Year (FY) ended 31st December, 2022.

A. FINANCIAL SUMMARY AND HIGHLIGHTS

(₹ in Million)

PARTICULARS (STANDALONE)	FY ended 31 st December, 2022	FY ended 31 st December, 2021
Total Income	45,184	33,081
Profit before Interest, Depreciation, Exceptional Items and Tax	7,422	4,461
Less: Depreciation	1,332	1,193
Profit before Interest, Exceptional Items and Tax	6,090	3,268
Less: Interest and Finance cost	135	122
Profit before Exceptional Items and Tax	5,955	3,146
Less: Exceptional items	379	(128)
Profit before tax	6,334	3,018
Profit after tax	5,120	1,103

During the Financial Year under review total standalone revenue of the Company increased to ₹ 45,184 Million from ₹ 33,081 Million for the previous year. Profit before Interest, Depreciation, Exceptional Items and Tax increased to ₹ 7,422 Million as against ₹ 4,461 Million for the previous year. The profit before exceptional items & tax for the Financial Year increased to ₹ 5,955 Million in the Financial Year 2022 from ₹ 3,146 Million in the Financial Year 2021.

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

Dividend

As per the Dividend Distribution Policy of the Company, dividend pay-out will be determined based on available financial resources, business environment, funds required for organic as well as inorganic growth and other factors which will ensure optimal shareholder return. Within these parameters the Company would endeavor to maintain a total dividend pay-out ratio of upto 25% of the Annual

Consolidated Profits After Tax (Consolidated PAT) of the Company for the corresponding year.

Considering strong cash flows and operational performance, the internal and external factors as provided in the Dividend Distribution Policy, even though the Annual Consolidated Profits after Tax of the Company for the Financial Year is negatively affected by classification of the German Forgings Operations as held for sale (one-time non-cash impact), the Board proposes to keep the same dividend payout as of previous year. Accordingly, the Board of Directors is pleased to recommend dividend of ₹ 2.50/- (Two rupees and fifty paise only) per equity share of face value of ₹ 10/- for the financial year ended 31st December, 2022 out of the standalone profit after tax of the Company for the Financial Year ended 31st December, 2022. The equity dividend outgo for the Financial Year 2022 would absorb a sum of ₹ 948 Million.

Dividend will be payable subject to approval of members at the ensuing Annual General Meeting and deduction of tax at source, as may be applicable, to those members whose names appear in the Register of Members on record date as may be decided by the Board.

Transfer to Reserves

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

B. OPERATIONAL PERFORMANCE – THE COMPANY AND SUBSIDIARIES

INDIA

Demand in the Indian automotive market in FY22 continued the growth trajectory from the previous year. The light vehicles segment recorded highest production levels since 2018 with many successful new model launches. The two wheelers and tractors segments were sluggish as rural incomes have not fully recovered post pandemic. On the raw material side, prices remained elevated during the year.

The order book situation was such that the company's Indian operations required capital expenditure for increasing capacity. The key focus remains on how to balance order book requirements and investments in capacity such that both growth and profitability objectives are met. Process reengineering, automation and digitization with a view to improve operations went on as planned.

EUROPE

Light vehicles production in Europe fell for the third straight year as the semiconductor shortage extended to FY22 and the market was negatively affected by the war in Ukraine. Battery electric vehicles (EVs) remained buoyant, and their market penetration crossed 10%.



Electricity prices in Europe rose to unprecedented levels largely due to the war situation, putting lot of strain on profitability. The Company's European operations concentrated on improving productivity, pruning other costs and in some cases passing on part of the energy price rise to customers, so that the impact of market factors on profitability was minimized. At the same time, the focus was on generating more EV related orders and on developing aluminum forgings to be used in EVs.

The German truck forgings operations is now held for sale to focus on other businesses in Europe viz. forgings for the light vehicle market and gears.

C. INVESTOR RELATIONS (IR)

The Company strives for excellence in its investor relations ("IR") engagement with international and domestic investors. There is a structured conference call every quarter to discuss published results. The management has periodic interactions with the financial community including investors and analysts, happen through individual meetings and investor conferences. The Company participated in several investors meets, conferences and roadshows organized by reputed global and domestic broking houses, during the year. It is ensured that critical information related to the company is uploaded on the company's website and made available to the stock exchanges so that they can be accessed easily and equally by all.

D. CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated Total Income of the Company (from continued operation) for the financial year under review stood at ₹ 88,113 Million as against ₹ 68,119 Million in the previous year*. Profit before Interest, Depreciation, Exceptional Items and Tax stood at (from continued operation) ₹ 12,302 Million as against ₹ 9,885 Million for the previous year*. The profit before exceptional items & tax for the Financial Year (from continued operation) stood at ₹ 9,113 Million in Financial Year 2022 as against ₹ 6,805 Million in Financial Year 2021*.

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

CIE Galfor S.A. registered consolidated revenue from continued operations of ₹ 31,220 Million during the financial year ended 31st December, 2022 as compared to ₹ 24,375 million in the previous year*. The consolidated net profit after tax from continued operations for the financial year under review was ₹ 2,316 Million as compared to ₹ 2,365 Million in the previous year*.

**Previous year numbers have been restated due to classification of German Forging Operations as held for sale in accordance with applicable accounting standards. Please see note no.23 of the notes to consolidated financial statements for more details.*

Aurangabad Electricals Limited registered a revenue from operations of ₹ 10,060 Million during the year as compared to ₹ 9,645 Million in the previous year and the net profit after tax for the year stood at ₹ 730 Million as compared to ₹ 685 Million in the previous year.

CIE Hosur Limited, which was incorporated in the financial year 2021, commenced its operations during the year. It registered a revenue from operations of ₹ 74 Million during the year and the net loss after tax for the year stood at ₹ 132 Million.

The Company's consolidated revenue from the continuing operations was ₹ 87,530 Million in the financial year ended 31st December, 2022, of which about 49.5% was derived from the subsidiaries whereas about 50.5% was derived from operations of the Company.

The Consolidated Financial Statements of the Company and its subsidiary companies, prepared in accordance with the Companies Act, 2013 (the Act) and applicable Accounting Standards along with all relevant documents and the Auditors' Report forms a part of the Annual Report of 2022.

In accordance with section 136 of the Act, separate accounts in respect of each of the Subsidiaries are uploaded on the website of the Company and is accessible at the web-link: <http://www.mahindrachie.com/investors/investor-relations/annual-report.html#subsidiaries-annual-report> and soft copies of the same shall be provided to shareholders of the Company on request for such copies.

Subsidiary Companies

As on 31st December 2022, the Company has 14 subsidiaries namely Stokes Group Limited (U.K.), CIE Galfor S.A.U. (Spain), CIE Legazpi S.A. (Spain), UAB CIE LT Forge (Lithuania), CIE Forging Germany GmbH (Germany), Jeco Jellinghaus GmbH (Germany), Gesenkschmiede Schneider GmbH (Germany), Falkenroth Unformtechnik GmbH (Germany), Schoneweiss & Co. GmbH (Germany), Metalcastello S.p.A. (Italy), BF Precision Private Limited (India), Bill Forge de Mexico S. A. de. CV (Mexico), Aurangabad Electricals Limited (India) and CIE Hosur Limited (India).

CIE Forging Germany GmbH and its subsidiaries (German Forging Operations)

CIE Forging Germany GmbH (CFG) and its four subsidiaries namely Jeco Jellinghaus GmbH (operationally closed), Gesenkschmiede Schneider GmbH, Falkenroth Unformtechnik GmbH and Schoneweiss & Co. GmbH (together referred to as German Forging Operations) supply forging parts primarily for the European truck industry. CIE Galfor S.A., a first level wholly owned subsidiary of the Company and immediate holding company of CFG, also supplies forging parts to the light vehicles industry from its own plant and other subsidiaries in Europe. The light vehicles industry in Europe is seeing a rapid transition to Electric Vehicles (EVs) and the Company is focused on managing this transition.

In view of the above the Board of Directors of CIE Galfor S.A. at its meeting held on 14th December, 2022 approved the proposal to launch an active program to locate a buyer for the German Forging Operations comprising of CFG and its subsidiaries as mentioned above. In accordance with the applicable accounting standards all the German Forging Operation's "assets and liabilities" are categorized as "assets and liabilities held for sale".



Stokes Group Limited

In 2018, the Board of Directors of the Company, after reviewing the business situation, had agreed with the proposed closure of Stokes Group Limited (Stokes) and its business was classified as dis-continued operations. Stokes has completely stopped its production in FY2019. On 17th June, 2022, the Company being the sole member of Stokes Group Limited approved voluntary winding up and liquidation of Stokes and appointed liquidator. The liquidation of Stokes is expected to be completed in accordance with the applicable laws, by first half of FY-2023.

All other subsidiaries are operational.

Associate Companies

The Company had Six Associates as on 31st December, 2022 namely Clean Max Deneb Power LLP (Deneb), Sunbarn Renewables Private Limited (Sunbarn), Renew Surya Alok Private Limited (Renew), Gescrap India Private Limited (Gescrap), Strongsun Solar Private Limited (Strongsun) and Galfor Eolica SL. The Company does not have any joint-venture.

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

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

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

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

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

Credit Rating

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

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

E. INTERNAL FINANCIAL CONTROLS

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

Your Company uses ERP System as a business enabler and to maintain its books of accounts. The transactional controls built in ERP System provide segregation of duties, appropriate level of approval mechanism and maintenance of supporting records. It is further supplemented by documented policies, guidelines and procedures. These are reviewed by the management regularly and strengthened wherever required. These systems and controls are subject to audit program arrived at basis risk review and approved by the Audit Committee. Action plan is prepared by the management for all the audit findings and the same is reviewed by the Audit Committee on quarterly basis.

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

F. MANAGEMENT DISCUSSION AND ANALYSIS

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

G. CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

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

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

Further, the Company had entered into Material Related Party Transactions i.e., transactions exceeding 10% percent of the annual consolidated turnover as per the last audited financial statements of the Company with



Mahindra & Mahindra Limited (M&M). These transactions were in Ordinary Course of Business of the Company and were at arm's length basis. The details of these transactions, as required to be provided under section 134(3)(h) of the Companies Act, 2013 are disclosed in Form AOC-2 as **Annexure I** and forms part of this Report.

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

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

H. AUDITORS

Statutory Auditors

The members of the Company at the 23rd Annual General Meeting (AGM) had appointed M/s. B S R & Co. LLP, Chartered Accountants (B S R LLP) (ICAI Firm No. 101248W/W – 100022) as the Statutory Auditors of the Company to hold office from the conclusion of 23rd AGM for a term of consecutive five years till the conclusion of 28th AGM of the Company to be held in the year 2027.

Auditor's report

The Auditors' Report on the Financial Statement for the year ended 31st December, 2022, is unmodified i.e., it does not contain any qualification, reservation or adverse remark or disclaimer and notes thereto are self-explanatory and do not require any explanations.

Secretarial Auditor and Secretarial Audit

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company had appointed Mr. Sachin Bhagwat, Practicing Company Secretary (Certificate of Practice No. 6029), Secretarial Auditor to undertake the Secretarial Audit of the Company for the Financial Year ended 31st December, 2022. The Secretarial Audit Report for the Financial Year ended 31st December, 2022 is appended to this Report as **Annexure II**. The report does not contain any qualification, reservation, or adverse remark or disclaimer.

Secretarial Audit of Material Unlisted Indian Subsidiary

Aurangabad Electricals Limited (AEL), is a material subsidiary of the Company. The Secretarial Audit of AEL for the financial year ended 31st December, 2022 was carried out pursuant to Section 204 of the Companies Act, 2013 and Regulation 24A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 by Mr. Sachin Bhagwat, Practicing Company Secretary (Certificate of Practice No. 6029). The Secretarial Auditor's Report of AEL, does not contain any qualification, reservation or adverse remark and the same is enclosed herewith as **Annexure III**.

Annual Secretarial Compliance Report

The Company has undertaken an audit for the Financial Year ended 31st December, 2022 for all applicable

compliances as per Securities and Exchange Board of India Regulations and Circulars/Guidelines issued thereunder. The Annual Secretarial Compliance Report duly signed by Mr. Sachin Bhagwat, Practicing Company Secretary (Certificate of Practice No. 6029) has been submitted to the Stock Exchanges within the prescribed timelines.

Cost Records

Your Company maintained cost accounts and records as required under Section 148 of the Companies Act, 2013, read with the Companies (Cost Records and Audit) Rules, 2014.

Cost Auditors

The Board had appointed Messrs. Dhananjay V. Joshi & Associates, Cost Accountants, Pune, (Firm Registration Number 000030) as Cost Auditor for conducting the audit of Cost Records of the Company for Financial year ended 31st December, 2022.

In accordance with Section 148 of the Companies Act, 2013, the Board of Directors of the Company, on recommendation of the Audit Committee, re-appointed Messrs. Dhananjay V. Joshi & Associates, Cost Accountants, Pune (Firm Registration Number 000030) as the Cost Auditors of the Company to conduct the Audit of the Cost Accounting Records maintained by the Company for the Financial Year ending 31st December, 2023. Messrs. Dhananjay V. Joshi & Associates have confirmed that their appointment is within the limits of Section 141(3)(g) of the Companies Act, 2013 and have also certified that they are free from any disqualifications specified under section 141(3) read with Section 148(5) of the Companies Act, 2013.

As per the provisions of the Companies Act, 2013, the remuneration payable to the Cost Auditor is required to be placed before the Members in a General Meeting for their ratification. Accordingly, a resolution seeking Members' ratification for the remuneration payable to Messrs. Dhananjay V. Joshi & Associates, Cost Auditors is included in the Notice convening the 24th Annual General Meeting.

Reporting of Frauds by Auditors

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

I. PARTICULARS OF LOANS, GUARANTEES, INVESTMENTS AND SECURITIES

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

Further, disclosure required pursuant to Regulation 34(3) read with Part A of Schedule V of the Listing Regulations in respect of loans or advances in the nature of loan given



by the Company to its Subsidiaries is provided at the end of this report.

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

J. PUBLIC DEPOSITS

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

K. TRANSFER OF AMOUNTS TO INVESTOR EDUCATION AND PROTECTION FUND

During the year under review, pursuant to provisions of Section 124 of the Companies Act, 2013 and rules made thereunder, an amount of ₹ 5,10,073/- pertaining to sale proceeds of fractional shares arising out of consolidation of fractional entitlements in accordance with the Integrated Scheme and Composites Scheme of Amalgamation was transferred by the Company to Investors Education and Protection Fund (IEPF) on expiry of seven years.

Further, pursuant to the Integrated scheme and the Composites scheme of Amalgamation Mahindra Ugine Steel Company Limited (MUSCO) and Mahindra Composites Limited (MCL) merged with the Company, both MUSCO and MCL had unclaimed dividends which were transferred to IEPF by the Company in accordance with provisions of Section 124 of the Act. Details of all the unclaimed amounts transferred by the Company to IEPF in earlier years is uploaded on the website of the Company and is accessible at the web-link:

<http://www.mahindracie.com/investors/downloads/documents.html#unclaimed-amounts> and also on the website of IEPF viz. www.iepf.gov.in.

No claim lies against the Company in respect of these Dividends/fractional entitlements.

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

L. EMPLOYEES

Key Managerial Personnel (KMP)

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

1. Mr. Ander Arenaza – Executive Director
2. Mr. Manoj Menon – Executive Director and Chief Executive Officer – Stampings, Composites, Foundry, Magnetics and Gears Divisions
3. Mr. Anil Haridass – Executive Director and Chief Executive Officer – Forgings and Bill forge divisions (upto 22nd February, 2022)
4. Mr. Hari Krishnan – Chief Executive Officer – Forgings and Bill Forge Divisions (w.e.f. 22nd February, 2022)
5. Mr. K. Jayaprakash – Chief Financial Officer
6. Mr. Pankaj Goyal – Company Secretary and Compliance Officer

During the year under review, Mr. Anil Haridass demitted his executive responsibilities and stepped down as Whole-time Director and Chief Executive Officer – Forgings and Bill Forge Divisions of the Company with effect from 22nd February, 2022. He therefore ceased to be a KMP of the Company and re-designated as Non-executive Director of the Company with effect from 22nd February, 2022. After Mr. Anil Haridass demitted his executive responsibilities, the Board of Directors of the Company, on recommendation of the Nomination and Remuneration Committee, have appointed Mr. Hari Krishnan (then advisor) as Chief Executive Officer – Forgings and Bill Forge Divisions of the Company with effect from 22nd February, 2022.

Employees' Stock Option Scheme

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

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

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

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

Both the schemes are in compliance with the SEBI (Share Based Employee Benefits) Regulations, 2021 ("SBEF Regulations"). The Certificate issued by the Secretarial Auditor of the Company to the effect that the Schemes



have been implemented in accordance with the said Regulations and the resolution passed by the members will be placed before the members at the ensuing Annual General Meeting.

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

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

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

Particulars of Employees and related disclosures

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

Further, as required under provisions of Section 197(12) of the Companies Act, 2013 read with Rule 5(2) & 5(3) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended, a statement including the names and other details of the top ten employees in terms of remuneration drawn and the name of every employee, who were in receipt of remuneration not less than ₹ 10,200,000/- per annum during the year ended 31st December, 2022 or employees who were employed for a part of the Financial Year and were in receipt of remuneration of not less than ₹ 8,50,000/- per month during any part of the said year is annexed as **Annexure V** to this report.

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

Industrial Relations

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

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

M. BOARD AND COMMITTEES

Retirement by rotation

Mr. Jesus Maria Herrera Barandiaran (DIN: 06705854) and Mr. Manoj Mullassery Menon (DIN: 07642469) are liable to retire by rotation and being eligible, have offered themselves for re-appointment at the 24th Annual General Meeting of the Company.

As required under Regulation 36 (3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard 2, particulars of Directors seeking re-appointment at ensuing Annual General Meeting shall be provided in the Notice of 24th Annual General Meeting (AGM).

Changes in Board

During the year under review, the Board at its meeting held on 22nd February, 2022, on recommendation of the Nomination and Remuneration Committee, appointed Mr. Puneet Renjhen (DIN:09498488) as Additional Director of the Company. At 23rd AGM of the Company, the Members approved his appointment as a Director, liable to retire by rotation.

Further, Mr. Zhooben Bhiwandiwalwa (DIN: 00110373) and Mr. Puneet Renjhen (DIN: 09498488) resigned as Director(s) of the Company with effect from 22nd February, 2022 and 19th December, 2022 respectively. The Board of Directors of the Company places on record its appreciation of Mr. Bhiwandiwalwa's and Mr. Renjhen's contribution as Director during their association with the Company.

Further, Mr. Anil Haridass (DIN: 00266080) resigned as Whole-time Director and was re-designated as Non-Executive Director w.e.f. 22nd February, 2022.

Declaration of the Independent Directors

All the Independent Directors have confirmed that they meet the criteria as mentioned in Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 149(6) of the Companies Act, 2013. The Independent Directors have also confirmed that they are not aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact their ability to discharge their duties with an objective independent judgement and without any external influence. Further, the Board after taking these declaration/disclosures on record and acknowledging the veracity of the same, opined that the Independent Directors are persons of integrity and possess the relevant expertise and experience, fulfils the conditions specified in the Listing Regulations and the Act for appointment of Independent Directors and are Independent of the Management.

Directors' Responsibility Statement

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

- in the preparation of the annual accounts for the financial year ended 31st December, 2022, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the



state of affairs of the Company at the end of the financial year ended on 31st December, 2022 and of the profit and loss of the Company for that financial year ended on that date.;

- c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the directors had prepared the annual accounts on a going concern basis;
- e) the directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively during the financial year ended 31st December, 2022;
- f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively during the financial year ended 31st December, 2022.

Board, Committee and Annual General Meeting

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

The Board of Directors of the Company met five times during the Financial Year ended 31st December, 2022 i.e., on 22nd February, 2022, 25th April, 2022, 22nd July, 2022, 18th October, 2022 and 14th December, 2022. The 23rd Annual General Meeting of the Company was held on 25th April, 2022 through Video Conferencing.

Details of attendance of meetings of the Board, its Committees and the AGM are included in the Report on Corporate Governance, which forms part of this Annual Report.

Meeting of Independent Directors

The Independent Directors of the Company met on 21st February, 2022 and 13th December, 2022 without the presence of the Chairman, Executive Directors, other Non-Independent Director(s) and any other Managerial Personnel.

Performance Evaluation

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

Accordingly, feedback was sought on the structured questionnaire from all the Directors of the Company, through electronic platform provided by an Independent Agency, covering various aspects, on performance evaluation of the Board, Committees of Board,

Independent Directors, Non-Independent Directors, and the Chairman. A report aggregating the responses of all the directors of the Company was generated by the system.

Performance Evaluation of Individual Directors

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

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

Performance Evaluation of the Board and Committees of Board

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

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

Familiarisation Programme for Independent Directors

The details of programmes for familiarization of Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, and related matters are given in the Report on Corporate Governance. The familiarisation programme and other disclosures as specified under Regulation 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is available on the website of the Company at the link:

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

Policy on Appointment and Remuneration

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

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

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

During the year under review, there was no change in the Policy on the remuneration of Directors, Key Managerial



Personnel and other employees of the Company and Policy on Appointment of Directors, Key Managerial Personnel and Senior Management Employees and succession planning.

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

Committees of the Board

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

Audit Committee

The Committee comprises of four independent directors viz:

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

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

The Company Secretary is the Secretary to the Committee. All the recommendations of the Audit Committee were accepted by the Board during the financial year under review.

N. GOVERNANCE

Corporate Governance

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

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

Vigil Mechanism

The Vigil Mechanism as envisaged in the Companies Act, 2013, the Rules prescribed thereunder and the SEBI (Listing Obligations and Disclosure Requirements) Regulations,

2015 is implemented through the Company's Whistle Blower Policy to enable the directors, employees and all stakeholders of the Company to report their genuine concerns, to provide for adequate safeguards against victimisation of persons who use such mechanism and make provision for direct access to the Chairman of the Audit Committee. The detail of the Policy is explained in the Corporate Governance Report and has been uploaded on the website of the Company and is accessible at the web-link: <http://www.mahindrachie.com/investors/investor-relations/governance.html#whistle-blower>.

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

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

During the year under review, one complaint of sexual harassment was received by ICC of a business division and the same was pending at the end of the year.

Risk Management

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

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

The Risk Management Committee, Audit Committee as well as the Board reviews the risks and RMS periodically. The Company has established procedures to periodically



place before the Board, the risk assessment and minimisation procedures being followed by the Company and steps taken by it to mitigate the Risks.

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

O. SUSTAINABILITY AND CORPORATE SOCIAL RESPONSIBILITY

Sustainability

Objectives

To ensure that the actions of the Company are governed by the principles as laid down in National Guidelines on Responsible Business Conduct (NGRBCs), to the extent applicable to our business and operations, which are more particularly provided in the ESG Policy of the Company.

Safety and Health

The Company is committed to provide a safe and healthy work environment across all manufacturing plants, and offices of the Company.

Developing and sustaining safety culture is a journey and the management continues to monitor adherence by all employee of the processes and procedures including the Safety Standards established across all manufacturing plants. The focus of FY22 was on improving our 5 key safety lead indicators which demonstrates commitment and accountability of our line managers in safety and health management at our manufacturing facilities. Our continuous efforts in safety of people have resulted in significant improvement in the overall safety and health performance in FY-22. During the year, Surveillance and Certificate Audit was carried out at 20 (out of 25) plants of the Company by a third party and have re-assured compliance by the Company of the ISO-45001 standard at these facilities. The Five facilities which have yet not achieved the ISO-45001 certification have Safety Management Systems in place in line with requirements of ISO-45001 and are expected to complete their assessment and achieve the certification in FY-23.

To ensure wellbeing of all employees, the management continued conducting occupational health examination, periodic health checks up and workplace monitoring and ensures that there is no adverse impact on health of our employees.

Environment

The Company is an auto-component supplier to OEMs and their Tier-1 suppliers. Most of our products are as per the specifications provided by the Customers. Thus, we are more a Process Company than a Product Company. Our endeavor is to ensure that resource-efficient and low carbon processes and technologies are deployed for manufacturing of the products. The management is focused on making available goods and services to our customers in a manner that minimizes any environmental and social impacts of our operations.

To ensure that all environmental risks and opportunities related to our activities are taken care of, the Company has in place the Environment Management System which adheres to the specifications of the ISO-14001 standard. While most of our operations (20 out of 25) have been certified under ISO-14001 standards, the remaining plants have Environment Management System in place in line with requirements of ISO-45001 and are expected to complete their assessment and achieve the certification in FY-23.

On its pathway towards a circularity model, the Company emphasized on better managing natural resources, monitoring its consumption and waste generation to minimize impacts arising from our activities on environment.

The emphasis continued on increasing the share of green energy in total energy consumption. During FY 2022 the captive solar power plants set up in Maharashtra with capacity of 52.5 MW commissioned supply with the entire capacity. The proportion of the renewable energy consumption to the total energy consumption was about 51% in FY-2022. During the year, the Company has signed firm agreements to source additional 16 MW power from captive solar power plants to be set-up in Maharashtra, which are expected to commission in FY-2023.

Business Responsibility and Sustainability Report

In accordance with the nine business responsibility principles provided under National Guidelines on Responsible Business Conduct (NGRBCs) and Business Responsibility and Sustainability Reporting framework prescribed by Securities and Exchanges Board of India, the Board of Directors of the Company at its meeting held on 14th December, 2022 adopted Environmental, Social and Governance Policy (ESG Policy) replacing the existing Business Responsibility Policy of the Company.

Pursuant to Regulation 34(2)(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has voluntarily opted to submit the Business Responsibility and Sustainability Report for the Financial Year ended on 31st December, 2022, which forms part of this Annual Report.

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

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

Corporate Social Responsibility (CSR)

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



The Board of Directors have approved and adopted Corporate Social Responsibility Policy (CSR Policy) as formulated and recommended to the Board by CSR Committee. The CSR Policy including a brief overview of the projects or programs undertaken by the Company in pursuance of its CSR Policy are hosted on the Company's website and is accessible at the web-link: <https://www.mahindrachie.com/investors/investor-relations/csr.html>

During the year under review the Company was required to spent ₹ 46.01 million in accordance with Section 135(1) of the Companies Act, 2013, as its CSR obligation. Out of the CSR Obligation of FY-2022, the Company has spent ₹ 35.17 million in accordance with the Annual Action Plan approved by the Board. The unspent amount of ₹ 10.84 million is allocated to the two Ongoing CSR projects, implementation of which shall be continued by the Company in FY-2023.

Further, during the previous financial year, the Company had transferred ₹ 37.51 million to unspent CSR account of the Company in accordance with Section 135(6) of the Act. The Company had spent this entire unspent CSR amount i.e., ₹ 37.51 Million on the CSR Projects implemented by the Company during the year under review, in accordance with the Annual Action Plan.

The CSR Committee affirmed that the implementation and monitoring of the CSR projects during the year was in compliance with the CSR objectives and CSR policy of the Company.

A brief overview of the projects or programs undertaken by the Company is accessible at the web-link: <https://www.mahindrachie.com/investors/investor-relations/csr.html>

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

P. SECRETARIAL

Change in Name of the Company

The Company is a subsidiary of CIE Automotive S.A., Spain having India as its major area of operations. Your Company therefore draws from the experience of CIE group to serve the evolving Indian automotive industry.

India is projected to be one of the fastest growing large economies in the world and CIE Automotive S.A.'s global strategy continues to focus on India as a key market. To reflect the above strategy, the Board of Directors of the Company at their meeting held on 14th December, 2022 have considered and approved the proposal to change the name of the Company from "Mahindra CIE Automotive Limited" to "CIE Automotive India Limited". Consequently, alteration in the 'Clause I' i.e. 'Name Clause' of the Memorandum of Association of the Company by substituting the existing 'Clause I' by new name of the Company was also approved by the Board.

The Company had sought approval of the members of the Company in this regard by way of postal ballot.

Subject to approval of the members and in accordance with Section 13(2) of the Act, the proposed change in the name of the Company shall be effective, only with the approval the Central Government in writing (the powers of Central Government are delegated to RoC) and upon issuance of a fresh certificate of incorporation in the new name of the Company as per Section 13(3) of the Act. The change in the name shall be complete and effective from the date of issuance of such fresh certificate of incorporation.

Change in shareholding of Promoters of the Company

During the year under review, Participaciones Internacionales Autometal Dos (PIA2), one of the Promoters of the Company, purchased 1,89,56,240 Equity Shares representing 4.99% of the paid-up share capital of the Company from open market, increasing its shareholding to 65.70% of the paid-up share capital of the Company as at the end of the Financial Year. Further, Mahindra & Mahindra Limited (M&M), other Promoter of the Company, sold 8,242,444 Equity Shares representing 2.17% of the paid-up share capital of the Company thereby reducing its shareholding to 9.25% of the paid-up share capital of the Company as at the end of the Financial Year.

Pursuant to the SEBI (Substantial Acquisition of shares and Takeover) Regulations, 2011 and SEBI (Prohibition of Insider Trading) Regulations, 2015 necessary disclosure were submitted to stock exchanges. The Promoter and Promoter Group shareholding in the Company post the above transaction stands at 74.95% of the paid-up equity capital of the Company as on 31st December, 2022.

Issue of Shares

During the year under review, the Company has issued and allotted 2,66,424 equity shares of face value of ₹ 10/- each, pursuant to exercise of options by the employees under the Company's Employee Stock Option Scheme - 2015.

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

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

Compliance with Downstream Investment conditionalities

The Company is a Foreign Owned and Controlled Company within the meaning of Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2017 ("FDI



Regulations"). All the Downstream Investments made by the Company are in compliance with the conditionalities of Downstream Investment stipulated in the FDI Regulations.

The Company has obtained a certificate from the Statutory Auditors of the Company for compliance with the FDI Regulations in respect of the downstream investment made by the Company during financial year 2021. The Auditors have affirmed compliance with downstream investment conditionalities by the Company and have issued an unqualified report.

Annual Return

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

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

In accordance with the provisions of Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has framed a Policy for determination of Materiality for disclosure of events or information. The same has been hosted on the website of the Company and is accessible at the web-link: <http://www.mahindrachie.com/investors/investor-relations/governance.html#policies-and-code-of-conduct>.

Dividend Distribution Policy

Pursuant to regulation 43A of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has formulated a dividend distribution policy which became effective from 1st January, 2017 stipulating factors to be considered in case of Dividend declaration. The said policy was amended in financial year 2021 *inter-alia* to amend the Financial Parameters that shall be considered while declaring dividend. There was no change in the Policy during the Financial Year under review.

The Dividend Distribution Policy forms part of this report as **Annexure VIII**.

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

Q. GENERAL

None of the Executive Directors (Whole-time Director or Managing Director) were in receipt of any commission from the Company hence the disclosure under Section 197(14) of the Act is not applicable.

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

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

Acknowledgement

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

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

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

Shriprakash Shukla
Chairman
DIN: 00007418

Date: 22nd February, 2023
Place: Pune



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

Loans and advances in the nature of loans to subsidiaries

(₹ in million)

Name of the subsidiary	Balance as on 31st December, 2022	Maximum outstanding during the year
Aurangabad Electricals Limited	(400)	(820.48)
BF Precision Private Limited	-	1.43
CIE Hosur Limited	206.9	685.43

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



ANNEXURE – I

Form No. AOC-2

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

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

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

There were no contracts or arrangements or transactions entered into during the financial year ended 31st December, 2022, which were not at arm's length basis.

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

The details of material contracts or arrangements or transactions at arm's length basis for the financial year ended 31st December, 2022 are as follows:

Sr. No.	Name(s) of the related party & Nature of relationship	Nature of contracts/ arrangements/ transactions	Value of contracts/ arrangements/ transactions (in ₹ Million)	Duration of contracts/ arrangements/ transactions	Salient terms of contracts/ arrangements/ transactions	Date of approval by the board, if any	Amount paid as advance (in ₹ Million)
1.	Mahindra & Mahindra Limited Investee Company in respect of which the Company is an Associate	Rent paid	34	Jan-Dec 2022	The related party Transactions (RPTs) entered during the year were in the ordinary course of business and on arm's length basis.	Since these RPTs are in the ordinary course of business and are at arm's length basis, approval of the board is not applicable. However, necessary approvals were granted by the Audit committee from time to time. Nature of transactions: a) Sale or Supply of goods or materials b) availing or rendering of services c) leasing or buying of property d) leasing/renting of property of any kind and paying/ receiving the rent or giving/ receiving the security deposit for such property, selling or otherwise disposing off or buying property of any kind including plant and equipment, reimbursements to be made or received with Mahindra and Mahindra Limited upto ₹18,000 Mio per annum. the shareholders accorded their approval on 23.06.2022 by way of Postal Ballot for the Material Related Party Transactions of the Company which may exceed 10% of the Annual Consolidated Turnover of the Company as per the last audited financial statements.	Nil
		Reimbursements Made / Paid	16				
		Sale of Goods	15,555				
		Purchase	3				
		Dividend Paid	104				
		Total	15,712				

For and on behalf of the Board
Mahindra CIE Automotive Limited

Shriprakash Shukla
Chairman
(DIN: 00007418)

Date: 22nd February, 2023
Place: Pune



Annexure II

SECRETARIAL AUDIT REPORT

For the financial year ended December 31, 2022

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

To,

The Members,

Mahindra CIE Automotive Limited

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

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

Auditor's Responsibility:

My responsibility is to express an opinion on the compliance of the applicable laws and maintenance of records based on audit. I have conducted the audit in accordance with the applicable Auditing Standards issued by The Institute of Company Secretaries of India. The Auditing Standards requires that the Auditor shall comply with statutory and regulatory requirements and plan and perform the audit to obtain reasonable assurance about compliance with applicable laws and maintenance of records.

Due to the inherent limitations of audit including internal, financial and operating controls, there is an unavoidable risk that some material misstatements or material non-compliances may not be detected, even though the audit is properly planned and performed in accordance with the Standards.

Unmodified opinion:

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on December 31, 2022, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on December 31, 2022 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the regulations and bye-laws framed thereunder to the extent of foreign direct investment and overseas direct investment. The provisions related to external commercial borrowings did not apply to the Company during the audit period;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; *(Not applicable to the Company during the audit period)*
 - (d) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;



- (e) The Securities and Exchange Board of India (Issue and Listing of Non-convertible Securities) Regulations, 2021; *(Not applicable to the Company during the audit period)*
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021 ; *(Not applicable to the Company during the audit period)* and
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; *(Not applicable to the Company during the audit period)*

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

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

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

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

I further report that:

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

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

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

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

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

Sachin Bhagwat

ACS: 10189

CP: 6029

UDIN: A010189D003182820

PR Certificate No.: 654/2020

Place: Pune

Date: 22 February, 2023



Annexure to Secretarial Audit Report

To,

The Members,

Mahindra CIE Automotive Ltd.

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

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

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

Place: Pune
Date: 22 February, 2023

Sachin Bhagwat
ACS: 10189
CP: 6029
UDIN: A010189D003182820
PR Certificate No.: 654/2020



Annexure III

SECRETARIAL AUDIT REPORT

For the financial year ended 31 December, 2022

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

To,

The Members,

Aurangabad Electricals Ltd.

Plot No. B-7, MIDC Chakan

Pune 410501

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

Auditor's Responsibility:

My responsibility is to express an opinion on the compliance of the applicable laws and maintenance of records based on audit. I have conducted the audit in accordance with the applicable Auditing Standards issued by The Institute of Company Secretaries of India. The Auditing Standards requires that the Auditor shall comply with statutory and regulatory requirements and plan and perform the audit to obtain reasonable assurance about compliance with applicable laws and maintenance of records.

Due to the inherent limitations of audit including internal, financial and operating controls, there is an unavoidable risk that some material misstatements or material non-compliances may not be detected, even though the audit is properly planned and performed in accordance with the Standards.

Unmodified opinion:

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31 December 2022, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31 December, 2022 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder; *(Not applicable to the Company during the audit period)*
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment. The provisions related to overseas Direct Investment and external commercial borrowings did not apply to the Company during the audit period;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') :-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; *(Not applicable to the Company during the audit period)*
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; *(Not applicable to the Company during the audit period)*
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; *(Not applicable to the Company during the Audit period)*
 - (d) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021; *(Not applicable to the Company during the Audit period)*



- (e) The Securities and Exchange Board of India (Issue and Listing of Non-convertible Securities) Regulations, 2021; *(Not applicable to the Company during the audit period)*
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; *(Not applicable to the Company during the Audit period)*
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021; *(Not applicable to the Company during the Audit period);* and
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; *(Not applicable to the Company during the Audit period)*

I further report that having regard to the compliance system prevailing in the Company, the certificates of compliance placed before the Board at every meeting duly signed by the Executive Director of the Company, the representation made by the Company to me and on examination of the relevant documents, no law was applicable specifically to the Company.

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 to the extent applicable to an unlisted material subsidiary of a listed entity.

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

I further report that -

The Board of Directors of the Company is duly constituted with proper balance of Executive Director, Non-Executive Directors. The Company is exempted from appointment of Independent Directors pursuant to Rule 4(2) of the Companies (Appointment and Qualification of Directors) Rules, 2014. No change in the composition of the Board of Directors took place during the period under review.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance. 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.

All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

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

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

Pune, 21 February 2023

CS Sachin Bhagwat
 ACS: 10189, CP: 6029
 UDIN: A010189D003176704
 PR No.: 654/2020



Annexure to Secretarial Audit Report

To,

The Members,

Aurangabad Electricals Ltd.

Plot No. B-7, MIDC Chakan
Pune 410501

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

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

Pune, 21 February 2023

CS Sachin Bhagwat
ACS: 10189, CP: 6029
UDIN: A010189D003176704
PR No.: 654/2020



Annexure IV

DETAILS OF REMUNERATION

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

The ratio of the remuneration of each director to the median remuneration of employees of the Company for the financial year	Name of Director	Designation	The ratio of the remuneration of each director to the median remuneration of employees
	Mr. Shriprakash Shukla*	Non - Executive Director (Chairman)	NA
	Mr. Ander Arenaza Alvarez	Executive Director	4.04
	Mr. Manoj Mullassery Menon	Executive Director	29.70
	Mr. Anil Haridass!	Executive Director (upto 22 nd February, 2022) Non- Executive Director (w.e.f. 23 rd February 2022)	24.10
	Mr. Jesus Maria Herrera Barandiaran*	Non - Executive Director	NA
	Mr. Manojkumar Madangopal Maheshwari@	Independent Director	4.24
	Mr. Dhananjay Narendra Mungale@	Independent Director	4.31
	Mr. Suhail Amin Nathani@	Independent Director	3.55
	Mr. Kadambi Narahari@	Independent Director	3.86
	Mrs. Roxana Meda Inoriza@	Independent Director	4.20
Mr. Alan Savio D'Silva Picardo@	Independent Director	4.27	
	* Non-Executive Non-Independent Directors are not entitled to any remuneration or sitting fees for attending the meetings.		
	! Demitted executive responsibilities and was redesignated as Non-Executive Director with effect from 23 rd February 2022, hence remuneration as Executive Director till 22 nd February, 2022 is only considered.		
	@ Independent Directors were entitled to remuneration by way of sitting fees for attending meeting of Board and committees and profit linked commission. The commission for CY2021 as approved by the Board of Directors of the company, on recommendation of the nomination and remuneration committee was paid to the Independent Directors during CY2022. For the purpose of calculating above ratios the remuneration paid during CY 2022 is considered.		
The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year	Name of Director/KMP	Designation	% increase in Remuneration
	Mr. Ander Arenaza Alvarez	Executive Director	Nil
	Mr. Manoj Mullassery Menon	Executive Director	20%
	Mr. Anil Haridass	Non-Executive Director (w.e.f. 23 rd February, 2022)	Not Applicable
	Mr. Hari Krishnan	Chief Executive Officer (w.e.f. 22 nd February, 2022)	Not Applicable
	Mr. K Jayaprakash	Chief Financial Officer	6%
Mr. Pankaj Goyal	Company Secretary & Compliance Officer	33%	
The percentage increase in the median remuneration of employee in the financial year	3.43% increase in median employee remuneration. Note: For calculating median employee remuneration, employees (excluding Directors) who were in employment of the Company for entire Financial Year under consideration were only considered.		



The number of permanent employees on the rolls of company as on 31 st December, 2022	4,258
Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	<p>On an average, employees other than the managerial personnel (i.e. Executive and Non-Executive Directors) received an annual increase of 8.68% whereas the increase in the remuneration of Executive Director was 20%.</p> <p>The remuneration of the Executive Directors is decided based on the individual performance, inflation, prevailing industry trends and benchmarks.</p> <p>The remuneration of Non-Executive Directors consists of commission and sitting fees. While deciding the remuneration, various factors such as Director's participation in Board and Committee Meetings during the year, other responsibilities undertaken, such as Membership or Chairmanship of Committees, time spent in carrying out other duties, role and functions as envisaged in Schedule IV of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and such other factors as the Nomination and Remuneration Committee may deem fit etc. were taken into consideration.</p>
Affirmation that the remuneration is as per the remuneration policy of the Company	It is hereby affirmed that the remuneration paid is as per the Policy on Remuneration of the Directors, Key Managerial Personnel and other Employees.

For and on behalf of the Board
Mahindra CIE Automotive Limited

Shriprakash Shukla
Chairman
DIN: 00007418

Date: 22nd February, 2023
Place: Pune



Annexure V

STATEMENT OF PARTICULARS OF EMPLOYEES PURSUANT TO THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

(in ₹ Million)

Sl. No.	Name of the employees	Designation@	Remuneration received [in ₹ Million] (Excluding perquisite value pursuant to exercise of ESOPs of the Company), if any	Perquisite value of the ESOP of the Company exercised during the year, if any [in ₹ Million]	Qualification	Experience in years	Age in years	Date of commencement of current employment	Last employment held
1	2	3	4	5	6	7	8	9	10
1	Mr. Manoj Menon !	Executive Director & Chief Executive Officer – Stampings, Composites, Foundry, Magnetic Products and Gears Divisions	16.12	-	B. Tech, MMS	33	55	01-09-2013	Anand Auto Ltd.
2	Mr. Vikas Chandra Sinha	Sr. Vice President – Strategy and Chief Investor Relations Officer	14.83	0.51	MBA, BE	29	50	10-12-2014	Mahindra & Mahindra Limited
3	Mr. Anil Haridass**	Executive Director (upto 22 nd February, 2022)	13.50	-	BE Mechanical	40	64	01-01-1983	Founder of Bill Forge Private Limited
4	Mr. Hari Krishnan *	Chief Executive Officer – Forging and Bill Forge Divisions	12.68	-	BE Mechanical	33	56	30-05-2007	MGM Forgings (P) Ltd
5	Mr. Roney John ^s	Chief Operating Officer – Gears Division	8.86	-	BE –Industrial Eng	27	50	14-01-2005	Amul Industries, (Rajkot)
6	Mr. Anup Mishra!	Chief Business Controller	8.29	-	CA and CWA	33	54	01-12-2005	Karnavati Engineering Limited
7	Mr. K. Jayaprakash #	Chief Financial Officer	8.19	-	CWA and CS	39	58	29-03-2007	Pantloun Indian Retail
8	Mr. Satyanarayan Patel *	Senior General Manager – Finance – Bill Forge Division	7.55	-	BSc, MBA and CWA	22	50	09-07-2016	Mahle Behr India Ltd
9	Mr Rahul Desai	Chief Operating Officer–Magnetic Products, Composites, Stampings (Kanhe, Nashik) Divisions	7.51	-	B E - Mech	27	48	24-09-2015	GKN Sinter Metals Ltd
10	Mr Lalmani Shukla	Group Plant Chief – Stampings Division –Rudrapur, Pantnagar, Zaheerabad, Nagpur	7.33	-	B E - Mech	32	56	16-08-2006	JBM Group Faridabad

\$The employees resigned from their respective executive positions during the year. The remuneration mentioned above includes Gratuity, Leave Encashment etc. paid as a part of full and final settlement on cessation of their employment.



@ last designation held in the Company as on 31st December, 2022 or the last designation held before cessation of employment during the year.

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

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

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

Notes:

- i) All the employees included in the table above are permanent employees of the Company. All appointments are / were non-contractual.
- ii) None of the director / employees referred to in above table is related to any Director of the Company.
- iii) During the year, the Company has no employee who was employed throughout the Financial Year or part thereof and was in receipt of remuneration, which in the aggregate, or as the case may be, at a rate which, in the aggregate, is in excess of that drawn by the managing director or whole-time director or manager and holds by himself or along with his spouse and dependent children, not less than 2% of the equity shares of the Company. However, please note that Mr. Anil Haridass who was the Executive Director of the Company upto 22nd February, 2022 held along-with his spouse more than 2% of the Equity Share capital of the Company (i.e., 2.13% as on 31st December, 2022).
- iv) Remuneration included in column 4 above is calculated as per section 17(1) and 17(2) of the Income Tax Act, 1961.
- v) There were no employees who were posted outside and working in a country outside India and drawing remuneration from the Company more than ₹ 1.02 Cr per financial year or ₹ 8.5 lakh per month, as the case may be.

For and on behalf of the Board
Mahindra CIE Automotive Limited

Shriprakash Shukla
Chairman
DIN: 00007418

Date: 22nd February, 2023
Place: Pune



Annexure – VI

Conservation of energy, Technology Absorption and Foreign exchange earnings and outgo

Pursuant to Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014

A) Conservation of energy

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

i. The steps taken or impact on conservation of energy

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

- Modification of cooling tower water pipelines layout to reduce number of cooling towers
- Induction billet heating coil modifications
- Installation of new energy efficient compressors
- Installation of VFD in machines
- Installation of motion sensors
- Upgrading existing motors to energy efficient motors
- Use of mechanical energy instead of electrical energy
- Converting normal lights into LED Lights
- Interlocking of machine accessories operations with machine cycle
- Power factor improvements by installing SVG unit
- Conversion of MIG welding machines to thyristor control welding machines
- Installation of servo system on press machines

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

The Company continued its efforts to increase the proportion of green energy in the total energy consumption of the Company. The Company has installed roof top solar systems in nine plants with aggregate installed capacity of 5.136 MW. During FY22 the Company consumed 6.44 million units from these roof top solar plants.

The Company has secured supply of solar energy from the captive generating plants set-up in the State of Maharashtra with total installed capacity of 52.5 MW. The entire capacity has been operationalised from Jan'2022 and generated 77.78 million units of solar electricity in FY2022. The entire solar electricity generated from these captive solar generating plants was consumed by the plants of Forgings, Foundry and Magnetic Products Division situated in Maharashtra.

The Bill Forge division of the Company has similar arrangement in the State of Karnataka to generate captive green power and have consumed 46.07 million units of green energy during FY2022.

Thus, during FY2022 the Company sourced and consumed 132.56 million units of electricity from green sources. The proportion of the renewable energy consumption to the total energy consumption was 51.77%.

iii. The capital investment on energy conservation equipments

Company continued investing in modern technology for improving the specific energy consumption. During the year under review, the Company has spent an amount of approximately INR 26.3 million on Energy reduction projects & initiatives.

B) Technology absorption

Your Company is committed towards technology driven innovation and lays strong emphasis on inculcating an innovation driven culture within the organization harnessing internal skills and competencies. During the year



under review, your Company continued to work on technology upgradation and capability development in the critical areas of product quality, process improvements and value addition.

The Company at its various divisions adopted new technologies to improve efficiencies, conserve energy and to reduce wastages. The following are some of the major steps undertaken towards technology absorption.

(i) The efforts made towards technology absorption:

Foundry Division

- a. Installed and commissioned automated machining line for complex differential case machining
- b. Installed and commissioned automated balancing machine for differential cases
- c. Installed and commissioned two robotic fettling cells for fettling of castings
- d. Utilization of state of art Seitsu process for improving mold quality to reduce casting weight, rejection & to improve casting yield per mold
- e. Upgraded dust collection system for shot blasting machine to improve environment and process quality
- f. Installed and commissioned automatic dust conveying system to improve environment at plant
- g. Upgraded cold box core making process amine scrubbers to improve environment at plant
- h. IoT in Foundry - Use of cloud-based data collection and analysis system for foundry process parameters to improve process reliability

Forgings Division – Chakan

- a. Warm forging manufacturing facility with capacity of 1.5 mil CV Joints fully machined established in HI 2022
- b. New shot blasting machine resulting in better surface finish & with improved cycle time installed
- c. Isothermal annealing process required for forged gears in export market established
- d. With adequate robotic automation in one of the press lines helped improve productivity
- e. New generation coating introduced for improving forging DIE life
- f. Migration from Aluminum Oxide grinding technology to CBN grinding initiated, resulting into higher efficiency with lesser touches
- g. New line established for new generation Balancer shaft required for Bharat Stage (CEV/Trem) IV
- h. Warm forging manufacturing facility with capacity of 1.5 mil/year CV Joints fully machined established in HI 2022

Magnets Division

- a. High technology 9-series powder grade magnet was developed in FY2021. The grade is now ready for commercial supplies
- b. Developed new grades in soft ferrite with high temperature characteristics for EV charger application for exports in FY2021. Further, three new grades developed for EV application in 2022

Composites Division

- a. Expanded component manufacturing capacities and upgraded process for efficiency improvement
- b. Developed new grades of compounding for head lamp reflector & motor encapsulation and is currently in ramp up stage

Stampings Division

Expanded capacity In press and assembly lines with introduction of fully functioned robotic operations. The automated press line at Kanhe plant ran at its peak capacity in 2022.

Gears Division

- a. Multi-gauging & Auto roll testing implemented for high volume new programs
- b. Eco-clean washing machine installed with capability to achieve Millipore value less than 1mg



- c. Added CNC external grinding machine with CBN Wheel
- d. Auto-straightening capability added for shafts

Bill Forge Division

- a. Successfully developed and setup automated manufacturing line for drive line component (Inner Race) including automated gauging
- b. Your Company is the first Company in India to successfully transfer technology & commission Fuel Rail (gasoline) manufacturing line including testing

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

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

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

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

(iv) the expenditure incurred on research and Development:

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

C) Foreign Exchange Earnings and Outgo, during Financial Year 2022:

Foreign exchange earned in terms of actual inflow: INR 2,804.57 Million.

Foreign exchange outgo in terms of actual outflows: INR 833.51 Million.

For and on behalf of the Board
Mahindra CIE Automotive Limited

Shriprakash Shukla
Chairman
DIN: 00007418

Date: 22nd February, 2023
Place: Pune



Annexure – VII

Annual Report on CSR activities for the financial year ended 31st December, 2022

1. Brief outline on CSR policy of the Company:

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

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

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

The Company focuses its CSR activities in the areas of (i) Education and Skill Development (ii) Promotion of Health Care and Sanitation (iii) Environment and (iv) Community Development (the Thrust Areas). The Company may also make contributions to Prime Minister's National Relief Fund or Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund or any other fund set up by the Central Government for socio economic development and relief and welfare which qualifies the criteria as per CSR Rules and the relevant provisions of the Companies Act, 2013. The Company encourages its employees to participate in the Employee Social Engagement Program (ESEP), which is designed to drive positive change in society by helping marginalised community through conducting health check-up camps, blood donation camps, awareness on seasonal diseases. Various activities addressing environmental concerns such as tree plantation, cleanliness drives, etc. are also undertaken. The employees are also taking initiatives to provide vocational guidance to school children in the nearby schools, providing educational aid like books, school bags etc. ESEP activities are designed to benefit the economically and socially disadvantaged communities like support to Old Age home, Orphanage etc. and involve employees to participate in Company's CSR Activities.

2. Composition of CSR Committee:

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

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

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

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

4. Provide the executive summary along with web-link(s) of Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of rule 8, if applicable.

No impact assessment was required to be carried out for any CSR project, during the year under review.

5.

- Average net profit of the company as per sub-section (5) of section 135: ₹ 2,300,518,528/-
- Two percent of average net profit of the Company as per sub-section (5) of section 135: ₹ 46,010,371/-
- Surplus arising out of the CSR Projects or programmes or activities of the previous financial years: Nil
- Amount required to be set-off for the financial year, if any: Nil



(e) Total CSR obligation for the financial year [(b)+(c)-(d)]: ₹ 46,010,371/-

6.

(a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project): ₹ 35,165,763/-

(b) Amount spent in Administrative Overheads: Nil

(c) Amount spent on Impact Assessment, if applicable: Nil

(d) Total amount spent for the Financial Year [(a)+(b)+(c)]: ₹ 35,165,763/-

(e) CSR amount spent or unspent for the Financial Year:

Total Amount Spent for the Financial Year (in ₹)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per sub-section (6) of section 135		Amount transferred to any fund specified under Schedule VII as per second proviso to sub-section (5) of section 135		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
35,165,763	10,844,608	30.01.2023	Nil	Nil	Nil

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

Sl. No.	Particular	Amount (in ₹)
(1)	(2)	(3)
(i)	Two percent of average net profit of the company as per sub-section (5) of section 135	46,010,371
(ii)	Total amount spent for the Financial Year	35,165,763
(iii)	Excess amount spent for the Financial Year [(ii)-(i)]	Nil
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous Financial Years, if any	Nil
(v)	Amount available for set off in succeeding Financial Years [(iii)-(iv)]	Nil

7. Details of Unspent Corporate Social Responsibility amount for the preceding three Financial Years:

1	2	3	4	5	6		7	8
Sl. No	Preceding Financial Year(s)	Amount transferred to Unspent CSR Account under sub-section (6) of section 135 (in ₹)	Balance Amount in Unspent CSR Account under sub-section (6) of section 135 (in ₹)	Amount Spent in the Financial Year (in ₹)	Amount transferred to a Fund as specified under Schedule VII as per second proviso to sub-section (5) of section 135, if any		Amount remaining to be spent in succeeding Financial Years (in ₹)	Deficiency, if any
					Amount (in ₹)	Date of Transfer		
1	2021	19,888,280	Nil	19,888,280	Nil	Nil	Nil	-
2	2020	17,620,968*	Nil	17,620,968*	Nil	Nil	Nil	-

*₹ 1,76,20,968 pertains to unspent CSR amount of financial years prior to FY2021 which was also transferred by the Company to the unspent CSR a/c for FY2021.



8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

Yes No

If Yes, enter the number of Capital assets created / acquired

9 (Nine)

Furnish the details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

Sl. No.	Short particulars of the property or asset(s) [including complete address and location of the property]	Pincode of the property or asset(s)	Date of creation	CSR amount spent (₹)	Details of entity/ Authority/ beneficiary of the registered owner		
					CSR Registration Number, if applicable	Name	Registered address
(1)	(2)	(3)	(4)	(5)	(6)		
1	Utkarsh 2 – Construction of two class Rooms with furniture, Entrance Gate and Backside wall	410513	31.12.2022*	5,25,000	NA	Gram Panchayat Bibi	Post Bibi, Taluka Khed, District Pune – 410513 Maharashtra
2	Utkarsh 3 – Construction of New Assembly Hall	402109	03.08.2022	17,04,514	NA	D G Tatkare Secondary School	Village Virjoli, Taluka Roha, District Raigad- 402109, Maharashtra
	Utkarsh 3 – Construction of New Assembly Hall and Female Washroom	402111	03.08.2022	32,13,531	NA	Secondary School, Padhwan	Village Padhwan, Taluka Tala, District Raigarh – 402111, Maharashtra
	Utkarsh 3 – Construction of New Assembly Hall	402109	31.12.2022*	29,48,404	NA	Sane Guruji Vidya Niketan	Village Sanegaon, Taluka Road, District Raigad-402109, Maharashtra
	Utkarsh 3 – Compound Wall with Entrance Gate	402101	06.08.2022	10,24,493	NA	Suraya Ali Kauchali Junior College of Science	Village Pangloli, Taluka Mhasla, District Raigad-402101, Maharashtra
	Utkarsh 3 – Two New Class Rooms with Staircase	415508	11.11.2022	37,66,560	NA	Zilha Parishad Primary School	Village Virkarwadi, Taluka Maan, District Satara – 415508, Maharashtra
3	Utkarsh – 4 Construction of Four new Classrooms with front passage and Washroom	415512	27.12.2022	40,00,000	NA	Shree Girija Shankar High School	Village Rajache Kurle, Taluka Khatav, District Satara – 415512, Maharashtra



4	Road construction at Village Urse to Village measuring 400 Mtrs and Safety Awareness Mural	410506	31.12.2022*	40,00,000	NA	Gram Panchayat Urse	Village Urse, Talukaa Maval, District Pune – 410506, Maharashtra
5	Construction of Government Higher Primary School – G+3 Storey	562106	31.12.2022*	1,77,14,699	NA	Government Higher Primary School	Village Kallubalu, Jigni, Hobli, Anekal Taluk, District Bengaluru – 562106, Karnataka

Note: Date of creation of capital assets mentioned as 31.12.2022, are the projects where the construction was still in progress as at end of the financial year 2022 and hence, handover was pending. The date will be updated after completion and handover of the respective capital assets.

9. Specify the reason(s), if the Company has failed to spend two per cent of the average net profit as per sub- section (5) of section 135:

During the year under review the Company was required to spent ₹ 46,010,371 in accordance with Section 135(1) of the Companies Act, 2013. The Company have spent ₹ 35,165,763 on the CSR projects during the Financial Year. The unspent amount of ₹ 10,844,608 is allocated to the two Ongoing CSR projects, implementation of which shall be continued in FY2023.

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

Ander Arenaza

Executive Director and Chief Executive Officer – MCIE Group

Manoj Menon

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

Kadambi Narahari

Chairman – CSR Committee



ANNEXURE – VIII

Dividend Distribution Policy

1. Introduction

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

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

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

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

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

2. Scope and Objective

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

3. General Policy on Dividend

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

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

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

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

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

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

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

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

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

A. Internal Factors:

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



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

B. External Factors:

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

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

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

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

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

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

8. Review and Disclosure

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

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

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

9. Disclaimer

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



MANAGEMENT DISCUSSION & ANALYSIS



MANAGEMENT DISCUSSION AND ANALYSIS

BACKGROUND

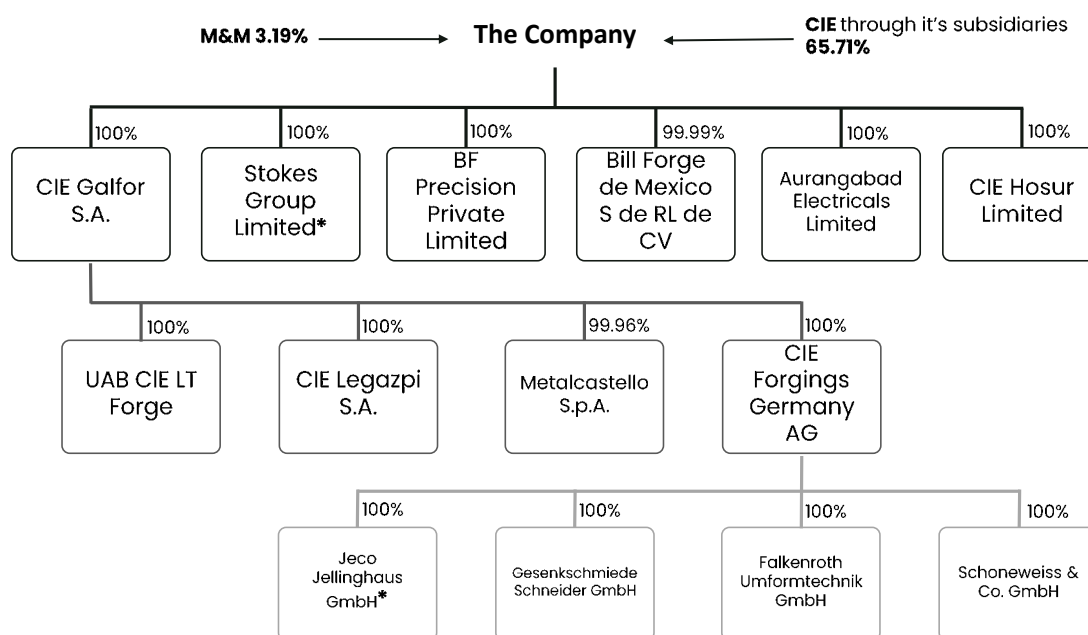
The Board of Directors of the Company at its meeting in December 2022 approved the proposal to change the name from Mahindra CIE Automotive Limited to CIE Automotive India Limited. India is one of the major growth markets that CIE group is focusing on as part of its global strategy. The Board also took note of the proposal to find a buyer for the truck forgings business in Germany. This is to focus on the car forgings business out of Spain & Lithuania, especially managing the transition to Electric Vehicles (EVs). Accordingly, the truck forgings business in Germany has been classified as held for sale; hence we are not presenting the details of the truck forgings business in this report.

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

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

Set out below in Exhibit 1 is a graphical representation of the Company and its subsidiaries (together referred to as the Company in this report).

Exhibit 1: Legal Structure of the Company:



* - Dormant Companies



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

Exhibit 2: The Subsidiary Companies of the company as on 31st December, 2022

Subsidiary Companies Information			
Sr. No.	Name of the Subsidiary	Proportion of Ownership Interest	Remarks
1	CIE Galfor S.A.#	100%	Collectively known as CIE Forgings
1	UAB CIE LT Forge	100%	
2.	CIE Legazpi S.A.	100%	
3.	CIE Forging Germany GmbH	100%	Collectively known as Forgings, Germany
1	Jeco Jellinghaus GmbH*	100%	
2.	Gesenkschmiede Schneider GmbH	100%	
3.	Falkenroth Umformtechnik GmbH	100%	
	4. Schoneweiss & Co. GmbH	100%	
	4. Metalcastello S.p.A.	99.96%	Gears, Italy
2	Aurangabad Electricals Limited	100%	
3	Stokes Group Limited*	100%	Stokes, UK
4	BF Precision Private Limited	100%	Collectively known as Bill Forge
5	Bill Forge de Mexico S de RL de CV	99.99%	
6	CIE Hosur Limited	100%	

Please note: * - These are dormant companies

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

GROUP OVERVIEW

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

Your Company has 29 manufacturing facilities including 4 manufacturing facilities in Europe and 1 in Mexico. The manufacturing locations are generally located close to major automotive manufacturing hubs to facilitate supplies to customers. In certain instances, the Company also provides services such as value analysis and value engineering to add value to the customers' products. The Company's unique combination of specialization in high value-added products, which is usually delivered directly to OEMs and presence across multiple production technologies, also differentiates it from other component suppliers.

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

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



Exhibit 3: Lines of Business

Geography	Product Specialty	Focus Areas	Key Customers	CY 2022 Revenue (₹ in Mio)
India	Crankshafts - As forged and Machined, Stub Axles -As forged and Machined	Passenger & Utility Vehicles and Tractors	M&M, Maruti Suzuki India Limited, Tata Motors and Tata Motors (EV)	7,745
	Erstwhile Bill Forge - 2 Wheelers: Steering races and engine valve retainers Pass Vehicles: constant velocity joints, tulips, steering shafts, steering yokes and wheel hubs	Passenger Vehicles and Two Wheelers	Hero, Bajaj, HMSI and TVS, Ford, GKN, NTN, Nexteer, Rane NSK, KIA (EV), Hyundai, PSA Stellantis (EV), Ola Electric (EV)	12,553
Spain + Lithuania	Forged steel parts for Industrial Vehicles and Crankshafts, Common Rail, Stubs, Tulips for passenger cars	Passenger Vehicles	Renault, VW Group, Daimler, GKN, JLR, GM, Fiat, DAF, Bosch, NTN, Faurecia, Dana, ZF, BMW	24,621
Aluminum Castings				
India	Aluminum castings using High pressure or Gravity die casting specialized in Thin wall to thick wall parts viz- complex engine components, Brake system parts, Aesthetically sensitive parts	OEM & Tier 1 supplier for 2&3 wheelers, Passenger Vehicles and Commercial Vehicles	Bajaj, Nidec GPM, Ashok Leyland, Daimler, Brembo, KSPG, Bosch, Valeo, Mitsubishi, Bajaj EV, Nidec GPM (EV), Bosch (EV)	10,060
Stampings				
India	Sheet Metal Stampings, Components and Assemblies	Passenger & Utility Vehicles	M&M, Tata Motors, Ashok Leyland, Mahindra Electric (3W)	12,859
Castings				
India	Turbocharger Housings, Axle & Transmission Parts	Passenger & Utility Vehicles, Construction Equipment & Earthmoving, Tractors and Tier 1	M&M, Honeywell, Cummins, Hyundai, JCB, Automotive Axle, New Holland, Dana India CV, John Deere, PSA Avtec, Linamar	6,527
Magnetic Products				
India	Soft and Hard Magnets	Tier 1 of Passenger Vehicles, Utility Vehicles, Two Wheelers	Denso, Sumida, Varroc, Intica, Mitsuba, Lucas TVS, Mitsubishi Electric	1,613
Composites				
India	Compounds, Components, and Products	Electrical Switchgear, Auto Components	L&T Switchgear, Phoenix Mecano, TVS, M&M, Volvo Eicher, SML Isuzu, Mahindra Electric (3W)	1,722



Gears				
India	Engine Gears, Timing Gears, Transmission Drive Shafts	Passenger & Utility Vehicles, Construction & Earthmoving Equipment	M&M, Eaton, Caterpillar, HINO, Turk Tractor (CNH), BEML, Bonfiglioli, Mahindra Electric	3,230
Italy	Engine Gears, Transmission Drive shafts, Crown Wheel Pinion	Tractors, Construction & Earthmoving Equipment	Caterpillar, CNH, Merritor, John Deere, JCB, Allison Transmission (EV), Axle Tech (EV)	6,601

The Economic Background

IMF in its report on the global economic outlook issued in Jan'23 states, "The global fight against inflation, Russia's war in Ukraine, and a resurgence of COVID-19 in China weighed on global economic activity in 2022, and the first two factors will continue to do so in 2023." The latter part of last year saw some of these risks moderate and IMF has raised its growth forecasts in January of this year compared to what they had made in October last year. Global growth is projected to fall from an estimated 3.4% in 2022 to 2.9% in 2023, then rise to 3.1% in 2024. The forecast for 2023 is 0.2% higher than predicted in the October 2022. Inflation, the main culprit slowing down the global economy, is also expected to moderate. Global inflation is expected to fall from 8.8% in 2022 to 6.6% in 2023 and 4.3% in 2024, still above pre-pandemic (2017-19) levels of about 3.5%.

Europe was greatly affected by the war in Ukraine. Demand dropped while sanctions on Russia led to unprecedented increase in gas & power prices, fueling inflation. Central banks raised interest rates, and this further eroded demand. Power prices have moderated more than expected as Europe moved to replace Russian gas with other sources while optimizing electricity consumption, which was helped by a warmer-than-usual winter. But inflation remains a concern. Growth in the euro area is projected by IMF to bottom out at 0.7% in 2023 before rising to 1.6% in 2024. There is an increase of 0.2% in 2023 forecast compared to October 2022.

IMF estimated that growth in India is set to decline from 6.8% in 2022 to 6.1% in 2023 before picking up to 6.8% in 2024. The Indian economy has shown resilience amidst external headwinds and a weakening global economic scenario. This year's budget highlighted comfortable fiscal deficit figures and excellent tax collections. Budget forecasts for the coming financial year have been based on conservative assumptions, showing that the economy is on a strong footing. For the last few years, the government has focused on infrastructure development and its capital expenditure plan reflects this. Capex spending by the government has steadily increased in the last few years and is expected to be the highest in FY24. The private sector has also seen a capex revival with credit growth being at a four year high, even as the balance sheets of both banks and corporates remain healthy. Some of the optimism needs to be tempered. Many commentators expect the new income tax regime

to put more money in the hands of people and increase consumption, but confusion between the old and new regimes persist and the jury is still out on the new regime. Domestic consumption could also moderate in FY24 due to the combination of - slower global growth, lagged effect of interest rate hikes and dissipation of 'revenge' consumption, that followed the lifting up of restrictions during the covid pandemic. Inflation continues to be higher than comfortable and rural incomes have only recovered moderately. The prospect of a K shaped economy with consumption growth in the lower income categories lagging others, is real.

The Automotive Market

The two key geographies that we operate in are India (52% of consolidated sales) and Europe (48% of consolidated sales). Please note that we have a small plant in Mexico which is covered under India sales (INR 2.5 bn)

INDIA

In India, we supply to a variety of segments with the segment wise dependence of our India sales shown in bracket - light vehicles (49%), two & three wheelers (23%), tractors (20%) and trucks (8%). Different segments of the Indian automotive market behaved differently. Light vehicles experienced pent up demand and have had one of the best years in terms of production in the last 5 years. Two wheelers remained sluggish as rural incomes are slowly recovering from the pandemic. Tractors remained flattish on a higher base. Trucks saw strong growth especially in the second half on the back of strong infrastructure spends and overall state of the economy. On the demand side the trend continues to be positive as the market opens up and is expected to grow across all segment as estimated by various agencies.

Light Vehicles

The Indian light vehicles market has grown handsomely by ~23% over CY22. The market which has seen a slew of new launches has been buoyant due to the demand for all new models being strong. Waiting periods which in some cases extended well over 12 months for a specific model. The Indian automotive manufacturers are focusing on a strong order book and are ramping up production capabilities to meet this demand. In CY 22, Q2 & Q3 were excellent quarters in terms of growth as the base from last year was subdued due to the second wave of Covid.



Light Vehicles (Production Million Units)

Period	2022	2021	Change
Full Year	5.2	4.1	22.7%
Oct-Dec	1.2	1.0	12.2%
Jul-Sep	1.3	1.0	33.1%
Apr-Jun	1.2	0.9	38.4%
Jan-Mar	1.3	1.2	4.9%

Source: IHS

Most agencies have estimated positive forecasts for the Indian passenger vehicle market with IHS in its latest update forecasting the Indian light vehicle to grow by 7.7% in CY 23. This is largely because of the slew of new launches and updates being brought to market, first time buyers push up sales as they seek to avoid public transport, loans are readily available to buy cars and the willingness to replace cars faster reducing ownership times to 4 years or less. The long-term picture for the car market remains healthy, given the current low vehicle penetration levels and as per capita income continues to grow, it will increase the Indian household's ability to afford a car. IHS global, expects the Indian light vehicles (less than 6T) to grow at a CAGR of 2.5% over a period of 2022-27 which is much lower than what Crisil expects.

Battery Electric Vehicles (EVs) were still less than 1% of overall market in CY 22 and are expected to increase to 4-5% by CY25.

Two Wheelers

The Two-Wheeler industry production has shown a growth of 3.4% in CY22 as compared to the previous year (source: SIAM) despite a subdued base. The quarter wise performance reveals that there was a decline in the demand for 2 Wheelers in Q1C22 due to the rising cost of acquisition on account of rising RM prices which are beginning to stabilise. Concerns on personal safety coupled with the opening up of schools and offices may boost up demand. But increasing fuel costs and increase in steel prices being passed to consumers may further increase the cost of ownership and dampen demand. CRISIL expects the two wheeler market to grow by 10-13% in FY24 which may be on the optimistic side.

Two Wheelers (Production Units)

Period	2022	2021	Change
Full Year	19,537,259	18,902,456	3.4%
Oct-Dec	4,604,786	4,549,031	0.5%
Jul-Sep	5,650,212	5,221,927	7.7%
Apr-Jun	4,820,657	3,482,294	38.2%
Jan-Mar	4,461,604	5,649,204	-21.0%

Source: SIAM

Two wheeler demand is expected to rise on the back of the economy opening up and Rural sentiments picking up due to the government's latest support measures for rural economies. Though Crisil forecasts a double digit CAGR between FY22-27, we expect long term growth to be subdued.

EV penetration has started to increase in this segment and reached about 4% in CY22. This is expected to jump to 10% by CY25 as customer acceptability of these vehicles is rapidly increasing.

Tractors

Tractor production in India has shown a slight decline of ~2% in CY21 (source: Tractor Manufacturers Association/TMA). However, CY21 was a very good year for tractors when for the first time production crossed 1mn units. This trend has continued in CY22 which has also seen production in excess of 1mn units.

Tractors (Production Units)

Period	2022	2021	Change
Full Year	1,004,976	1,028,412	-2.3%
Oct-Dec	224,671	258,121	-13.0%
Jul-Sep	304,864	309,890	-1.6%
Apr-Jun	284,320	248,601	14.4%
Jan-Mar	191,121	295,301	-35.3%

Source: TMA

Farm incomes were affected due to the uneven distribution of rainfall despite overall having a normal monsoon. The OEM's were also forced to take price increases due to the jump in input costs, which has also contributed in some fall in demand. Government's continued focus on infrastructure projects augurs well for rural demand.

A large part of the tractor demand is replacement demand which was very high in CY20 and CY21. Some decline can be expected in replacement demand, and this may negatively impact future demand. On the other hand, the level of farm mechanization in India is still sub optimal and there is large scope for growth. CRISIL expects the tractors market to grow by 5-7% in FY24. CRISIL is also forecasting a long term CAGR between FY22-FY27 to be 6-8%. Tractor forecasts are always tricky as the industry has shown great deal of cyclicity historically.

MHCV production in India which had seen a large drop in CY19 was further hit by a steep drop of in CY20. CY21 saw a sharp recovery from this low base and in CY22 this trend has continued. MHCV production in India has grown by more than 27% in CY22 vs CY 21 which was also a comparatively low base. Q3 is normally the weakest quarter in the year due to monsoon. But Q3C22 was higher than pre pandemic Q3C19 substantially (89k vs 50k). IHS has forecast that in CY23 MHCV production in India would grow by 3%.



The recently announced budget with its sharp push on infrastructure augurs well for the next few years. The dedicated freight corridor of the Indian railways may shift some demand from road transport to rail but this shift will largely affect tractor trailers which are a small segment (~1/6th) of MHCV sales. For the longer term, IHS estimates this to grow at a conservative rate of 5% CAGR over CY22-CY27.

Medium & Heavy Commercial Vehicles (MHCV)

MHCV (Production Units)

Period	2022	2021	Change
Full Year	381,763	299,714	27.4%
Oct-Dec	88,398	85,012	4.0%
Jul-Sep	89,318	67,021	33.3%
Apr-Jun	94,286	47,425	98.8%
Jan-Mar	109,761	100,256	9.5%

Source: IHS

EUROPE

As informed before, the company has decided that its European truck forgings business will be held for sale. We will cover the rationale in a later section on strategy. Without this business, our European operations will cater largely to the light vehicle market, with a small portion of the revenue being supplied to the off-highway, farm equipment and tractors market.

Light Vehicles

The year started on a hopeful note as the lingering impact of Covid and the semiconductor crisis was easing. The forecasts were positive and expected to reach pre pandemic levels. The Ukraine war which started in February started to change the scenario rapidly in Europe and the market sentiment collapsed. Inflation shot up as electricity prices increased manifold due to the disruption of Russian gas to Europe, which used to be the main source of power generation in many parts of Europe especially Germany. The overall demand in 2022 ended marginally lower than 2021 which itself was a subdued year. This is a third year running when the market has contracted.

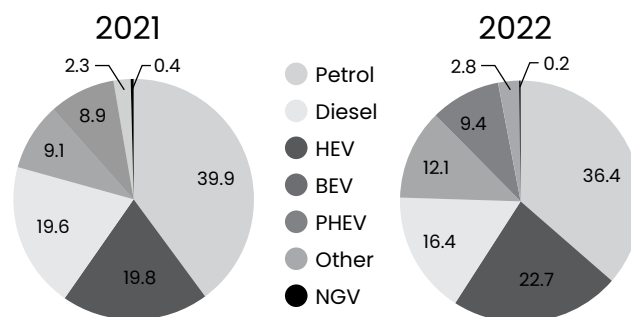
Light Vehicles (Production Million Units)

Period	2022	2021	Change
Full Year	15.2	15.6	-1.9%
Oct-Dec	4.0	3.9	3.1%
Jul-Sep	3.5	2.9	19.6%
Apr-Jun	3.9	4.1	-4.9%
Jan-Mar	3.8	4.7	-18.4%

Source: IHS Global

For Light vehicles (<3.5T incl. cars, Utility Vehicles & Light Commercial Vehicles), the data from IHS shows that the production in Europe has fallen by ~2% in CY22 as compared to CY21 to 15.2 mn units. In the second half of CY22, the demand for light vehicles came back after some of the uncertainty due to the Ukraine war was reduced. As inflation eases, light vehicles segment is estimated by IHS to grow by ~5% in CY23. Also, as per IHS data the passenger vehicle market in Europe is forecasted to grow at a steady CAGR of 2.6% over the period of 2022-27. However the pre pandemic market of 19-22mn units will not be reached even by 2027 when IHS forecasts production to be in the range of 17-17.5mn units.

The electrification of vehicle powertrain is the key risk to be considered in the market. We will cover the mitigation strategy in a later section on EVs. The exhibit below shows the rapid penetration of battery electric vehicles in the European car market. (Source : ACEA)



OPERATIONAL PERFORMANCE

INDIA

Demand in the Indian automotive market in CY22 continued the growth trajectory from the previous year. The light vehicles segment recorded highest production levels since 2018 with many successful new model launches. The two wheelers and tractors segments were sluggish as rural incomes are slowly recovering post pandemic. On the raw material side, prices remained elevated during the year. Electric Vehicles (EVs) became more mainstream, especially in the three & two-wheeler segments.

The order book situation was such that all the business verticals in India required capital expenditure for increasing capacity. A new unit is being added at the gears plant in Pune to cater to EV parts while the Rajkot gears plant was also expanded during the year. A new forging & machining line was installed by Bill Forge at Bengaluru to cater to EV transmission parts. CIE Hosur commissioned a new fuel rail line, the first time this technology has been introduced in India. The crankshaft machining capacity at the forgings plant in Chakan, Pune was augmented and an additional 4000T press is being put up to enhance forgings capacity. Two compression moulding presses were added to the Composites unit in Pune to increase capacity to make components from the compounds produced. The new plant being built by



the Aluminum vertical at Aurangabad was completed last year, it will cater to 4W EV parts, among others. The stampings plant at Kanhe continued adding more robotic welding capabilities to increase value add. There were also incremental growth capex at the magnetics, foundry & Mexico plants.

The key focus remains on how to balance order book requirements and investments in capacity such that both growth and profitability objectives are met. Process reengineering, automation and digitization with a view to improve operations and match CIE's global standards of manufacturing excellence, went on as planned. Developing parts with greater value addition remains an important part of operational strategy. As an example, the Stampings Division has developed welded and assembled parts and installed robotic welding processes, to improve value addition.

On account of the above initiatives, our Indian operations were able to grow faster than the market (CY 22 growth of 29%) and despite raw material prices remaining elevated, they reached EBITDA levels at higher than 15% during the year.

EUROPE

Our car forgings business out of Spain & Lithuania, is facing the challenge of a rapid transition to electric mobility. We have decided to put up our German truck forgings vertical for sale to facilitate greater attention to managing this transition. The CY22 results for our European business do not include the performance of the German operations, which are reported separately.

Light vehicles production in Europe fell for the third straight year as the semiconductor shortage extended into CY22 and the market was negatively affected by the war in Ukraine. Battery electric vehicles (BEVs) remained buoyant, and their market penetration crossed 10%. Electricity prices in Europe rose to unprecedented levels largely due to the war situation in Ukraine, putting lot of strain on profitability.

Our European operations concentrated on improving productivity, pruning other costs and in some cases passing on part of the energy price rise to customers, so that the impact of market factors on profitability was minimized. At the same time, the focus was on generating more EV related orders and on developing aluminum forgings to be used in EVs. Our European operations (excluding the German forgings operations) showed healthy growth of 27% over the previous year. We were able to minimize the impact on profitability, achieving an EBITDA margin of 14.5% in CY 22 (excluding the German forgings operations – comparable EBITDA% for CY21 was 17.2%).

OVERALL

In 2022, CIE India's consolidated sales (excluding the German forgings operations) were INR 82,283 mn, 28% higher than 2021 and our EBITDA margin was 15.4% vs 15.2% previous year. This performance is also significantly better than pre-pandemic CY19 or CY 18 levels – CY22

sales higher by 9% vs CY19 and by 7.5% vs CY18; EBITDA% better by +2.2% vs CY19 and by +1.2% vs CY18.

ELECTRIC VEHICLES

INDIA

In India, the transition to electric mobility will be gradual with the first segments to make the transition being 2&3 Wheelers and buses. In 2022, e3Ws formed 40% of the 3W market and e2Ws constituted roughly 4-5% of two wheelers sold. Though the penetration of electric cars is roughly 1% only, many new model launches were announced in the e4W space. It is expected that the penetration of EVs will continue to grow significantly in three wheelers (50% in 2025, 65% in 2030) and in two wheelers (10% in 2025, 35% in 2030) but will improve gradually in cars (4-5% in 2025, 10% in 2030). We should keep in mind the usual disclaimer that forecasting the trajectory of new technologies is not an exact science. We track the market closely to be able to make the required course corrections if the situation changes.

Your company is in dialogue with key electric OEMs (vehicle makers), existing as well as new, in all segments and the order book developed so far is encouraging. In CY22, almost 35% of the order book generated was in the EV space. Our EV order book in India covers Aluminum & steel forgings, gears, stampings & composites parts for e2W, e3W and e4W. Your company has been investing in additional capacities to cater to the EV order book – a new unit is being added at the gears plant in Pune, a new forging & machining line was installed by Bill Forge at Bengaluru to cater to EV transmission parts, the new aluminum plant at Aurangabad and the investments in robotic welding at stampings vertical will also cater to EV requirements.

EUROPE

Electrification of powertrains has seen rapid adoption in Europe. As per ACEA, battery EVs (BEVs) accounted for 12.1% of the European light vehicle sales in 2022 (vs 9% in 2021) and plug in hybrid vehicles (PHEVs) 9.4% (vs 9% in 2021). Internal combustion engine-based powertrains lost ground – petrol vehicles made up 36.4% of sales (vs 39.9% in 2021), and diesel 16.4% (vs 19.6%), though hybrid vehicles marginally increased their penetration (22.6% vs 19.8%). Among various powertrains, BEVs are growing the fastest – they grew by 31.6% in 2022 compared to 1.2% for PHEVs and 8.6% for hybrids. A point to be noted here is that a shift to hybrids & PHEVs as compared to pureplay BEVs, will be beneficial to your company as number of parts available for supply increases. The share of BEVs in the overall light vehicles market is projected to grow to 15% by 2025 and to 60% by 2030 though we recognize that making forecasts about an emerging technology rapidly penetrating the market, is fraught with risks.

In our European operations, a significant part of sales in the forgings vertical comes from manufacturing crankshafts for cars. Crankshafts are at risk due to the transition to EVs. We do not expect that there will be a large negative effect in the short term but in the midterm (from 2026 onwards), we expect crankshaft sales to



decline progressively. Our mitigation plan is to start producing aluminum forged parts and steel suspension products for cars. Almost 40% of the new orders that the car forgings vertical acquired in CY22 were in the BEV space. Forged aluminum parts are expected to constitute a significant part of car forgings sale by 2027. Our other European vertical which makes gears for off road and farm vehicles (Metalcastello), will not be much affected by electrification. But here too, we have acquired significant business for BEV transmission parts. As stated earlier, we have decided to classify our German truck forgings vertical as held for sale and are therefore not discussing the impact of electrification on this business.

OVERALL

EVs will mean a greater emphasis on stamped, plastic and aluminum parts compared to forged, cast or machined parts. We are well placed to tackle this change as we have presence in multiple processes, especially in India. As the supplier ecosystem for EVs is at a nascent stage, EV OEMs are looking to partner with suppliers who have quality and pedigree. Therefore, the transition to EVs may be more of an opportunity rather than risk. We are also able to learn from the experiences of our principal promoter, CIE Automotive which is working closely with many global EV OEMs.

COMPANY STRATEGY

Our strategy is based on the global strategy of CIE Automotive which has a track record of success in four continents – Europe, N & S America and Asia. In accordance, your company consistently pursues the following principles that we believe sets us apart from the competition: make operations world class; diversify customer base, plant locations & technologies; invest in a disciplined manner; focus on continuous improvement in profitability and decentralize plant management. Our strategy can be summarized as follows – the better we become in our operations, the better we serve our customers and the better growth opportunities our customers present us with. Your company pursues a judicious mix of organic and inorganic growth. Mergers & acquisitions are targeted to fill strategic gaps in our products, customers, or skills portfolio.

The success of this strategy can be gauged by the giant strides we have made since CY16 which was the first full year of results. Our consolidated EBITDA margin has improved from 11.1% in CY16 to 15.4% in CY 22 while the Return on Net Assets (RONA) has increased to over 17%. Please note that CY22 financials do not include the German truck forgings business while the CY16 financials did. A part of the increase in EBITDA% in CY22 is attributed to classifying the German operations as held for sale. But even if we compare absolute EBITDA between the two years, the bottom line has grown manifold. Absolute EBITDA has improved from INR5500mn in CY16 to INR12682mn in CY22, a growth of +130%. We aim to further improve these metrics as our plants strive to match the global standards of CIE.

Looking ahead, the demand situation in the Indian automotive market continues to be optimistic. The Indian

economy is expected to be a \$5 trillion economy (from the current \$3.3 trill.) by 2026-27. Car ownership in India is about 28 per thousand which is about 20 times lower than in Europe & US and much lower than even in China. The expansion of the economy will see improvement in this ratio. Two wheelers are more of a necessity and almost half of all households in India own one. There is enough scope to increase penetration especially in rural areas, which are the focus of most 2W OEMs. The pace of infrastructure building which accelerated as the government primed the economy during the covid pandemic, is expected to help both the tractors and truck segments. Your company is well prepared to capitalize on these prospects. We aim to balance order book requirements and investments in capacity such that both growth and profitability objectives are met.

The European light vehicles production was in the range of 19-22mn units every year between 2010 & 2019. It has seen three successive years of large drops with production level plummeting to 15.2mn units in 2022. IHS expects the recovery to be gradual with demand five years ahead forecasted to be in the range of 17-17.5mn units. The stagnation in demand is accompanied by a rapid penetration of BEVs as outlined in the preceding section. Also, inflation in electricity prices and other costs, caused primarily by the war in Ukraine is expected to linger for the next few quarters. In Europe the company will aim to reengineer products and processes to meet the twin challenges of rising costs in a stagnating market as well as a rapid transition to BEVs.

Your company has finetuned its capital allocation strategy by putting up the German forgings operations for sale. The German vertical was lagging our other verticals in performance and this decision will lead to an improvement in the company's return ratios. The financial details of the above decision will be presented in a subsequent section.

HUMAN RESOURCES AND INDUSTRIAL RELATIONS CLIMATE

As an organization, your Company is evolving with its HR practices and policies to improve on employee engagement and experience. We strive to provide a good working environment to our employees such they have ample opportunities to further their skills. A key focus is to maintain harmonious relations with employees at all plants in all geographies. The organization has put in place a Diversity, Equity and Inclusion conceptual model and has adopted appropriate targets in line with the practices of CIE Automotive globally. Our Employee Value Proposition (EVP) is centred on four pillars of Care & Wellness, Advancement opportunities for Career Growth, Respect & Dignity and Structured Reward and Recognition.

INDIA

A portion of our permanent labor workforce in certain locations is part of labor unions. We have signed collective bargaining and other agreements with labor unions at several plants where we have agreed to certain guaranteed bonuses, guaranteed wage increases, and wages linked to productivity.



In accordance with our EVP, we have rolled out career development programs for employees through Individual Development Action Plans (IDAPs). The focus is to upskill the workforce and create internal opportunities in terms of career progression for our employees. Coaching has been introduced in the organization; senior managers have been trained as coaches who in turn coach the employees on their IDAPs. We are continually focusing on building a strong young talent pipeline of engineers and have specially crafted yearly learning plans for young engineers hired as freshers from campuses. The process for succession planning has been strengthened across the organization with an eye that the identified successors of key managerial positions are equipped for the next role. To institutionalize the culture of recognition, we have introduced the Panchratna award scheme under which the 'Gaurav' awards for excellence and the 'Samman' awards for innovation are given.

EUROPE

As on 31st December 2022, there were 784 employees on the rolls of our Spanish & Lithuanian plants (comprising CIE Galfor S.A, CIE Legazpi S.A. and CIE LT Forge) and 221 at our Italian plant.

DIGITIZATION AND IT STRATEGY

In the last few years, the key focus in India has been to bring all businesses including those that were acquired, under the same IT platform. Under the "One India One IT program, the entire Indian operations use common infrastructure and applications, including SAP. Business processes across divisions/plant locations are aligned and controls applied centrally, helping to bring better controls and save cost. Your Company has undertaken cyber security audit and the Vulnerability Assessment and Penetration Testing (VAPT) to identify areas vulnerable to cyber threat. A common IT policy has been adopted to safeguard vulnerabilities and the latest applications on cyber security and firewalls have been deployed.

Your Company has migrated to "Cloud Infrastructure" and is in the process of adopting "Hyperconverged Technology". The use of virtual data base through these applications ensures that data is protected at multiple virtual locations while having real time access.

Automation and digitization are a big focus area for your Company. Many activities have been digitized especially in processes like sales, purchases, production, inventory/stores, assets, payroll etc. We intend to digitize logistics, HR and and EHS (environment, health & safety) processes and related records fully, requiring no manual intervention. As part of the green initiative, your Company has started on the journey to go paperless in some offices.

Robotic Process Automation (RPA) has accelerated with more monotonous processes being automated and utilisation of BOTs is becoming more sophisticated. New processes like treasury, exchange rate updation has been added during the year as part of RPA. More areas are being explored for RPA.

As part of implementing industry 4.0 ideas on the shopfloor your Company as a first step has installed internet-of-things (IOT) applications at the gears division in India. The foundry division is also deploying a few of these tools. This is helping with efficiency measurement on real time basis.

The digitization and automation effort is a continuous process and a strong and dedicated team has been created for the purpose.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) APPROACH

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

As a subsidiary of CIE Automotive, we follow the 5 years Strategic ESG plan to comply with 79 KPIs designed under 4 pillars namely, culture, ethical commitment, Eco efficiency and active listening; which are aligned with the UN- 17 Sustainable Development Goals. These KPIs are part of business process /Balanced Score Cards of all divisions which in turn are linked to performance appraisals.

Under continual improvement initiatives, the plants have been asked to identify sustainability projects under 9 categories (Energy intensity, green energy percentage use, waste intensity, transport efficiency, reduction in fuel efficiency etc) and these are monitored regularly. For example, your Company has been steadily increasing the usage of energy produced from green sources at its Indian plants every year. The green energy used at Indian plants was 132.56 million units in CY22 vs 63.09 million units the year before. Further details are provided in Annexure VI of the Director's Report.

Employees are our assets and training/ constant communication on ESG aspects to them is of prime importance, hence the team members are trained on the significance of ESG in their day-to-day activities. Our value chain partners are also given regular training on the requirements of ESG and enhancing their capabilities to ensure they are our extended partners in ensuring sustainable growth of their organisations too. The best suppliers selected based on our ESG compliance criteria are rewarded at the Vendor meet event annually. We will continue to enhance our value chain partners ESG performance by identifying areas of opportunities through regular assessments/visits. As part of our digitisation drive, the Company is enhancing and upgrading its sustainability portal to ensure that, real time sustainability data under BRSR is captured and trends are plotted for necessary corrective actions.



FINANCIAL PERFORMANCE

The financial performance of the entity for the year ended 31st December, 2022 and 31st December, 2021 is presented below:

The Company's abridged P&L Statement for the Financial Year 2022

(₹ in Millions)					
Sr. No.	Particulars	Standalone		Consolidated	
		Year Ended		Year Ended	
		December '22	December '21	December '22	December '21
		Audited	Audited	Audited	Audited
1	Income from operation				
	Revenue from operation	43,978	32,906	87,530	67,651
	Other Income	1,206	176	583	468
	Total Income	45,184	33,082	88,113	68,119
2	Expenses				
	(a) Cost of material consumed	24,711	17,412	48,607	35,194
	(b) Change of inventories of finished goods and work-in progress	(258)	(780)	(847)	(1,847)
	(c) Employee benefit expenses	3,966	4,435	9,022	9,263
	(d) Finance costs	135	123	227	348
	(e) Depreciation and amortization expenses	1,332	1,193	2,962	2,733
	(f) Other Expenses	9,344	7,553	19,028	15,625
	Total expenses	39,229	29,935	79,000	61,315
3	Profit/(loss) from operation share of profits of associates, exceptional items and taxes (1 - 2)	5,955	3,147	9,113	6,804
4	Share of Profit/ (loss) of associates	-	-	22	12
5	Profit/(Loss) from ordinary activities before exceptional items (3-4)	5,955	3,147	9,135	6,816
6	Exceptional items	379	(128)	379	(128)
7	Profit/(Loss) from ordinary activities before tax (5+/-6)	6,334	3,019	9,514	6,688
8	Current Tax	1,291	668	2,190	1,434
	Deferred Tax (Credit) / Charge	(78)	1,247	211	1,295
9	Net Profit/(Loss) for the period from continuing operations	5,121	1,103	7,113	3,958
10	Discontinued operations				
	Profit/ (loss) before exceptional items from discontinued operations	-	-	831	(39)
	Loss on fair valuation of assets and liabilities from discontinued operations	-	-	(9,234)	-
	Profit/ (loss) before tax from discontinued operations	-	-	(8,403)	(39)
	Current tax	-	-	92	3
	Deferred tax	-	-	(20)	6
	Tax expense on discontinued operations	-	-	72	9
11	Profit/ (loss) from discontinued operations	-	-	(8,475)	(29)



(₹ in Millions)					
Sr. No.	Particulars	Standalone		Consolidated	
		Year Ended		Year Ended	
		December '22	December '21	December '22	December '21
		Audited	Audited	Audited	Audited
12	Net Profit/(Loss) after taxes, (9+11)	5,121	1,103	(1,362)	3,929
13	Paid - Up equity share capital (Face value of Rs. 10 per equity share)	3,793	3,791	3,793	3,791
14	Earnings per share (after extraordinary items) (of Rs. 10/- each)				
15	(a) Basic	13.50	2.91	(3.59)	10.36
16	(b) Diluted	13.50	2.91	(3.59)	10.36

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

Segment wise results for 2022

(₹ in Millions)

Sr. No.	Particulars	Year ended	
		31 st December, 2022	31 st December, 2021
		Audited	Audited
1	Segment Revenue		
	a) India	56,326	43,945
	b) Europe	51,343	40,590
	Total	107,669	84,535
	Less: Inter Segment Revenue	(448)	(668)
	Net Sales / Income from Operations	107,221	83,867
	Less:- from discontinued operations	(19,690)	(16,215)
	Net Sales / Income from Continuing Operations	87,530	65,652
2	Segment Profit/(Loss) before tax and interest from		
	a) India	6,349	3,917
	b) Europe	4,450	3,265
	Total	10,799	7,182
	Less:- from discontinued operations	(1,058)	(146)
	Profit/ (loss) before tax and interest from Continuing Operations	9,741	7,036
	Less:		
	(i) Un-allocable expenditure	227	347
	(ii) Un-allocable income		12
	Total Profit Before Tax	9,514	6,690
3	Capital Employed		
	(Segment Assets- Segment Liabilities)		
	a) India	59,478	54,786
	b) Europe	39,805	44,718
	Total	99,283	99,504



Sr. No.	Particulars	Year ended	
		31 st December, 2022	31 st December, 2021
		Audited	Audited
4	Segment Liabilities		
	a) India	21,895	20,933
	b) Europe	26,402	26,606
	Total	48,297	47,539

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

Ratio	Standalone		Consolidation	
	CY-22	CY-21*	CY-22	CY-21*
(i) Debtors Turnover (Days)	49	52	37	31
(ii) Inventory Turnover (Days)	49	56	58	67
(iii) Interest Coverage Ratio (times)	48	26	41	14
(iv) Current Ratio (times)	1.7	1.5	1.0	0.9
(v) Debt Equity Ratio (times)	0.03	0.05	0.18	0.25
(vi) Operating Profit Margin (%)	19.2%	14.2%	15.4%	13.4%
(vii) Net Profit Margin (%)	12.6%	3.6%	8.6%	4.9%
(viii) Return on net worth (%)	11.5%	2.7%	-2.7%	7.6%

* includes discontinued operations

Significant Changes

Standalone:

With significant increase in turnover, working capital ratios have improved. Operational improvement, dividend from subsidiary and one time exceptional income from land sale has improved profit and return ratios. In 2021 exceptional tax expenses also impacted return ratios.

Consolidated:

Debtors days increased due to significant growth in India. Inventory turns improved with growth in sales without similar increase in inventory levels. Coverage and return ratios have improved significantly due to good growth in profits, except RONW which was impacted due to one time loss on fair valuation of German assets as they were moved to 'held for sale' operations. RONW without one time impact of fair valuation is 15.3%.

RISK MANAGEMENT

The business has a specific set of risk characteristics which are managed through an internal risk management practice. The first line of defence in the risk practice are the operational management who are tasked with identifying risks and reporting breaches that can put the company to risk. The second line are processes and policies that are assessed periodically by the board and its audit & risk management committees. Key processes and policies include internal controls,

data security & privacy, statutory compliances and ethical framework (code of conduct & whistleblower policies). Internal audit is the third line of defence that continuously reviews the efficacy of the first two lines. The senior management periodically reviews the risk management process and the actual management of risks identified. They report their findings every quarter to the risk management and audit committees of the board. The risk management committee reviews identification, assessment, management and monitoring of risks. The audit committee closely looks at the processes associated with risk management. Both these committees report to the board which provides directions to strengthen the overall risk management practice.

The process to identify risks is also defined. Senior executives participate in the annual risk assessment survey carried out by CIE Automotive to identify key risks associated with the business in each of the key geographies that CIE operates in. This is supplemented by periodic internal assessment to identify risks under different categories – strategic & reputational, commercial, technological, operational, financial, people related, regulatory/compliance and ESG (Environmental, Social & Governance) etc. Risks under these categories are classified as short term and long term and monitored periodically.



Risks are prioritized based on the following criteria:

- Probability of occurrence – based on past experience and analysis of the future
- Impact along three dimensions – economic, organisational and/or reputational
- From the standpoint of residual risk: considering the controls already in place in order to mitigate the potential impact of their materialisation

The top five risks identified by CIE Automotive globally for 2023 are as follows:

- **Market trend change:** Your Company is highly dependent on the performance of the automotive industry in India and Europe. Any adverse changes in the conditions affecting these markets may negatively affect business, results of operations, financial condition and prospects.
- **Geopolitical situation:** The war situation in Ukraine and the global inflation that has ensued has led to an increase in raw material, energy and other input costs adversely affecting corporate profitability. A global semi-conductor shortage caused supply disruption at some of our OEM customers for the better part of the last two years and the problems are not completely behind us yet. Due to the disruption in supply chains in the last couple of years, OEMs are increasingly adopting a multilocal vs global approach i.e. a European OEM prefers to source from Companies in its vicinity – from European companies or from companies in Turkey, Russia or North Africa vs companies in India or China. This approach could reduce the expected growth in export revenues.
- **Cybersecurity & data privacy:** As digitization & automation increase in the business, there is a growing concern around data being breached by inimical third parties.
- **Green supply chain:** ESG has become an imperative aspect of business and investors are paying attention to this along with financial performance of the company. We will continue to enhance our value chain partners ESG performance by identifying areas of opportunities through regular assessments/visits.
- **Human capital for Company's growth:** As the automotive industry goes through the throes of change, volatility & uncertainty; the challenges thrown up can only be met by a team that is both skilled and motivated. The management's challenge is to upskill their team and fill any skill gaps and ensure that they are primed to face the vicissitudes in the business environment. Succession planning and talent management are key initiatives that are being implemented.

Along with the above, your company has identified the following other risks that can affect its growth & profitability:

- The loss of certain principal customers or a significant reduction in purchase orders from certain customers could adversely affect business, results of operations, financial condition and prospects.
- The dependence on a few key customers in some business verticals is high and leaves these verticals reliant on the performance of these OEMs – the stampings business in India and Gears business in Italy are particularly vulnerable. Overall, both the Indian and European operations of the company are now well diversified and customer concentration risk is pertinent to a few verticals as stated above.
- Potential inability to pass-through to its customers increase in costs like labor, energy, etc. could reduce future profitability.
- As part of its growth strategy, your Company aims to develop many new parts for both existing and new customers. Managing the new product development process in an efficient manner is a key challenge.
- Your Company will need to be ready for changes in its product portfolio to counter the impact of transition in automotive technology to hybrids and electrical engines. Electrification will mean a greater emphasis on stamped, plastic and aluminum parts compared to forged, cast or machined parts. As the supplier ecosystem for EVs is at a nascent stage, EV OEMs are looking to partner with suppliers who have quality and pedigree. Therefore, the transition to EVs may be more of an opportunity rather than risk.
- Digitisation & Automation is a key focus area to improve operations. Not being able to implement these programs in a time bound manner can affect operations.
- Implementation of the new labour code in India – may require changes in systems as with any increase in minimum wages for workmen, there will be increase in costs.

There is also a strategic risk that your Company has to contend with in CY23. As reported earlier, German truck forgings vertical is held for sale. The inability to find a buyer and complete the deal can be a major risk.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

In the opinion of the Management, your Company has adequate internal audit and control systems to ensure that all transactions are authorized, recorded and reported correctly. The internal control systems comprise extensive internal and statutory audits. The Corporate Governance practices instituted by the Company



are discussed in detail in the chapter on Corporate Governance of this Annual Report. Report on statutory compliances has also been provided.

LOOKING AHEAD

Your Company has made giant strides since CY16 which was the first full year of our operations. All key metrics - topline, bottomline, profitability and cash flows - have grown manifold. We remain committed to generating better returns for our shareholders. The prospects of the automotive industry, especially in India are optimistic. Your Company is in an excellent position to take advantage of the coming opportunities while being ready to face up to the challenges thrown up by the volatile, uncertain, complex & ambiguous (VUCA) business environment we operate in.

CAUTIONARY STATEMENT

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



REPORT ON CORPORATE GOVERNANCE



CORPORATE GOVERNANCE

I. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

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

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

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

II. BOARD OF DIRECTORS

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

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

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

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

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

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

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

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

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

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

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

A. Composition of the Board

The Board of the Company comprises of Eleven Directors as on 31st December, 2022.

All the Directors of the Company comply with the conditionalities relating to maximum number of Directorships as specified in Regulation 17A of the Listing Regulations and Section 165 of the Act, and the conditionalities relating to committee positions as specified in Regulation 26 of the Listing Regulations.



During the year under review, Mr. Zhooben Bhiwandiwalla, Non Executive Non Independent Director (DIN: 00110373) ceased to be the Director w.e.f. 22nd February, 2022. Mr. Puneet Renjhen (DIN: 09498488) was appointed as an Additional Director (Non Executive Non Independent Director) w.e.f. 22nd February, 2022 and as Director liable to retire by rotation at the 23rd Annual General Meeting of the Company held on 25th April, 2022. He submitted his resignation and ceased to be a Director of the Company w.e.f. 19th December, 2022.

The names and categories of Directors, DIN, the number of Directorships and Committee positions held by them, as on 31st December, 2022 are given in Table 1 below.

Table 1: Composition of the Board of Directors as on 31st December, 2022:

Name of the Directors, Category and DIN	Total number of Committee Memberships of as on 31 st December, 2022 [@]	Total number of Committee Chairmanships of which the Director is member as on 31 st December, 2022 [@]	Total number of Directorships of Public Companies as on 31 st December, 2022*	Name of other listed entities where the Director is a director along-with the category of directorship excluding the Company
NON – EXECUTIVE, NON INDEPENDENT^s				
Mr. Shriprakash Shukla (DIN – 00007418)	Nil	Nil	7	Mahindra EPC Irrigation Limited (Non-Executive Chairman)
Mr. Jesus Maria Herrera Barandiaran - (DIN - 06705854)	Nil	Nil	1	None
Mr. Anil Haridass (DIN - 00266080)	Nil	Nil	3	None
NON – EXECUTIVE, INDEPENDENT				
Mr. Manoj Maheshwari - (DIN - 00012341)	2	1	3	1. RPG Life Sciences Limited – (Independent Director) 2. Metro Brands Limited – (Independent Director)
Mr. Dhananjay Mungale - (DIN - 00007563)	9	4	8	1. Mahindra Logistics Limited – (Independent Director) 2. Mahindra and Mahindra Financial Services Limited – (Independent Director) 3. Tamilnadu Petroproducts Limited – (Independent Director) 4. NOCIL Limited – (Independent Director)
Mr. Kadambi Narahari - (DIN - 05351378)	1	1	1	None
Mrs. Roxana Meda Inoriza - (DIN - 08520545)	1	Nil	3	None
Mr. Alan Savio D'Silva Picardo - (DIN - 08513835)	1	Nil	1	None
Mr. Suhail Nathani - (DIN - 01089938)	3	1	3	1. Piramal Enterprises Limited – (Independent Director) 2. Piramal Capital & Housing Finance Limited – (Independent Director)
EXECUTIVE^s				
Mr. Ander Arenaza Alvarez - (DIN - 07591785)	Nil	Nil	3	None
Mr. Manoj Menon - (DIN - 07642469)	Nil	Nil	4	None

\$ Participaciones Internacionales Autometal, DOS S.L (PIA2), one of the Promoters of the Company, has nominated Mr. Ander Arenaza, Mr. Manoj Menon, Mr. Anil Haridass and Mr. Jesus Maria Herrera Barandiaran on the Board of



the Company. Mahindra and Mahindra Limited (M&M), one of the Promoters of the Company has nominated Mr. S P Shukla on the Board of the Company. These nominations are made in accordance with rights vested in PIA2 and M&M under the Articles of Association of the Company. However, these Directors are not appointed as “Nominee Directors” in terms of provisions of the Companies Act, 2013 and they are acting as Directors of the Company in their professional capacity.

- # Mr. Anil Haridass (DIN: 00266080) resigned as Whole-time Director and was re-designated as Non-Executive Director w.e.f. 22nd February 2022.
- * Excludes Directorships in Companies registered under Section 8 of the Act and Companies registered outside India but includes Directorship in the Company.
- @ Chairpersonship and Membership of the Audit Committee and the Stakeholders’ Relationship Committee held in all the Public Limited Companies including that of the Company is considered. The Committee Chairmanship (s) are counted out of the Committee Membership(s) held by the respective Director.

Board Procedure

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

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

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

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

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

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

The Board of Directors met five (5) times during the Financial Year under the review i.e., on 22nd February, 2022, 25th April, 2022, 22nd July, 2022, 18th October, 2022 and 14th December, 2022. The Board met at least once in a calendar quarter and the gap between any two meetings did not exceed one hundred and twenty days.

The twenty-third Annual General Meeting (AGM) of Members of the Company was held on 25th April, 2022 through Video Conference (“VC”) / Other Audio Visual Means (OAVM) without the physical presence of the Members at a common venue, in compliance with General Circular No. 21/2021 dated 14th December 2021, read with General Circular No. 20/2020 dated 5th May, 2020, General Circular No. 02/2021 dated 13th January, 2021 and General Circular No. 19/2021 dated 8th December, 2021 issued by Ministry of Corporate Affairs.



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

Table 2: Number of Meetings and Attendance

Sr. No.	Directors	No. of Board Meetings Attended	Attendance at the last AGM through VC / OAVM
1.	Mr. Shriprakash Shukla	5	Yes
2.	Mr. Ander Arenaza Alvarez	5	Yes
3.	Mr. Manoj Menon	5	Yes
4.	Mr. Anil Haridass	5	Yes
5.	Mr. Jesus Maria Herrera Barandiaran	3	No
6.	Mr. Manoj Maheshwari	5	Yes
7.	Mr. Dhananjay Mungale	5	Yes
8.	Mr. Kadambi Narahari	5	Yes
9.	Mrs. Roxana Meda Inoriza	5	Yes
10.	Mr. Alan Savio D'Silva Picardo	5	Yes
11.	Mr. Suhail Nathani	4	Yes
12.	Mr. Zhooben Bhiwandiwala (Upto 22 nd February, 2022)	1	NA
13.	Mr. Puneet Renjhen (From 22 nd February, 2022 to 19 th December, 2022)	3	Yes

C. Meeting of Independent Directors

The Independent Directors of the Company met on 21st February, 2022 and 13th December, 2022 without the presence of the Chairman, Executive Directors, other Non-Independent Director(s) or any other Managerial Personnel.

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

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

D. Directors seeking appointment /re-appointment

Mr. Jesus Maria Herrera Barandiaran (DIN: 06705854) and Mr. Manoj Mullassery Menon (DIN: 07642469) are liable to retire by rotation and being eligible, have offered themselves for re-appointment at the 24th Annual General Meeting of the Company.

As required under Regulation 36 (3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard 2, particulars of Directors seeking re-appointment at ensuing Annual General Meeting shall be provided in the Notice of 24th Annual General Meeting (AGM).

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

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



Table 3:

Sr. No.	Skill / expertise / competencies	Particulars	Mr. S P Shukla	Mr. Ander Arenaza	Mr. Anil Haridass	Mr. Manoj Menon	Mr. Jesus Maria Herrera	Mr. Manoj Maheshwari	Mr. Dhananjay Mungale	Mr. Suhail Nathani	Mr. Alan D'Silva	Mrs. Roxana Meda	Mr. Narahari Kadambi
1.	Strategy and Planning	Review and Monitor Strategy & Succession Plan to ensure long term sustainable growth	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
2.	Leadership	Leadership Skill to ensure effective guidance to and monitoring of the management and to set a corporate culture and the values by which executives throughout the group should behave.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
3.	Financial Discipline and Risk Oversight	Understanding of Financial Management, Financial Reporting Process and Financial & Operational controls. Ensuring focus on returns.		✓	✓	✓	✓	✓	✓		✓	✓	✓
		Understand and Oversee internal and external risks associated with the Business and to put in place appropriate policies and procedures to effectively manage such risks.											
4.	Manufacturing Excellence and Technology	Understanding the manufacturing processes and optimizing the same.		✓	✓	✓	✓				✓		
		Anticipate Technological Trends and creating new business models.											
5.	Mergers and Acquisition	creating and enhancing shareholders value through acquisitions and other business combinations with ability to assess fit of the target with Company's Strategy and Culture, Valuations, Integration Process.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
6.	Governance and Regulatory Oversight	Monitoring the system for ensuring compliance with all applicable laws to the Company and review the effectiveness of such system.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
		Reviewing governance practices and policies to ensure high ethical standards, to safeguard the interests of all stakeholders while ensuring right balance of conflicting interest of the stakeholders.											

F. Codes of Conduct

The Board of Directors of the Company has adopted 'Internal Code of Professional Conduct' ("the Code") which is applicable to all directors (whether executive, non-executive or Independent), Senior Management



Personnel, Key Management Personnel, all other employees and workers of the Company and provides guidance and ethical principles to them in determining the values and commitments that must govern their work activities within the Group.

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

G. CEO/CFO Certification

As required under Regulation 17 (8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr. Ander Arenaza, Executive Director and Mr. K Jayaprakash, Chief Financial Officer of the Company have certified to the Board that the Financial Statements for the year ended 31st December, 2022 do not contain any untrue statement and that these statements represent a true and fair view of the Company's affairs and other matters as specified thereunder.

H. Performance evaluation of Board, its Committees and Directors

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

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

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

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

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

I. Familiarisation programme for Independent Directors

The Company updates the Board Members on a

continuing basis on any significant changes and provides them an insight into their expected roles and responsibilities so as to be in a position to take a well-informed and timely decisions and contribute significantly to the Company.

Other Initiatives to update the Directors on a continuing basis:

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

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

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

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

During the year, a factory visit was organized for the members of the Board to the factory of CIE Hosur Limited (wholly owned subsidiary) located at Hosur, Tamilnadu. The members of Board were *inter-alia* briefed on the Plant facilities, infrastructures, product portfolio, customer base, manufacturing facilities etc.

As required under Regulation 46 of the Listing Regulations the details of familiarisation programme for the Independent Directors has been hosted on the Company's website and can be viewed by visiting the following link: <http://www.mahindrachie.com/investors/downloads/documents.html#other-documents-and-disclosures>

J. Risk Management

The Company has a well-defined Risk Control and Management Policy which lays down the Risk Management Framework and Systems. The Company has established procedures to periodically place before the Board, the risk assessment and minimisation procedures being followed by the Company and steps taken by it to mitigate the Risks. The Board of Directors of the Company have constituted a Risk Management



Committee consisting of Board Members and Senior Management Personnel and has delegated the function to formulate, implement, monitor and review the risk management policy to the Committee. Further details in respect of the Committee are covered under details of Risk Management Committee.

III. COMMITTEES OF THE BOARD OF DIRECTORS

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

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

A. Audit Committee:

i. Composition, name of Members and Chairperson

The Audit Committee comprises of four Non-Executive Independent Directors namely Mr. Dhananjay Mungale (Chairman of the Committee), Mr. Manoj Maheshwari, Mr. Alan Savio D'Silva Picardo and Mrs. Roxana Meda Inoriza. The Chairman of the Audit Committee attended the 23rd AGM held on 25th April, 2022 through video conferencing.

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

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

The Company Secretary is the Secretary to the Committee.

ii. Terms of reference

The terms of reference of this Committee are very wide and are in line with the regulatory requirements mandated by the Act and Part C of Schedule II of the Listing Regulations. Besides having access to all the required information from within the Company, the Committee can obtain external professional advice whenever required. The Committee acts as a link between the Statutory Auditors, the Internal Auditors and the Board of Directors of the Company. It is authorised to select and establish accounting policies, review reports of the Statutory and the Internal Auditors and meet them to discuss their findings, suggestions and other related matters and monitor and review the Auditor's independence and

performance, effectiveness of the audit process, oversee Company's financial reporting process and the disclosure of its financial information, review with the management of quarterly and annual financial statements before submission to the Board for approval, select and establish accounting policies, approve wherever necessary transactions of the Company with related parties including subsequent modifications thereof, grant omnibus approvals subject to fulfillment of certain conditions, scrutinise inter-corporate loans and investments, review the risk assessment and minimisation procedures, evaluate internal financial controls and risk management systems. The Committee is further empowered to recommend, the remuneration payable to the Statutory Auditors and to recommend a change in Auditors, if felt necessary.

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

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

iii. Meetings and attendance

During the financial year, the Committee met five (5) times i.e., on 22nd February, 2022, 25th April, 2022, 22nd July, 2022, 18th October, 2022 and 13th December, 2022. The time gap between two meetings did not exceed one hundred and twenty days.

Table 4: Attendance record of Audit Committee

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



The meetings of the Audit Committee are also attended by the Chairman, Executive Director, Chief Financial Officer, the Statutory Auditors and the Internal Auditors.

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

B. Nomination and Remuneration Committee:

i. Composition, name of Members and Chairperson

As on 31st December, 2022, the Nomination and Remuneration Committee comprises of Six Non-Executive Directors out of which two-third are Independent Directors.

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

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

The Chairman of the Committee attended the 23rd AGM held on 25th April, 2022 through video conferencing.

The Company does not have outstanding Special Rights equity shares. The composition of the Committee is in accordance with Regulation 19 (1) of Listing Regulations. Further, the composition of the Committee is also disclosed on website of the Company at <https://www.mahindracie.com/investors/investor-relations/governance.html>.

The Company Secretary is the Secretary to the Committee.

ii. Terms of reference

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

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

The Committee has been vested with the authority to, *inter-alia*, develop and recommend policies with respect to composition of the Board commensurate with the size, nature of the business and operations

of the Company, establish Director retirement policies and appropriate succession plans.

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

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

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

iii. Meetings and attendance

During the financial year, the Committee met four (4) times i.e., on 21st February, 2022, 22nd February, 2022, 25th April, 2022 and 14th December, 2022.

Table 5: Attendance record of Nomination and Remuneration Committee

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



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

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

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

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

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

C. Stakeholders' Relationship Committee:

i. Composition, name of Members and Chairperson

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

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

ii. Terms of reference

The Committee meets as and when required, to *inter-alia* deal with matters relating to transfers of shares, transmission of shares, request for issue of duplicate share certificates and monitors redressal of the grievances of the security holders relating to transfers, non-receipt of balance sheet etc., review

of measures taken for effective exercise of voting rights by Shareholders, review of adherence to the service standards adopted by the Company in respect of services being rendered by the Registrar & Transfer Agent, review of various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the Shareholders of the Company.

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

iii. Meetings and Attendance

During the financial year, the Committee met twice (2) i.e., on 21st February, 2022 and 17th October, 2022. The information about details of shares transferred, transmitted etc. and report of Investors Complaints received and resolved was presented to Board on quarterly basis. The Committee also considered certain matters by way of circular resolution.

Table 6: Attendance record of Stakeholder Relationship Committee

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

During the year ended 31st December, 2022, seven (07) complaints were received from Shareholders and five (05) of which have been attended / resolved to the satisfaction of Shareholders and remaining two (02) complaints were which were received near the closure of year end and the same were resolved after the closure of financial year within the prescribed timelines.

Mr. Narahari Kadambi, Chairman of the Committee was present at the 23rd Annual General Meeting of the Company held on 25th April, 2022 through Video Conferencing.

D. Risk Management Committee

i. Composition, name of Members and Chairperson

As on 31st December, 2022 the Risk Management Committee comprises three members. Mr. Manoj Menon -Executive Director is the Chairman of the Committee. Mr. Ander Arenaza - Executive Director and Mr. Alan Savio D'Silva Picardo - Independent Director are the other members of the Committee.



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

ii. Terms of reference

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

The Risk Management Committee have formulated a Risk Control and Management policy which provides a framework for identification of internal and external risks specifically faced by the Company, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee, measures for risk mitigation including systems and processes for internal control of identified risks and a business continuity plan.

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

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

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

iii. Meetings and Attendance

During the financial year, the Committee met 3 (three) times i.e., on 15th February, 2022, 13th July 2022 and 11th October, 2022.

Table 7: Attendance record of Risk Management Committee

Name of the Member	Position	Status	No. of Meetings Attended
Mr. Manoj Menon	Executive Director	Chairman	3
Mr. Ander Arenaza	Executive Director	Member	3
Mr. Alan Savio D'Silva Picardo*	Independent Director	Member	3

E. Corporate Social Responsibility Committee

i. Composition, name of Members and Chairperson

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

ii. Terms of reference

The terms of reference of the CSR Committee *inter-alia* included formulating and recommending to the Board CSR Policy indicating the activities to be undertaken by the Company in compliance with the provisions of the Companies Act, 2013 and Rules made thereunder, allocate the amount of expenditure to be incurred on CSR activities as enumerated in Schedule VII to the Companies Act, 2013 and monitor the implementation of CSR Policy and projects of the Company periodically, formulation and recommendation of Annual Action Plan in pursuance of CSR Policy which include CSR projects or programmes that are approved to be undertaken, the manner of execution of such projects or programs, the modalities of utilisation of funds and implementation schedules for the projects or programs, monitoring and reporting mechanism for the projects or programs and details of need and impact assessment, if any, for the projects undertaken by the Company.

iii. Meetings and attendance

During the financial year, the Committee met four (4) times i.e., on 21st February, 2022, 21st July, 2022, 17th October, 2022 and 13th December, 2022.

Table 8: Attendance record of Corporate Social Responsibility Committee

Name of the Member	Position	Status	No. of Meetings Attended
Mr. Kadambi Narahari	Independent Director	Chairman	4
Mr. Dhananjay Mungale	Independent Director	Member	4
Mr. Manoj Menon	Executive Director	Member	4
Mr. Anil Haridass	Non-Executive Director	Member	4

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



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

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

F. Other non-mandatory committee - Allotment Committee:

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

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

IV. APPOINTMENT AND REMUNERATION

A. Policy on appointment of Directors and Senior Managerial Personnel

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

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

Salient features of the Policy is as under:

i. Appointment of Directors and their succession plan

Appointment

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

Based on recommendation of the NRC, the Board evaluates the candidate(s) and decide on the

selection in accordance with the applicable provisions of the Companies Act, 2013 and Rules made thereunder.

Succession Plan

The successors for the Independent Directors are identified by NRC at least a quarter before the expiry of their scheduled term. In case of separation of Independent Directors due to resignation or otherwise, successor get appointed at the earliest but not later than three months from the date of such vacancy.

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

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

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

ii. Appointment of Senior Managerial Personnel and their succession plan

Appointment

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

Succession Plan

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

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

B. Policy on remuneration

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

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



Salient features of the Policy is as under:

i. Remuneration to Non-Executive Directors including Independent Directors

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

ii. Remuneration to Executive Directors:

The remuneration to Executive Director(s) is recommended by NRC to the Board. The remuneration consists of both fixed compensation and variable compensation and is paid as salary, commission, performance bonus, stock options (where applicable), stock appreciation rights, perquisites and fringe benefits as approved by the Board and Shareholders. While the fixed compensation of the Executive Directors is determined at the time of their appointment, the

variable compensation is determined annually by the NRC based on their performance.

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

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

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

iv. Other Employees

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

C. Remuneration / Compensation paid / payable to Directors

Table 9: Details of remuneration paid/payable to the Directors for the financial year ended 31st December, 2022

i. Executive Directors

(₹ In Million)

Name of the Director	Salary and Perquisites	Other Compensation/ Fees	Total	Contract Period
Mr. Ander Arenaza Alvarez	2.29	NA	2.29	13 th September, 2022 to 12 th September, 2025
Mr. Manoj Menon	16.83	NA	16.83	17 th October, 2022 to 16 th October, 2025
Mr. Anil Haridass* (1 st January 2022 to 22 nd February 2022)	13.50	NA	13.50	Resigned as Whole-time Director w.e.f. 22 nd February, 2022

* includes amount payable on full and final settlement including gratuity.



ii. Non-Executive Directors

(₹ In Million)

Name of the Director	Sitting Fees*	Commission payable for the year ended 31 st December, 2022, payment of which shall be made in CY 2023*	Other Compensation/ Fees	Total
Independent Directors				
Mr. Dhananjay Mungale	0.93	1.57	NA	2.50
Mr. Manoj Maheshwari	0.83	1.67	NA	2.50
Mr. Suhail Nathani	0.44	1.67	NA	2.11
Mr. Kadambi Narahari	0.62	1.67	NA	2.29
Mrs. Roxana Meda Inoriza	0.81	1.67	NA	2.48
Mr. Alan Savio D'Silva Picardo	0.89	1.61	NA	2.50
Non-Executive and Non-Independent Directors				
Mr. Shriprakash Shukla	NA	NA	NA	NA
Mr. Jesus Maria Herrera Barandiaran	NA	NA	NA	NA
Mr. Anil Haridass [#]	NA	NA	1.76	1.76

* Net of GST paid on the sitting fees on reverse charge basis

[#] Mr. Haridass became non-executive Director w.e.f. 22nd February 2022. Further, by way of Special Resolution passed at 23rd Annual General Meeting of the Company, held on 25th April 2022, the shareholders of the Company approved payment of remuneration not exceeding INR 2.5 Million to Mr. Anil Haridass as non-executive Director of the Company for the period of 3 years from 23rd February, 2022 to 22nd February, 2025. The amount reflected above is payable for the period 23rd February, 2022 to 31st December, 2022.

Mr. Jesus Maria Herrera Barandiaran and Mr. Shriprakash Shukla were not entitled to any remuneration including sitting fees.

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

In accordance with the approval of shareholders, Non-Executive Independent Directors are entitled to remuneration by way of profit linked commission in aggregate not exceeding ₹ 15,000,000 subject to condition that the total remuneration including sitting fees payable to an Independent Director for any financial year does not exceed ₹ 2,500,000. The Board of Directors on recommendation of the Nomination and Remuneration Committee has approved the Commission payable to the Independent Directors in accordance with the criteria mentioned in the Remuneration Policy of the Company as disclosed herein above and the limits approved by the shareholders. The Commission as approved by the Board is disclosed in the table above, however, payment thereof shall be made during CY 2023.

During the year under review, the following Non-Executive Directors were paid a commission of ₹ 9.32 Million related to CY 2021 which was paid during the year under review:

Table 10: Commission for the year ended 31st December, 2021, paid during the year under review

Name of the Director	₹ in Million
Mr. Dhananjay Mungale	1.51
Mr. Manoj Maheshwari	1.57
Mr. Suhail Nathani	1.57
Mr. Kadambi Narahari	1.57
Mrs. Roxana Meda Inoriza	1.57
Mr. Alan Savio D'Silva Picardo	1.53

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



Pecuniary and other relationships of Directors

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

Other disclosures

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

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

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

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

Stock Appreciation Units

The Board of Directors have granted 2,00,000 Stock Appreciation Units to Mr. Manoj Menon. The base price to be considered for Stock Appreciation Benefit has been fixed at ₹ 150/-. The redemption price for determining the Stock Appreciation Benefit shall be calculated as the volume-weighted average market price of the shares of the Company

quoted on National Stock Exchange of India Limited for a period of sixty trading days immediately preceding the Pay-out Date. The pay-out dates were determined as 19th February, 2023 (first pay-out) and 19th February, 2025 (final pay-out reduced by the amount already paid in first pay-out) accordingly, the first pay-out shall be made.

Directors and Officers insurance

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

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

Name of the Director	ESOP-2015	No. of Ordinary (Equity) shares held as on 31 st December, 2022
	No. of Options granted in February, 2016 ^s	
Mr. Manoj Menon	33,330	12,448

\$ These Options vested in three equal instalments in February, 2017, February, 2018 and February, 2019 respectively. These Options can be exercised within four years from the date of vesting of the Options at an Exercise Price ₹ 150/-per share. Out of the same, as on 31st December, 2022, 11,110 options were outstanding and can be exercised before 21st February, 2023.

Shares held by the Non-Executive Directors

As on 31st December, 2022, Mr. Anil Haridass held 42,26,335 equity shares of the Company. Apart from this, no other Non-Executive Director held any shares or convertible instruments of the Company as on 31st December, 2022. None of the Independent Directors of the Company is entitled to any Stock Options.

V. GENERAL BODY MEETINGS

a. Details of time, venue and special resolutions passed in the Annual General Meetings (AGMs) in last three Financial Years are given in Table 12 below:

Table 12: Year

Year	Date and Venue	Time	Special Resolution(s) passed
AGM 2022	25 th April, 2022 held through Video Conference ("VC") / Other Audit Visual Means (OAVM) without the physical presence of the Members at a common venue, in compliance with General Circular No. 21/2021 read with General Circular No. 20/2020, 02/2021, 19/2021. The proceedings of the AGM were deemed to be conducted at the Registered Office of the Company which was the deemed Venue of the AGM.	10:30 a.m.	1. Approval of re-appointment of Mr. Ander Arenaza Alvarez as Whole-time Director of the Company for further period of three years 2. Approval of remuneration payable to Mr. Anil Haridass as Non-Executive Director of the Company for the period of three years



Year	Date and Venue	Time	Special Resolution(s) passed
AGM 2021	29 th April, 2021 held through Video Conference (“VC”) / Other Audit Visual Means (OAVM) without the physical presence of the Members at a common venue, in compliance with General Circular No. 02/2021 read with General Circular Nos. 14/2020, 17/2020, 20/2020 issued by Ministry of Corporate Affairs and Circular dated 15 th January, 2021 read with Circular dated 12 th May, 2020 issued by Securities and Exchange Board of India. The proceedings of the AGM were deemed to be conducted at the Registered Office of the Company which was the deemed Venue of the AGM.	3:00 p.m.	None.
AGM 2020	25 th June, 2020 held through Video Conference (“VC”) / Other Audit Visual Means (OAVM) without the physical presence of the Members at a common venue, in compliance with General Circular No. 14/2020, 17/2020, 20/2020 issued by Ministry of Corporate Affairs and Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12 th May, 2020 issued by SEBI. The proceedings of the AGM were deemed to be conducted at the Registered Office of the Company which was the deemed Venue of the AGM.	3:30 p.m.	None.

b. Postal Ballot

During the Financial Year ended 31st December, 2022 following ordinary resolutions were passed through Postal Ballot on 23rd June, 2022:

Sr. No.	Particulars	% votes in favor	% votes against	Result
1	Approval of material related party transactions of the Company with Mahindra and Mahindra Limited	99.9982	0.0018	Passed with requisite majority
2	Approval of material related party transactions of CIE Galfor SA (a wholly-owned subsidiary of the Company) with CIE Automotive SA (ultimate holding Company of the Company)	99.9973	0.0027	Passed with requisite majority

c. Person who conducted the postal ballot exercise

The Board of Directors in its meeting held on 25th April, 2022, in compliance with Rule 22(5) of the Companies (Management and Administration) Rules, 2014, had appointed Mr. Sachin Bhagwat, Practicing Company Secretary (Membership No. ACS 10189) as the Scrutinizer for conducting the Postal Ballot voting process in a fair and transparent manner.

d. Procedure followed for the postal ballot conducted during the financial year ended 31st December, 2022:

Date of Postal ballot notice: 25th April, 2022

Voting period: 25th May, 2022 to 23rd June, 2022

Date of Declaration of results: 24th June, 2022

Pursuant to Section 110 and all other applicable provisions, if any, of the Companies Act, 2013 (“Act”) read with Rule 20 and 22 of the Companies (Management and Administration) Rules, 2014 (“Rules”), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”), and guidelines prescribed by the Ministry of Corporate Affairs (“MCA”) vide General Circular Nos. 14/2020 dated 8th April, 2020, 17/2020 dated 13th April, 2020, 22/2020 dated 15th June, 2020, 33/2020 dated 28th September, 2020, 39/2020 dated 31st December, 2020, 10/2021 dated 23rd June, 2021 and 20/2021 dated 8th December, 2021 (collectively referred to as the “MCA Circulars”) and other applicable laws, rules and regulations, if any, the Notice of Postal Ballot which comprised of resolutions proposed for approval of the members and the explanatory statement thereto and reasons thereof, was sent only by email on Monday, 23rd May, 2022 to the Members, whose email addresses were registered with the Depositories (in case



of Members holding shares in Demat form) or with Registrar and Share Transfer Agent of the Company (in case of Members holding shares in physical form) and whose names appear in the Register of Members/ List of Beneficial Owners as received from National Securities Depository Limited (“NSDL”) and Central Depository Services (India) Limited (“CDSL”), as on Friday, 20th May, 2022 (“cut-off date”). The Members were required to communicate their assent or dissent only through the remote e-voting facility.

The scrutinizer had carried out the scrutiny of votes cast by Postal Ballot which was carried out by electronic means through the remote e-voting facility only (“Postal Ballot”), on the items of business set out in the Notice of Postal Ballot and had submitted his Report to the Company Secretary and Compliance of the Company.

The result was announced by the Company Secretary and Compliance Officer. The result was also displayed on the website of the Company besides being communicated to the Stock Exchanges and Registrar and Share transfer agents of the Company.

e. Special Resolution proposed to be passed through Postal Ballot

None of the businesses/special resolution proposed to be transacted at the ensuing Annual General Meeting requires passing of Resolution by way of Postal Ballot.

However, post the closure of financial year and before the date of this report, the Company has issued a Notice of Postal Ballot 23rd January, 2023 seeking approval of the members to change in name of the Company from “Mahindra CIE Automotive Limited” to “CIE Automotive India Limited” and amendment to the Clause I of the Memorandum of Association of the Company and consequential matters.

Details regarding the same can be accessed at the weblink: <https://www.mahindrachie.com/images/pdf/resources/documents/Notice-of-Postal-Ballot-January-2023.pdf>

VI. DISCLOSURES

a. Policy for determining ‘material’ Subsidiaries

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

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

The Company has formulated a Policy on Materiality of and Dealing with Related Party Transactions which specify materiality thresholds, process of

identification of related parties and the manner of dealing with Related Party Transactions.

This Policy is available on the website of the Company at <http://www.mahindrachie.com>.

c. Disclosure of Transactions with Related Parties

All related party transactions that were entered into during the Financial Year were on an arm’s length basis and were in the ordinary course of business. During the Financial Year ended 31st December, 2022, there were no materially significant related party transactions or arrangements entered into (exceeding 10% of the annual consolidated turnover of the Company) by the Company with its Directors, Key Managerial Personnel or any other designated persons which may have a potential conflict with the interest of the Company at large. The Company has obtained approval of the shareholders by way of ordinary resolution passed by way of Postal Ballot on 23rd June, 2022 for the transactions to be entered into with Mahindra and Mahindra Limited (M&M), for the period of one year for aggregate amount of all such Transactions during any one Financial Year shall not exceed ₹ 18,000,000,000 (Rupee Eighteen Thousand Million). Details of transaction with M&M are disclosed in Form AOC-2, annexed to the Board’s Report. Further, details of all the related party transactions are presented in Note no. 31 to the Standalone Financial Statements for the year ended 31st December, 2022.

Further, the Company has also accorded approval of its shareholders by way of Postal Ballot on 23rd June 2022 for material related party transaction(s) of CIE Galfor S.A. (a wholly-owned subsidiary of the Company) with CIE Automotive S.A. (ultimate holding Company of the Company), which taken together with previous transactions during a financial year may exceed 10% of the Annual Consolidated Turnover of the Company as per the last audited financial statements of 31st December 2021.

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

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

d. Disclosure by Company and its subsidiaries of ‘Loans and advances in the nature of loans to firms/companies in which directors are interested by name and amount

There were no Loans and advances in the nature of



loans made by the Company and its subsidiaries to firms/companies in which directors are interested.

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

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

- number of complaints filed during the Financial Year 2022: One
- number of complaints disposed of during the Financial Year 2022: Nil
- number of complaints pending as on end of the Financial Year 2022: One

f. Whistle Blower policy

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

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

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

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

Chairperson of the Audit Committee:

Mahindra CIE Automotive Limited

Mr. Dhananjay Mungale

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

The Whistle blower Policy of the Company is available on the website at: <http://www.mahindra.com/investors/investor-relations/governance.html#whistle-blower>.

g. Disclosure of Accounting Treatment in preparation of Financial Statements

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

h. Code and Policies under Insider-Trading Regulations

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

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

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

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

Pursuant to the amendments made to the PIT Regulations, the Company has formulated the Policy for inquiry in case of leak of Unpublished Price Sensitive Information. The policy is formulated to maintain ethical standards in dealing with sensitive information of the Company by persons who have access to Unpublished Price Sensitive Information. The rationale of the policy is to strengthen the



internal control systems to ensure that the UPSI is not communicated to any person except in accordance with the PIT Regulations. The Policy also provides an investigation procedure in case of leak of UPSI. This policy was made effective from 1st April, 2019.

j. Details of non-compliance etc.

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

k. Compliance

i. Mandatory requirements

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

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

ii. Adoption of non-mandatory requirements

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

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

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

I. Ethics/Governance Policies

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

- i) Archival policy
- ii) Policy for determination of materiality for disclosure of events or information
- iii) Corporate Social Responsibility Policy

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

m. Material Subsidiary Companies

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

Aurangabad Electricals Limited (AEL) (U31909PN1985PLC037539) was incorporated on 23rd September, 1985 with its registered office at Plot No B-7MIDC Chakan Pune 410501. AEL was acquired by the Company and became a wholly owned subsidiary of the Company w.e.f. 9th April, 2019.

CIE Galfor S.A. was incorporated on 21st February, 1992 (Galfor) with its registered office at Rúa 2, 3, 32901 Polígono San Cibrao, Ourense, Spain. Galfor became a wholly owned subsidiary of the Company pursuant to the Integrated Scheme of amalgamation becoming effecting on 10th December, 2014 (appointed date of the scheme was 1st October, 2013).

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

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

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

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

VII. MEANS OF COMMUNICATION

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



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

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

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

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

VIII. Management Discussion and Analysis

Management Discussion and Analysis forms part of the Annual Report.

IX. Confirmation of compliance with Corporate Governance requirements

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

X. SHAREHOLDER INFORMATION

a) 24th Annual General Meeting*

Date : Friday, 9th June, 2023

Time : 3:30 p.m.

Venue : The AGM shall be held through Video Conference (VC) / Other Audio Visual Means (OAVM) in compliance with General Circular Nos. 10/2022 dated 28th December, 2022, 20/2020 dated 5th May, 2020, 02/2022 dated 5th May, 2022 and other relevant circulars issued by Ministry of Corporate Affairs (MCA Circulars) and other applicable provisions of the Companies Act, 2013 (the Act) and Rules made thereunder without the physical presence of the Members at a common venue. The proceedings of the AGM shall be deemed to be conducted at the Registered Office of the Company which shall be the deemed Venue of the AGM.

Financial Year

The Financial Year of the Company has ended on 31st December, 2022 covering a period of twelve months starting from 1st January, 2022 to 31st December, 2022.

For the Financial Year 2023, results will be tentatively announced by:

- First quarter: End of April, 2023
- Second Quarter and Half yearly: End of July, 2023
- Third quarter: End of October, 2023
- Fourth Quarter and Annual: End of February, 2024

b) Book Closure*

The Transfer books of the Company will be closed from Saturday, 3rd June, 2023 to Friday, 9th June, 2023, inclusive of both days.

c) Dividend Payment

The Dividend on Ordinary (Equity) Shares for the year ended 31st December 2022, as recommended by the Board of Directors and as may be declared at the ensuing AGM, will be paid within 30 days from the date of approval by the Shareholders at the 24th Annual General Meeting of the Company to the shareholders or their mandates:

- whose names appear as Beneficial Owners as per the data made available by National Securities Depository Limited and Central Depository Services (India) Limited in respect of the shares held in electronic form as on the cut-off date; and
- whose names appear as Members in respect of shares held in Physical Form as per the Register of Members of the Company on the cut-off date.

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

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

1. Name of Stock Exchange: BSE Limited (BSE)

Address – Phiroze Jeejeebhoy Towers

Dalal Street, Kala Ghoda, Mumbai – 400001

* Amended by the authority of the Board dated 25th April 2023.



2. **Name of Stock Exchange:** National Stock Exchange of India Limited (NSE)

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

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

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

3. **Corporate Identification Number:** L27100MHI999PLC121285

e) **Registered Office Address:**

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

f) **Stock codes**

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

g) **Stock Price Data**

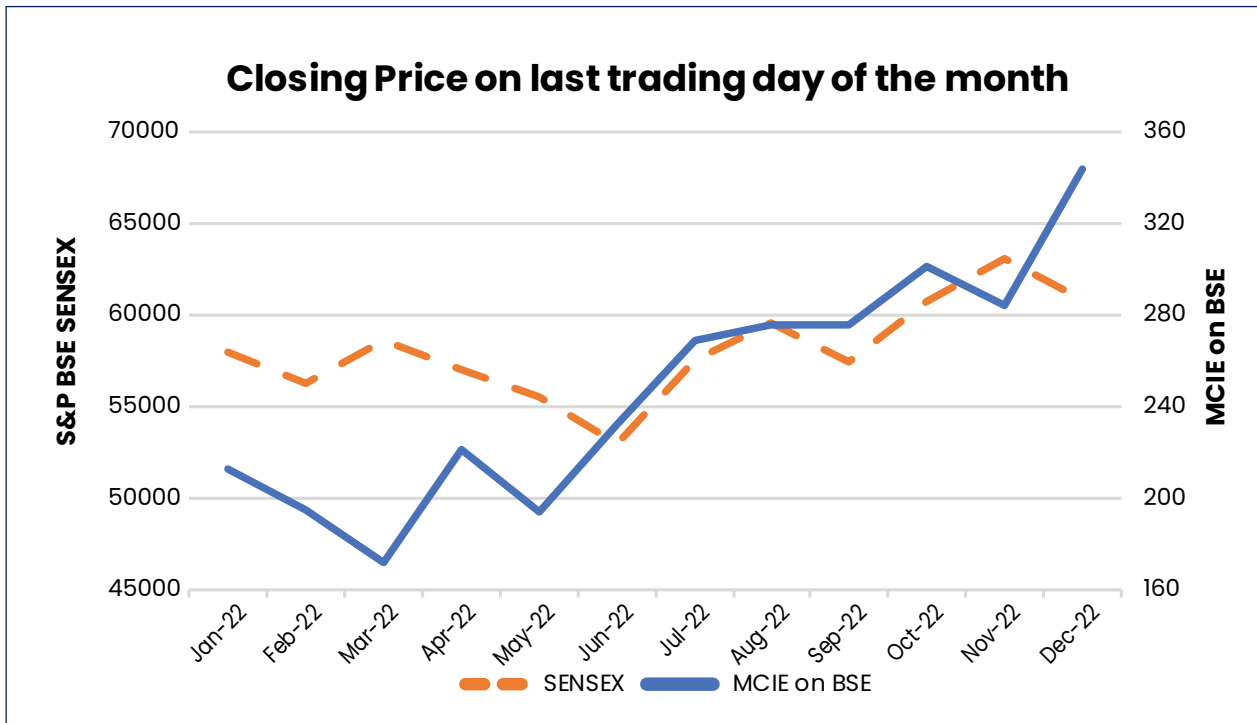
Table 13: High and low price of Company's shares for the period January 2022 – December, 2022 on BSE Limited and National Stock Exchange of India Limited

	BSE Limited (BSE)		National Stock Exchange of India Limited (NSE)	
	High (₹)	Low (₹)	High (₹)	Low (₹)
January, 2022	236.50	202.00	235.75	202.00
February, 2022	219.00	180.10	219.50	180.00
March, 2022	193.15	164.00	193.30	163.95
April, 2022	234.80	171.55	235.00	171.25
May, 2022	229.20	168.00	229.70	168.00
June, 2022	244.20	187.55	244.30	186.10
July, 2022	274.50	226.10	274.50	226.10
August, 2022	307.50	257.25	307.85	257.50
September, 2022	311.75	252.35	312.00	250.45
October, 2022	327.90	273.00	328.00	272.65
November, 2022	308.90	279.30	309.00	282.00
December, 2022	347.20	282.05	347.70	282.35

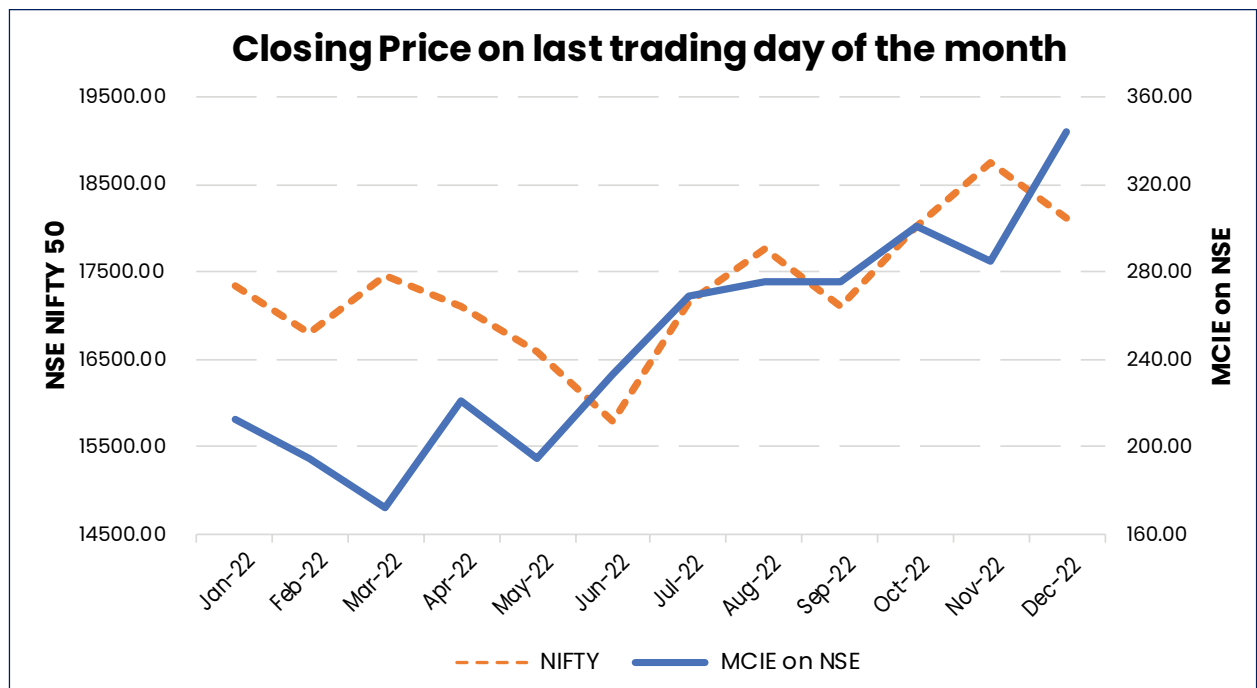
h) **STOCK PERFORMANCE**

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





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



i) Registrar and Transfer Agents:

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



j) Share Transfer System

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

Further, SEBI vide Circular no. SEBI/HO/MIRSD/RTAMB/CIR/P/2020/166 dated 7th September, 2020 had fixed 31st March, 2021 as the cut-off date for re-lodgement of transfer deeds. Further, the shares that are re-lodged for transfer (including those request that are pending with the listed company / RTA, as on date) shall henceforth be issued only in demat mode.

The shareholders are requested to refer SEBI Circular no. SEBI/HO/MIRSD/RTAMB/CIR/P/2020/236 dated 2nd December, 2020 for process of Transfer and Dematerialization of re-lodged physical shares.

k) Distribution of Shareholding**Table 14: Distribution of Shareholding as on 31st December, 2022**

Number of shares held	Number of Shareholders	% of Shareholders	Total shares	% of share holding
1 to 5000	97,312	99.20	1,60,79,950	4.24
5001 to 10000	352	0.36	25,60,325	0.67
10001 to 20000	183	0.19	25,83,045	0.68
20001 to 30000	62	0.06	15,31,884	0.40
30001 to 40000	43	0.04	15,12,168	0.40
40001 to 50000	20	0.02	9,13,278	0.24
50001 to 100000	43	0.04	29,95,995	0.79
100001 & above	77	0.08	35,11,40,734	92.57
Total	98,092	100.00	37,93,17,379	100.00

l) Dematerialisation of shares

As on 31st December, 2022, 99.66% of the paid-up Equity Capital was held in dematerialised form with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Trading in the equity shares of the Company is permitted only in dematerialised form. Non-Promoters' holding as on 31st December, 2022 is around 25.04%.

m) Credit Rating

ICRA Limited ("ICRA"), Credit Rating Agency, had vide its letter dated 27th April, 2022 reaffirmed / assigned rating(s) to the following instrument(s) of the Company as per the details given below: of the Company as per the details given below:

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

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

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

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

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

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

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

a. Total exposure of the listed entity to commodities in ₹ : Nil.



b. Exposure of the listed entity to various commodities:

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

p) Plant Locations

Stamping Division:

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

Composites Division:

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

Foundry Division:

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

Magnetic Products Division:

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

Forgings Division:

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

Bill Forge Division

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

9. Plant 1B, Plot No. 261, Bommasandra Industrial Area, Bommasandra, Bangalore - 560099.

10. Plant 6B, Plot No. 86 G & H, KIADB Industrial Area, Phase 1, Jigani, Bangalore - 560105.

11. Plant No. 2D, Plot No. 37 B, Road No. 3, Phase 1, Jigani Industrial Area, Anekal Taluk, Bangalore - 560106.

Gears Division:

1. Plot No. C-23/2, Phase -II, Chakan Industrial Area, Village - Varale, Tal. Khed, Dist - Pune - 410501.

2. Survey No. 274/1 and 278/P, Shapar Village Road, Village: Shapar, Taluka: Kotda - Sangani, Dist. Rajkot - 360024.

3. Survey No-298/P, Village: Shapar, Taluka: Kotda - Sangani, Dist. Rajkot - 360024.

q) Address for correspondence:

Shareholders may correspond with the Registrar and Transfer Agents at:

KFin Technologies Limited

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

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

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

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

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

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



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

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

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

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

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

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

Sr. No.	Particulars	Details
i.	aggregate number of shareholders and the outstanding shares in the suspense account lying as on 1 st January, 2022	4,333 shareholders representing 5,13,752* outstanding shares.
ii.	number of shareholders who approached listed entity for transfer of shares from suspense account during 1 st January, 2022 to 31 st December, 2022	7
iii.	number of shareholders to whom shares were transferred from suspense account during 1 st January, 2022 to 31 st December, 2022	7
iv.	aggregate number of shareholders and the outstanding shares in the suspense account lying as on 31 st December, 2022;	4326 shareholders representing 5,12,153* outstanding shares.
v.	that the voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares	

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

s) Certificate from Company Secretary in Practice

A certificate from Company Secretary in Practice certifying that none of the Directors on the Board of the Company as on 31st December, 2022 have been debarred or disqualified from being appointed or continuing as Directors of Companies by the SEBI/ Ministry of Corporate Affairs or any such Statutory Authority, is annexed at the end of this Report.



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

Total fees paid by the Company and its Subsidiaries on a consolidated basis, to the Statutory Auditor viz. B S R & Co. LLP, Chartered Accountants, Firm Registration No. 101248W/W-100022 and all entities in the network firm/network entity of which the Statutory Auditors is a part for financial year ended 31st December, 2022 was as following:

(Amount in ₹ Million)

Sr. No.	Particulars	By the Company to the Auditors	By the subsidiaries to the network firm/network entity of which the statutory auditor is a part
1.	Fees paid for the Statutory Audit	11.00	15.70
2.	Fees paid for other services allowed under the Law	1.00	4.46
	Total fees paid during CY2022	12.00	20.16

Pune, 22nd February, 2023



DISCLOSURE REGARDING CORPORATE GOVERNANCE



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

To,

The Members of Mahindra CIE Automotive Limited

I, Ander Arenaza Alvarez, Executive Director of Mahindra CIE Automotive Limited declare that, all the Members of the Board of Directors and Senior Management have affirmed compliance with the Code of Conduct for the period from 1st January, 2022 to 31st December, 2022.

Ander Arenaza Alvarez
Executive Director
DIN: 07591785

Pune, 22nd February, 2023**CERTIFICATE****To****The Members of Mahindra CIE Automotive Limited**

I have examined the compliance of conditions of corporate governance by Mahindra CIE Automotive Limited ("the Company") for the year ended on 31st December 2022 as stipulated in Regulations 17 to 27, clauses (b) to (i) of Regulation 46(2) and paragraphs C and D of schedule V of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. ("Listing Regulations")

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

Based on my examination of the relevant records and according to the information and explanations provided to me, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in Regulations 17 to 27, clauses (b) to (i) of Regulation 46(2) and para C and D of schedule V of the Listing Regulations, during the year ended on 31st December 2022.

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

Sachin Bhagwat
ACS: 10189
CP: 6029

Place : Pune
Date : 22 February, 2023

UDIN: A010189D003182853
PR Certificate No.: 654/2020



CERTIFICATE

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

To,

The Members of

Mahindra CIE Automotive Limited

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

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

In my opinion and to the best of my information and according to the verifications (including Directors' Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company and its Officers, I certify that none of the Directors on the Board of the Company for the Financial year ended on December 31, 2022 has been debarred or disqualified from being appointed or continuing as Director of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such statutory Authority.

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

Sachin Bhagwat

ACS: 10189

CP: 6029

UDIN: A010189D003182853

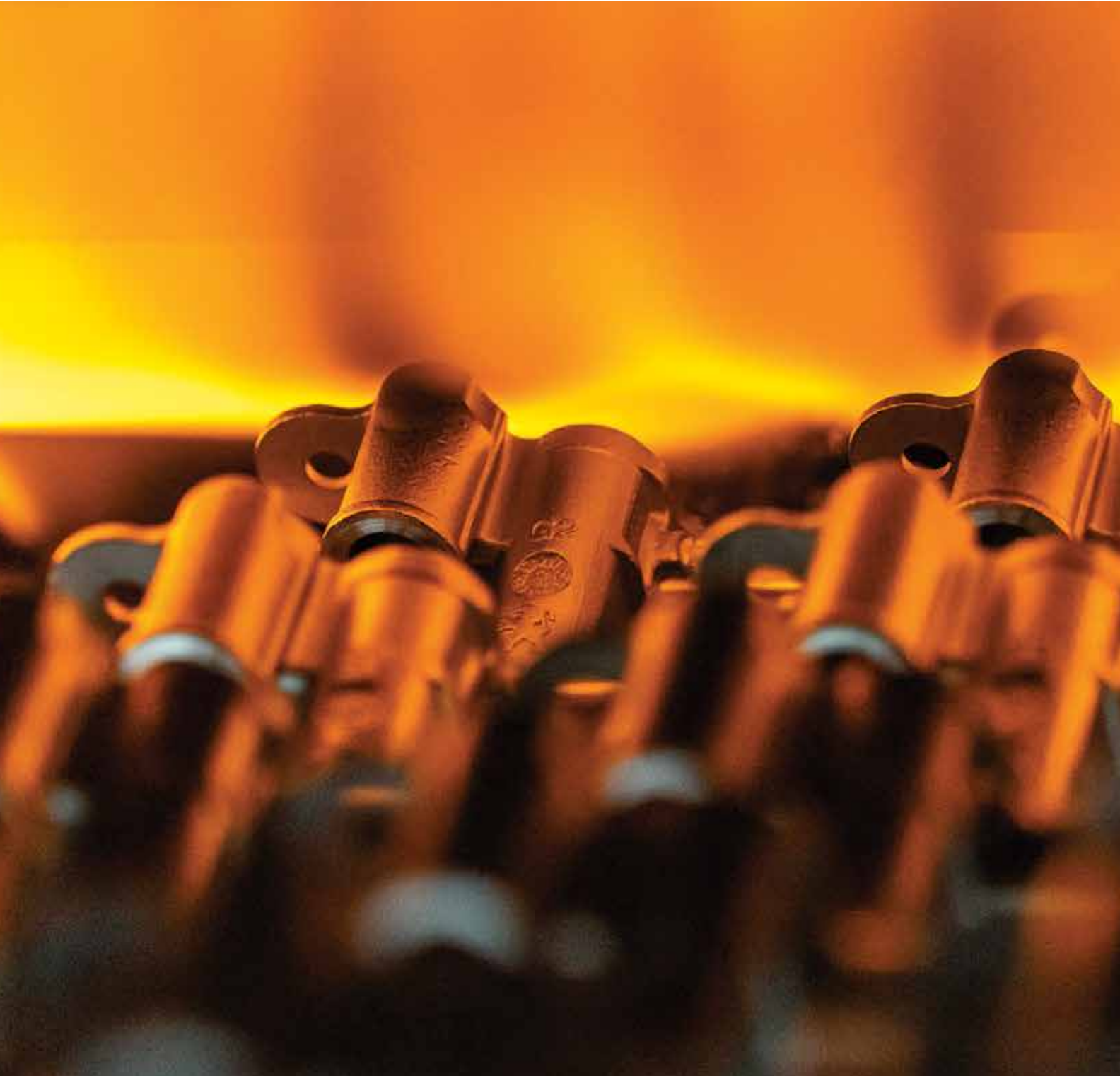
PR Certificate No.: 654/2020

Place : Pune

Date : 22 February, 2023



BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT



BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT

SECTION A: GENERAL DISCLOSURES

I.	Details of listed entity	
1.	Corporate Identity Number (CIN) of the Company	L27100MH1999PLC121285
2.	Name of the Company	Mahindra CIE Automotive Limited
3.	Year of incorporation	1999
4.	Registered office address	Suite F9D, Grand Hyatt Plaza (Lobby Level) Off Western Express Highway, Santacruz (E) Mumbai – 400055
5.	Corporate address	602-603, Amar Business Park, Baner Rd, opp. Sadanand Resort, Pune, Maharashtra 411045
6.	E-mail id	mcie.investors@cie-india.com
7.	Telephone	022-62411031
8.	Website	http://www.mahindracie.com
9.	Financial year reported	1 st January 2022 to 31 st December, 2022
10.	Name of the Stock Exchanges where shares are listed	BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE)
11.	Paid-up Capital	₹ 3,793.17 Million
12.	Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report	Mr. Ashok Bhimanpalli, Head (Safety and Sustainability) Telephone: 020-29804621 Email: ESG.Sustain@cie-india.com
13.	Reporting boundary	Standalone

II. Products/services

14. Details of business activities (accounting for 90% of the turnover)

Sl. No.	Description of Main Activity	Description of Business Activity	% of turnover of the Company
1	Manufacturing	Metal and metal products	96%

15. Products/Services sold by the Company (accounting for 90% of the turnover)

Sl. No.	Product/Service	NIC Code	% of total Turnover contributed
1	Crankshaft/ Stub axle as forged and machined, Steering shaft/ wheel hub/steering yokes/ constant velocity joints, Steel metal stamping/Components and assemblea, Soft and Hard Magnet	25910	74%
2	Turbo chargers housing/ Axle and transmission Parts	24319	15%
3	Engine Gear/ Timing Gear/ Drive Shaft	28140	7%

III. Operations

16. Number of locations where plants and/or operations/offices of the Company are situated:

Location	Number of plants	Number of offices	Total
National	25	2	27
International	0	0	0



17. Markets served by the Company

a. Number of locations	
Locations	Number
National (No. of States)	20
International (No. of Countries)	32
b. What is the contribution of exports as a percentage of the total turnover of the Company?	10%
c. Types of customers	<p>The Company is a large, diversified auto-components company which serves its customers across many processes / product lines and geographies. It supplies to Automotive Original Equipment Manufacturers (OEMs) and their Tier 1 suppliers across multiple technologies.</p> <p>For more details regarding the same, you may kindly refer the Management Discussion and Analysis which forms part of the Company's Annual Report – 2022.</p>

IV. Employees

18. Details as at the end of Financial Year, i.e. December 31, 2022:

a. Employees and workers (including differently abled):

Sl. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B/A)	No. (C)	% (C/A)
EMPLOYEES						
1.	Permanent (D)	1,558	1,522	98%	36	2%
2.	Other than Permanent (E)	4	3	75%	1	25%
3.	Total employees (D+E)	1,562	1,525	98%	37	2%
WORKERS						
4.	Permanent (F)	2,700	2,689	100%	11	0%
5.	Other than Permanent (G)	5,742	5,658	99%	84	1%
6.	Total workers (F+G)	8,442	8,347	99%	95	1%

b. Differently abled Employees and workers:

Sl. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B/A)	No. (C)	% (C/A)
DIFFERENTLY ABLED EMPLOYEES						
1.	Permanent (D)	3	3	100%	0	0%
2.	Other than Permanent (E)	0	0	100%	0	0%
3.	Total differently abled employees (D+E)	3	3	100%	0	0%
DIFFERENTLY ABLED WORKERS						
4.	Permanent (F)	4	4	100%	0	0%
5.	Other than Permanent (G)	3	3	100%	0	0%
6.	Total differently abled workers (F+G)	7	7	100%	0	0%



19. Participation/Inclusion/Representation of women

	Total (A)	No. and percentage of Females	
		No. (B)	% (B/A)
Board of Directors	11	1	9.09%
Key Management Personnel	3	0	0%

Note: The Key Management Personnel are excluding those who are members of Board of Directors.

20. Turnover rate for permanent employees and workers (disclose trends for the past 3 years)

Category	FY2022 (Turnover rate in Current Year)			FY 2021 (Turnover rate in Previous Year)			FY 2020 (Turnover rate in the prior to previous year)		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent employees	14.74%	14.55%	14.74%	13.66%	20.51%	13.76%	16.18%	27.03%	16.32%
Permanent workers	5.35%	0%	5.33%	2.98%	8%	3.01%	8.81%	44.44%	8.98%

V. Holding, Subsidiary and Associate Companies (including joint ventures)

21. Name of holding/subsidiary/associate companies/joint ventures

Sl. No.	Name of the holding/ subsidiary/ associate companies/ joint ventures (A)	Indicate whether Holding/ Subsidiary/ Associate/ Joint Venture (B)	% of shares held by the Company (C)	Does the entity indicated at column A, participate in the Business Responsibility initiatives of the Company (Yes/No) (D)
1.	CIE Automotive S.A.	Ultimate Holding	NA	No
2.	Participaciones Internacionales Autometal, DOS S.L	Holding	65.71	No
3.	CIE Galfor S.A.	Subsidiary	100	No
(i)	UAB CIE LT Forge	Subsidiary	100	No
(ii)	CIE Legazpi S.A	Subsidiary	100	No
(iii)	CIE Forging Germany GmbH (previously known as Mahindra Forgings Europe AG)	Subsidiary	100	No
(iv)	Jeco Jellinghaus GmbH ¹	Subsidiary	100	No
(v)	Gesenkschmiede Schneider GmbH	Subsidiary	100	No
(vi)	Falkenroth Unformetechnik GmbH	Subsidiary	100	No
(vii)	Schoneweiss & Co. GmbH	Subsidiary	100	No
(viii)	Metalcastello S.p.A.	Subsidiary	99.96	No
4.	Aurangabad Electricals Limited	Subsidiary	100	No
5.	Stokes Group Limited ²	Subsidiary	100	No
6.	BF Precision Private Limited	Subsidiary	100	No
7.	Bill Forge de Mexico s de RL de CV	Subsidiary	99.99	No
8.	CIE Hosur Limited	Subsidiary	100	No



Sl. No.	Name of the holding/ subsidiary/ associate companies/ joint ventures (A)	Indicate whether Holding/ Subsidiary/ Associate/ Joint Venture (B)	% of shares held by the Company (C)	Does the entity indicated at column A, participate in the Business Responsibility initiatives of the Company (Yes/No) (D)
9.	Gescrap India Private Limited	Associate	30	No
10.	Clean Max Deneb Power LLP	Associate	26	No
11.	Sunbarn Renewables Private Limited	Associate	26.12	No
12.	Renew Surya Alok Private Limited	Associate	31.2	No
13.	Strongsun Solar Private Limited ³	Associate	27.35	No

Notes:

1. Jeco Jellinghaus GmbH (subsidiary of CFG) been operationally closed.

2. Stokes Group Limited is under Liquidation.

3. Strongsun Solar Private Limited has become Associate Company w.e.f. 21st December, 2022.

VI. CSR Details

22.	(i) Whether CSR is applicable as per section 135 of Companies Act, 2013: (Yes/No)	Yes
	(ii) Turnover (in Rs.) (FY 2021)	₹ 30,451,107,130/-
	(iii) Net worth (in Rs.) (FY 2021)	₹ 28,202,704,118/-

VII. Transparency and Disclosure Compliances**23. Complaints/Grievances on any of the principles (Principle 1 to 9) under the National Guidelines on Responsible Business Conduct:**

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in place (Yes/No) (If yes, then provide weblink for grievance redressal policy)	FY2022			FY2021		
		No. of complaints filed during the year	No. of complaints pending resolution at close of the year	Remarks	No. of complaints filed during the year	No. of complaints pending resolution at close of the year	Remarks
Investors (other than shareholders)	Yes https://www.mahindracie.com/investors/investor-contacts/investor-relations-dept.html	0	0	NA	0	0	NA
Shareholders	Yes https://www.mahindracie.com/investors/investor-contacts/investor-relations-dept.html	7*	2	Resolved **	2	0	Closed
Employees and workers	Any stakeholder can report their genuine concerns through the Whistle Blower Channel available at the weblink: https://www.mahindracie.com/investors/investor-relations/governance .	0	0	NA	4	0	NA



Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in place (Yes/No) <i>(If yes, then provide weblink for grievance redressal policy)</i>	FY2022			FY2021		
		No. of complaints filed during the year	No. of complaints pending resolution at close of the year	Remarks	No. of complaints filed during the year	No. of complaints pending resolution at close of the year	Remarks
Communities	html#whistle-blower.	0	0	NA	2	0	NA
Value chain partners	The grievances are redressed in accordance with the Whistle Blower Policy of the Company.	0	0	NA	2	0	NA
Customers #	<p>Apart from the Whistle Blower Mechanism, the ESG Policy of the Company provides dedicated communication channels through which the Company may receive grievances of the community. The Company will endeavour to redress the same in accordance with the principles laid down under the Policy.</p> <p>Further, the Global contact for any issue related to ESG available under CIE Group's Global ESG Policy, details of which are available at the weblink: https://cieautomotive.com/en/contacto.</p> <p>The Company will endeavour to redress the same in accordance with the principles laid down under the Global Policy.</p>	442	0	Closed	457	0	Closed
Others (please specify)	Not applicable						

*The number of complaints pertains to complaints in relation to shareholder services and not related to any principles under the National Guidelines on Responsible Business Conduct.

**The grievances were received in December, 2022 and were resolved after the closure of the financial year within the statutory timelines.

The number of complaints pertains to the complaints received from customers in the normal course of business relating to operational issues and were resolved within the prescribed standard timeline as per the SOPs of the Company.



24. Overview of the Company's business conduct, pertaining to environment and social matters that present a risk or an opportunity to the business of the Company, rationale for identifying the same, approach to adapt or mitigate the risk along with its financial implications.

Sl. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk/opportunity	Approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
Social Matters					
1.	Attracting and retaining talent	Risk	<p>Management of the current and projected pace of growth requires consolidation and development of the Company's finest asset, its people. The need to continuously hire, train and retain professionals is set to remain a major challenge in the years to come. High staff turnover makes it hard to operate at normal levels and achieve the company's targets.</p> <p>That is why it is fundamental to agree a unified training and promotion plan with the aim of planning, appraising and enhancing professionals' current and future skillsets so as to facilitate delivery of Company's strategic objectives.</p>	<p>The Company is continually improving its employment terms and conditions to make them compel for its existing people and to attract new talent to the organisation.</p> <p>Factory managers and HR managers periodically assess the situation at their factories for the risk of losing talent, especially in critical positions, and take the measures required to retain key talent and plan for succession as needed.</p> <p>The Company has adopted the CIE Group's Professional Development Programme which, among other things, enables it to identify high potential individuals in our factories and monitor their performance at the Company.</p> <p>CIE Group has recently launched Diversity Diagnostics initiative, and has included generational diversity as one of the four classes of diversity to be analysed with the aim of integrating talent from different generations and generating personnel ageing data by job category, factory and region so as to be able to anticipate, at the corporate and local levels, potential succession planning needs at each factory.</p>	<p>The financial implication of the risk cannot be quantified. However, in case the risk is materialised, the impact will be negative.</p>



Sl. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk/ opportunity	Approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
2.	Customer Satisfaction	Risk as well as Opportunity	Challenges in management of new projects and/or operations could lead to failure to attain the defined specifications and, possibly, breaches of contract. (e.g., delivery times, milestones or quality).	<p>Customer responsiveness is addressed from every area of the organisation.</p> <p>The Company's key Business Processes are centred on ensuring that it meets customer expectations at every step of its relationship with them. For example, Sales Process guarantees that the entire process of searching for and securing new business is done as effectively as possible, with customer satisfaction as the overarching goal. Already during that phase, the Company analyses all customer requirements, specifications and needs so as to make proposals that tick all the boxes, underpinned by technical, quality and supply chain reviews conducted with the customer.</p> <p>If the Company secures new business, it ensures that the launch and industrialisation of the project is framed by the highest standards, specifically including control tools that are widely used in the sector, such as product and process FMEAs, product and manufacturing validations, control plans, prototype launches, samples and ongoing revision of customer specifications with a focus on special characteristics and regulatory and safety considerations.</p> <p>Lastly, once the agreed launch standards have been attained, mass supply begins, framed by the procedures and tools, comprising set process.</p> <p>All of these processes and tools are aligned with the most stringent sector standards and are audited continuously both internally and by a third party. Of course, there are many other groupwide processes that similarly contribute to ensuring customer satisfaction, the transfer of know-how to projects, the availability of top-quality suppliers and the right use of the people, resources and technology to meet customer demands.</p>	Both Positive and Negative.



Sl. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk/opportunity	Approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
3.	Occupational Health and Safety	Risk	<p>The management have ensured that the people are working in a safe environment. Even the machines/equipment procured are not only proven for process consistencies but are also proven to ensure safety requirements. The management have taken every possible step to provide training to the workmen. However, the complexities arises since we are working in a dynamic scenario where people and machines undergo changes and hence the most important aspect is discipline, which is why this is identified as a Risk.</p>	<p>As per its Strategic Plan, the Company is working to have all of its factories certified under ISO 45001, the International Health and Safety Management System Standard devised to protect employees and visitors from workplace injuries and illnesses. Out of 25 locations, 20 are certified for ISO 45001. The remaining four plants do have in place the health and safety management aligned to requirement of these standards and the same is expected be certified in the year 2023.</p> <p>Developing and sustaining safety culture is a journey and management is keen in upgrading its processes and procedures across all plants by continuously monitoring its progress and adherence of Safety Standards framed by the Company.</p> <p>The focus of CY22 was on improving our 5 key safety lead indicators which demonstrates our commitment and accountability of line managers in safety and health management at our manufacturing facilities. Our continuous efforts in safety of people has resulted in significant improvement in the overall safety and health performance in CY-22. Further, following actions are undertaken on continuous basis:</p> <ul style="list-style-type: none"> • Employees receive safety training tailored to the risks posed by their jobs through our Dexterity Centre. • Front Line Supervisor's training on hazard identification, risk assessment and the mitigation of risk. • Involve our employees and business associates in maintaining a clean, safe and healthy environment through consultation and participation. 	<p>The financial implication of the risk cannot be quantified. However, in case the risk is materialised, the impact will be negative.</p>



Sl. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk/opportunity	Approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
4.	Responsible supply chain management	Opportunity	As a group, the approach towards supply chain is GLOCAL - global management with a significant local component - articulated around excellence. Excellence in cost containment, excellence in guaranteeing uninterrupted supplies, without neglecting quality, and excellence in getting the supply chain meaningfully engaged around ESG goals.	<p>The Company has adopted the Group's Global Supply Chain Manual, Conflict Minerals Policy and supply chain procedures, policies and standards. The global General Purchasing Terms and Conditions to include an ESG compliance clause.</p> <p>Further, new version of the Suppliers Portal has been launched at Group level to provide a tool for determining the ESG health of our suppliers</p> <p>The approach in CY2023 shall be:</p> <ul style="list-style-type: none"> - Continuing to drive local sourcing. - Initiating specific ESG audits or process audits that include ESG considerations. - Promoting the ESG Suppliers Day event as a way of bringing small and medium sized suppliers into contact with ESG practices. - Initiating environmental assessment of non-productive or indirect suppliers 	Positive, It will help in reducing GHG Emissions.
Environmental Matters					
5.	Circular Economy – efficient use of raw material and waste management	Opportunity	<p>Steel as a raw material is highest associated volume of use as well as waste which may not be recycled in full within companies' factories. Responsibility for waste generation does not end when that waste is removed from Company's facilities. To that end, in addition to its waste minimisation plans, it must devise an efficient waste classification system thereby seeking to reduce its environmental impact.</p> <p>Further raw material is about 50% of our total product cost which necessitates a strict control and structured approach to ensure its efficient usage.</p>	<p>CIE Automotive Group is moving towards a circular model, striving to reduce raw material, water and energy consumption and waste year after year. To that end, it is taking action at every stage of its value chain, introducing energy efficiency measures throughout its processes and facilities that not only help minimise its environmental impact but also reduce energy costs.</p> <p>The Company has been undertaking various projects for optimising the use of raw material and increasing efficiency as discussed under Principle 6.</p>	Both Positive and Negative



Sl. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk/opportunity	Approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
6.	New forms of mobility	Risk as well as Opportunity	<p>Electrification of powertrains has seen rapid adoption in Europe (market share >10%) and is picking up in India as well, especially in two and three wheelers. A relevant part of sales comes from manufacturing internal combustion engine parts that are at risk due to the transition to EVs. We have developed a good order book for EV parts and are working with major European & Indian OEMs in the EV space, across segments. Our EV order book covers Aluminum & steel forgings, gears, stampings & composites parts for e2W, e3W and e4W. EVs will mean a greater emphasis on stamped, plastic and aluminum parts compared to forged, cast or machined parts. We are well placed to tackle this change as we have presence in multiple processes, especially in India. As the supplier ecosystem for EVs is at a nascent stage, EV OEMs are looking to partner with suppliers who have quality and pedigree. Therefore, the transition to EVs may be more of an opportunity rather than risk.</p>	<p>In recent years, automotive parts suppliers, including the Company, have been showcasing their ability to react and adapt to the far-reaching changes affecting society and the automotive sector. Beyond the flexibility displayed around the COVID-19 pandemic, the parts makers are helping the OEMs address a number of trends emanating from society demands, which will translate into new mobility solutions and changes in manufacturing models.</p> <p>The Company plans to reinforce the flexibility of its model to adapt to unfolding and future customer needs and emerging trends. Product portfolio diversification will give it a unique ability to adapt relative to its competitors.</p> <p>A portfolio in which more than eight out of every 10 products are independent of a vehicle's propulsion system and therefore not impacted by the sector electrification trend.</p> <p>For the rest of its parts, the Company shall work from the technological and market standpoints to make the most of the opportunities emerging in the battery, engine/motor, power electronics and gearshift areas.</p>	Both Positive and Negative
7.	Environmental Impact	Risk as well as opportunity	<p>The climate emergency has prompted CIE Automotive Group to strengthen its commitment to carbon neutrality and accordingly CIE Automotive S.A. has joined the SBT initiative and have set-up the clear target of achieving neutrality by no later than 2050, implying medium-term targets to limit global warming to 1.5° C.</p>	<p>Company's environmental management systems are based on the ISO 14001 standard and ensure pollution does not exceed the thresholds stipulated in prevailing regulations.</p> <p>Each of the Company's management system focuses on guaranteeing control over impacts on the air and pollution so as to identify potential risks and launch local action plans to eliminate or mitigate them, in keeping with applicable legislation.</p> <p>Key actions include minimising our environmental impact, fighting climate change and caring for our surroundings by means of:</p> <ul style="list-style-type: none"> • Energy generated from renewable sources • Material circularity • Responsible use of water • Energy efficiency in processes • Reduced waste generation • Use of cleaner fuel 	Both Positive and Negative



SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

This section is aimed at helping businesses demonstrate the structures, policies and processes put in place towards adopting the NGRBC Principles and Core Elements.

Disclosure Questions		P1	P2	P3	P4	P5	P6	P7	P8	P9
Policy and management processes										
1.	a. Whether the Company's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No)	Y	Y	Y	Y	Y	Y	Y Note 1	Y	Y
	b. Has the policy been approved by the Board? (Yes/No)	Y Note 2	Y Note 2	Y Note 2	Y Note 2	Y Note 2	Y Note 2	Y Note 2	Y Note 2	Y Note 2
	c. Weblink of the policies, if available	Y Note 3	Y Note 3	Y Note 3	Y Note 3	Y Note 3	Y Note 3	Y Note 3	Y Note 3	Y Note 3
2.	Whether the Company has translated the policy into procedures. (Yes/No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
3.	Do the enlisted policies extend to the Company's value chain partners? (Yes/No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
4.	Name of the national and international codes/certifications/labels/standards (e.g. Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustea) standards (e.g. SA 8000, OHSAS, ISO, BIS) adopted by the Company and mapped to each principle.	Y Note 4	Y Note 4	Y Note 4	Y Note 4	Y Note 4	Y Note 4	Y Note 4	Y Note 4	Y Note 4



5.	Specific commitments, goals and targets set by the Company with defined timelines, if any.	The Company is part of CIE Automotive Group's 5 years ESG Strategic Plan 2025 and have undertaken specific targets in the nature of Key Performance Indicators (KPIs) which are tracked at the Group level.
6.	Performance of the Company against the specific commitments, goals and targets along with reasons, in case the same are not met.	The Company as a part of the KPIs and continuing its efforts in the areas of Waste Management, Energy and Water conservation, increasing proportion of green energy in overall energy consumption, optimisation of resource utilisation and increasing efficiency has undertaken various projects under nine different categories during the year. The implementation of these Projects and their outcomes is reviewed by the Sustainability Council on quarterly basis. Details of the projects undertaken, and their outcome is provided in this report under point no. 6 of leadership indicators of Principle 6. Further, the Company in accordance with its ESG Policy and in alignment with the CIE Group's 5 years ESG Strategic Plan 2025, is in process of formulating its ESG Road Map and shall accordingly undertake specific commitments, goals and targets with defined timelines and accordingly report the performance against such targets.

Notes:

1. *The Company is member of trade and industry chambers like The Automotive Component Manufacturers Association of India (ACMA), The Confederation of Indian Industry (CII) and Maharashtra Chamber of Commerce and Industries (MCCI). The Company has formulated Environmental, Social and Governance Policy which include that the Company should operate the business within national and international legislative and policy framework and not engage in influencing public and regulatory policy. However, the Company may become member of trade and industry chambers or associations and other similar collective platforms, which may be involved in conveying industry concerns to policy makers.*
2. *The Board of directors of the Company have approved the policies required to be framed under Companies Act, 2013 and SEBI Regulations including Internal Code of Professional Conduct, Whistle Blower Policy, CSR Policy, Code for fair disclosures, Policy on Related Party Transactions and Business Responsibility Policy and these policies are signed by respective officers authorized by the Board for its implementation. Other operational internal policies are approved by management and signed by the respective business head. Further, the Company has also adopted a few global policies framed by CIE Automotive S.A. the ultimate holding company.*
3. *It has been Company's practice to upload all policies on internal server or display at prominent places in respective locations or shared with relevant stakeholders for the information and implementation by the internal stakeholders. The Internal Code of Professional Conduct, Whistle Blower Policy, CSR Policy, Code for fair disclosures, Policy on Related Party Transactions, Environmental, Social and Governance Policy are available on the website the <https://www.mahindrachie.com/investors/investor-relations/governance.html#policies-and-code-of-conduct>.*
4. *The policies are in line with international standards and practices such as ISO 9001, IATF Guidelines, ISO 14001, ISO 45001 and meet National regulatory requirements such as the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.*

Governance, leadership and oversight

7.	Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements.	<p>The Company is committed towards sustainable development through continued and targeted efforts towards environment, social and governance aspects of our business. In line with our global company direction, we have identified following areas through our materiality assessment as:</p> <p>Social: 1. Attracting and retaining talent, 2. Customer Satisfaction, 3. Occupational Health and Safety, 4. Responsible Supply Chain Management,</p> <p>Environment: 1. Circular economy-efficient use of raw material, and waste management, 2. New form of mobility, 3. Environment Impact</p> <p>At the beginning of CY-2022, while the Company has not undertaken specific targets, the emphasis continued on increasing the share of green energy in total energy consumption. During CY2022 the captive solar power plants set up in Maharashtra with capacity of 52.5 MW commissioned supply with the entire capacity. The proportion of the renewable energy consumption to the total energy consumption was about 51% in CY-2022. During the year the Company has signed firm agreements to source additional 16 MW power from captive solar power plants to be set-up in Maharashtra, which are expected to commission in CY-2023.</p> <p>On its pathway towards a circularity model, the Company emphasized on better managing natural resources, monitoring its consumption and waste generation to minimizing impacts arising from our activities on environment.</p>
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		<p>Further, as part of Group's ESG Strategic Plan, in CY-2022 the Company has focused on its supplier relations and ethics compliance with following key targets:</p> <ol style="list-style-type: none"> 1. Conducting supplier audits (with annual purchase volume > €1M) on ESG criteria 2. Enrolling and registering suppliers on the Supplier Portal 3. Increasing purchase from local suppliers 4. Ensuring 100% employees complete their Code of Conduct training <p>Further a 5 years ESG Road Map is under discussion as a part of which the Company will set specific targets and commitments in line with the ESG Strategic Plan of CIE Group and the ESG Policy of the Company.</p>																																							
8.	Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy(ies).	The Sustainability Council as formed as per the ESG Policy of the Company is the highest authority responsible for implementation and oversight of the Business Responsibility policies.																																							
9.	Does the Company have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues? (Yes / No). If yes, provide details.	Yes, the Board has nominated Mr. Manoj Mullassery Menon, Executive Director (DIN: 07642469) who is responsible for decision making on sustainability related issues.																																							
10	Details of review of NGRBCs by the Company:																																								
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12. If answer to question (1) above is 'No' i.e. not all Principles are covered by a Policy, reasons to be stated:

Not applicable



Section C: PRINCIPLE WISE PERFORMANCE DISCLOSURE**Principle 1: Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable**

The Company's actions are guided by its corporate values, which underpin the body of internal rules put in place to ensure that its members behave ethically and are in turn complemented by compliance oversight and breach remedy mechanisms.

The Company has adopted Group's internal Code of Professional Conduct which expresses the corporate values that guide behaviour of professionals within the Company, together with the general guidelines of conduct that orient the Company's decision making.

The Code provide guidance and ethical principles which guide all directors (whether executive, non-executive or Independent), Senior Management Personnel's, Key Management Personnel's, all other employees and workers of the Company ("the people"), determining the values and commitments that must govern their work activities within the Group.

The Company keeps utmost transparency, in keeping with the principles laid down in its Code of Professional Conduct and comply with the applicable laws, including the corporate governance and the principles of cooperation and transparency in dealing with its stakeholders.

Essential Indicators**1. Percentage coverage by training and awareness programmes on any of the principles during the financial year:**

S.I. No.	Segment	Total number of training and awareness programmes held	Topics / principles covered under the training	%age of persons in respective category covered by the awareness programmes
1.	Board of Directors (BoD)	Nil	During the year, the Board of Directors of the Company (including its Committees) has invested time on various updates comprising matters relating to an array of issues pertaining to the business, regulations, economy and environmental, social and governance parameters.	NA
2.	Key Managerial Personnel (KMPs)	Nil	While no ESG specific training programmes were organised by the Company during the year, the KMPs have attended various programmes/sessions/conferences/seminars organised by Industry associations, educational institutions, Chamber of commerce, etc	NA
3.	Employees other than BoD and KMPs	270	Behaviour Based safety, Hazard Identification and Risk Assessment (HIRA), Fire Safety, Emergency Preparedness, Career Building, ISO 45001 & ISO 14001, Safety Standards,7QC Tools, FMEA, APQP, MSA, SPC, TPM	96.74%
4.	Workers	79	SOP, MSDS, Safety Standards, Basic Safety Rules, PPE's, First Aid, Quality Instruments, Behaviour Based Safety	90.99%



2. Details of fines /penalties/punishments/awards/compounding fees/settlement amount paid in proceedings (by the entity or by Directors/KMPs) with regulators/law enforcement agencies/judicial institutions, in the financial year:

Monetary					
	NGRBC Principle	Name of the regulatory/enforcement agencies/judicial institutions	Amount (In INR)	Brief of the Case	Has an appeal been preferred? (Yes/No)
Penalty/ Fine	Nil				
Settlement					
Compounding fee					
Non-Monetary					
	NGRBC Principle	Name of the regulatory/enforcement agencies/judicial institutions	Brief of the Case	Has an appeal been preferred? (Yes/No)	
Imprisonment	Nil				
Punishment					

During the fiscal year under consideration, the Company faced no fines, penalties, punishment, award, compounding fees or settlement amount in proceedings with regulators, law enforcement agencies or judicial institutions.

3. Of the instances disclosed in Question 2 above, details of the Appeal/Revision preferred in cases where monetary or non-monetary action has been appealed.

Not applicable

4. Does the Company have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy.

Yes, the provisions on anti-corruption and anti-bribery are forming part of Internal Code of Professional Conduct of the Company wherein MCIE strictly prohibits any behaviour or practice of corruption, bribery and peddling of influence in connection with clients, suppliers, business partners and public officials or institutions, national or international, including those related to money laundering. It encourages payments in electronic mode and maintenance of proper records Also, the weblink of the same is <https://www.mahindrachie.com/investors/investor-relations/governance.html#policies-and-code-of-conduct>.

5. Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption:

	FY 2022	FY 2021
Directors	Nil	
KMPs		
Employees		
Workers		



6. Details of complaints with regard to conflict of interest

	FY 2022		FY 2021	
	Number	Remarks	Number	Remarks
Number of complaints received in relation to issues of Conflict of Interest of the Directors	Nil			
Number of complaints received in relation to issues of Conflict of Interest of the KMPs				

7. Provide details of any corrective action taken or underway on issues related to fines / penalties / action taken by regulators/ law enforcement agencies/ judicial institutions, on cases of corruption and conflict of interest.

Not Applicable

Leadership Indicators

1. Awareness programmes conducted for value chain partners on any of the principles during the financial year:

Total number of awareness programmes held	Topics / principles covered under the training	%age of value chain partners covered (by value of business done with such partners) under the awareness programmes
1	<ul style="list-style-type: none"> • Our Strategy- vision, mission and values • ESG sensitization • Suppliers ESG commitment • Purchasing principles and policy • Supply chain process • MCIE ethics and framework • Code of conduct • Whistle-blower policy • Vendor appreciation 	45% of our raw material suppliers have undergone the awareness programme in FY 22.

2. Does the entity have processes in place to avoid/ manage conflict of interests involving members of the Board? (Yes/No) If yes, provide details of the same.

Yes, the Company has processes in place to avoid/manage conflict of interests involving members of the Board. The Director shall adhere to the disclosure requirements and approval processes as specified under 'Policy on materiality of and dealing with Related Party Transactions' of the Company and provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Further the "Internal Code of Professional Conduct" (also known as "the Code") has been adopted by the Board of Directors of the Company and is applicable to all directors (executive, non-executive, or independent), senior management personnel, key management personnel, and all other employees and workers of the Company. The Code provides direction and ethical principles to these individuals that must guide their work activities within the Group. The Code specifically requires any person that considers that they are potentially in a situation of conflict of interests owing to their other activities outside the Group, family relationships, personal assets or any other reason, should immediately notify this fact to the Human Resources Department or the Compliance Department, so that they may analyse the existence or not of the conflict of interest and, in the event of such a conflict, the head of the unit can exclude the person from participating in the process where the conflict of interest exists.

Principle 2: Business should provide goods and services in a manner that is sustainable and safe

The Company is an auto-component supplier to OEMs and their Tier-1 suppliers. Our products are manufactured as per the specifications provided by the Customers. Thus, we are more a Process Company than a Product Company. Our endeavour is to ensure that resource-efficient and low carbon processes and technologies are deployed for manufacturing of the products and making available goods and services to our customers in a manner that adverse environmental and social impacts of our operations is minimized.



In line with the same, during the year, the Company has entered into new technologies such as Warm Forgings at Chakan Plant. We have also upgraded our foundry line at Urse with new equipment and technology which is resource and energy efficient.

The Company has undertaken various projects of Yield Improvement to *inter-alia* reduce the waste generation as well as increasing the use of recycled materials in order to improve resource efficiency and support the development of a circular economy.

The Company has the business development & new product development teams closely interact with the customers & fulfil PPAP (Production part approval process) requirements. The Company continuously strives to minimise waste in materials & processing requirements and conservation of energy and water by various initiatives.

Essential Indicators

- Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of products and processes to total R&D and capex investments made by the entity, respectively.**

S.I. No.	Particulars	Current Financial Year FY 2022	Previous Financial Year FY2021	Details of improvements in environmental and social impacts
1.	R & D	1.2	0.47	3D Scanner, Spectrophotometer, CMM , 5 Axis profile machine
2.	Capex	14.79	1.92	ETP/STP Upgradation, Dust Collectors/ Fume Extractors upgradation, CCTV coverage, Fire Hydrant Upgradation, Bio Gas plant, Rain Water Harvesting

- Does the entity have procedures in place for sustainable sourcing? Yes**
 - If yes, what percentage of inputs were sourced sustainably?**

a.	Does the entity have procedures in place for sustainable sourcing? (Yes/No)	Yes The Company has adopted "Supplier's ESG Commitment" which incorporates ESG factors, adherence of which each supplier of the Company must ensure. 61.72% of our Suppliers have signed the Supplier's ESG Commitment and have completed the self-evaluation required for registration on our "CIE Vendor Registration Portal".
b.	If yes, what percentage of inputs were sourced sustainably? [Answer in %]	As mentioned above, 88.23% of inputs are sourced sustainably.

- Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste.**

As mentioned above, the Company manufactures and supplies auto-components to OEMs and their Tier-1 suppliers. Accordingly, our customers are not the end users of the Products. The Company cannot reclaim the Products it manufactures.

Returnable PP bags are collected from the customers and used till end of life, post which it is disposed to authorised partners Plastic waste and other waste is sold to scrap dealers in compliance with applicable laws. E-waste is disposed of to state approved agencies for recycling. Hazardous waste collection, storage and disposal is done through respective State Pollution Control Board approved agencies for landfilling, pre-processing and incineration.

- Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes / No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.**

Yes. Obligation is applicable for FY 2022-2023 and which is in line with the EPR plan submitted to Central Pollution Control Board (CPCB).

Leadership Indicators

- Has the entity conducted Life Cycle Perspective / Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)? If yes, please find the below the details.**

No, the entity has not conducted any Life Cycle Perspective / Assessments (LCA) for any of its products.



2. If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products / services, as identified in the Life Cycle Perspective / Assessments (LCA) or through any other means, briefly describe the same along-with action taken to mitigate the same

Not applicable

3. Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry).

Indicate input material	Recycled or re-used input material to total material	
	FY 2022* (Current Financial Year)	FY 2021* (Previous Financial Year)
-	-	-

4. Of the products and packaging reclaimed at end of life of products, amount (in metric tonnes) reused, recycled, and safely disposed, please find the below the details.

Particular	FY 2022* (Current Financial Year)			FY 2021* (Previous Financial Year)		
	Re-Used	Recycled	Safely Disposed	Re-Used	Recycled	Safely Disposed
Plastics (including packaging)	0	0	174.240 MT	0	0	174.778 MT
E-waste	0	0	1.58 MT	0	0	8.87 MT
Hazardous waste	0	0	2,079.44 MT	0	0	3,027.03 MT
Other waste (Non-Hazardous Waste)	0	0	96,573.49 MT	0	0	97,481.53 MT

*the Company cannot reclaim any of the products manufactured by it at the end of life of products. However, the figures mentioned above are pertaining to waste generated as a part of our manufacturing operations in above categories.

5. Reclaimed products and their packaging materials (as percentage of products sold) for each product category.

Not applicable

Principle 3: Business should respect and promote the wellbeing of all employees, including those in their value chains

The Company ensure the well-being of its employees through equal opportunities, fostering a healthy working environment that promotes physical and mental well-being of employees. Specifically, Company agrees to maintain an occupational risk prevention system that provides a healthy working environment.

The Company offers its employees decent working conditions, remuneration in line with the work they perform and the training and safety conditions needed to do their jobs which promotes well-being employees and their families.

To ensure wellbeing of all employees, the management continued conducting occupational health examination, periodic health checks up and workplace monitoring to ensure good health of our employees.

Essential indicators:

1. a. Details of measures for the wellbeing of employees:

Category	% of employees covered by										
	Total (A)	Health Insurance		Accident Insurance		Maternity benefits		Paternity Benefits		Day Care facilities	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
Permanent Employees											
Male	1,522	1,501	99%	1,496	98%	NA	NA	1,508	99%	NA	
Female	36	35	97%	30	83%	36	100%	0	0%		
Total	1,558	1,536	99%	1,526	98%	36	2%	1,508	97%		



Category	% of employees covered by										
	Total (A)	Health Insurance		Accident Insurance		Maternity benefits		Paternity Benefits		Day Care facilities	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
Other than Permanent Employees											
Male	3	3	100%	3	100%	NA	NA	0	0%	NA	
Female	1	1	100%	1	100%	0	0%	0	0%		
Total	4	4	100%	4	100%	0	0%	0	0%		

b. Details of measures for the wellbeing of workers:

Category	% of workers covered by										
	Total (A)	Health Insurance		Accident insurance		Maternity benefits		Paternity Benefits		Day Care facilities	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
Permanent Workers											
Male	2,689	2,689	100%	2,689	100%	NA	NA	153	6%	NA	
Female	11	11	100%	11	100%	11	100%	NA	NA		
Total	2,700	2,700	100%	2,700	100%	11	0.4%	153	6%		
Other than Permanent Workers											
Male	5,658	4,223	75%	5,658	100%	NA	NA	239	4%	NA	
Female	84	68	81%	84	100%	78	93%	NA	NA		
Total	5,742	4,291	75%	5,737	100%	78	1%	239	4%		

2. Details of retirement benefits, for Current FY and Previous Financial Year

Benefits	FY2022			FY2021		
	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)
PF	100%	76%	Y	100%	83%	Y
Gratuity	98%	32%	Y	99%	37%	Y
ESI	3%	50%	Y	5%	52%	Y
Superannuation	5%	0%	Y	7%	0%	Y
NPS	1%	0%	NA	1%	0%	NA

3. Accessibility of workplaces

Are the premises / offices of the Company accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the Company in this regard.

The Factory Buildings of the Company are equipped with ramps and handrails for staircases to facilitate the movement of differently abled individuals.



4. Does the Company have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.

It is one of the Group's basic principles to promote and provide equal opportunities to all in access to employment and career advancement, promoting a corporate culture based on merit. The policy on equal opportunity is part of Internal Code of Professional Conduct which can be accessed through below weblink: <https://www.mahindra.com/images/pdf/MCIE-Internal-Code-of-Professional-Conduct-August-2020.pdf>

5. Return to work and Retention rates of permanent employees and workers that took parental leave

Gender	Permanent Employees		Permanent Workers	
	Return to work rate	Retention Rate	Return to work rate	Retention Rate
Male	106.67%	83.33%	100%	NA
Female	NA	100%	NA	NA
Total	106.67%	85.71%	100%	NA

6. Is there a mechanism available to receive and redress grievances for the following categories of employees and workers? If yes, give details of the mechanism in brief.

Particular	Yes/No (If yes, then give details of the mechanism in brief)
Permanent workers	The Company has a proactive grievance identification method. Employees and Workers participate in a meeting either monthly or weekly or through ESS survey where opinion is solicited.
Other than permanent workers	
Permanent employees	
Other than permanent employees	

7. Membership of employees and workers in association(s) or Unions recognised by the Company:

Category	FY 2022			FY 2021		
	Total employees/workers in respective category (A)	No. of employees/workers in respective category, who are part of association(s) or Union (B)	%(B/A)	Total employees/workers in respective category (C)	No. of employees/workers in respective category, who are part of association(s) or Union (D)	%(D/C)
Total Permanent Employees	1,558	0	0%	1,428	0	0%
-Male	1,522	0	0%	1,409	0	0%
-Female	36	0	0%	19	0	0%
Total Permanent Workers	2,700	2,248	83%	2,819	2,349	83%
-Male	2,689	2,237	83%	2,807	2,337	83%
-Female	11	11	100%	12	12	100%



8. Details of training given to employees and workers:

Category	FY2022					FY2021				
	Total (A)	On health and safety measures		On skill upgradation		Total (D)	On health and safety measures		On skill upgradation	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
Employees										
Male	1,525	990	65%	840	55%	1,410	1,008	71%	1,058	75%
Female	37	20	54%	13	35%	19	7	37%	7	37%
Total	1,562	1,010	65%	853	55%	1,429	1,015	71%	1,065	75%
Workers										
Male	8,347	1661	20%	1,525	18%	7,690	1,334	17%	1928	25%
Female	95	15	16%	15	16%	20	0	0%	12	60%
Total	8,442	1,676	20%	1,540	18%	7,710	1,334	17%	1,940	85%

9. Details of performance and career development reviews of employees and workers:

Category	FY2022			FY2021		
	Total (A)	No. (B)	% (B/A)	Total (C)	No. (D)	% (D/C)
Employees						
Male	1,525	1,296	85%	1,410	911	65%
Female	37	20	54%	19	5	26%
Total	1,562	1,299	83%	1,429	947	66%
Workers						
Male	8,347	574	7%	7,690	590	8%
Female	95	0	0%	20	0	0%
Total	8,442	574	7%	7,710	590	8%

10. Health and safety management system:

a. Whether an occupational health and safety management system has been implemented by the entity? (Yes/ No). If yes, the coverage such system?

Yes, the company has a stringent health and safety policy that caters to the safety of the employees and workers. The Occupational Health and Safety Management System is implemented at all plants and except 5 plants, all other plants of the Company are already certified for ISO 45001. The remaining plants will also be going to certification in CY2023. Company's facilities continue to enhance the health of their employees by setting up occupational health examinations, routine health checks, and workplace monitoring.

b. What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?

As part of Health and Safety Management System, the operating teams are equipped with necessary training to carry out Hazard Identification and Risk Assessment (HIRA) of all the activities carried out at our plants. Also, Job Safety Analysis (JSA) is a mandatory requirement for obtaining permit to work for all non-routine work which are carried out by plant team or third-party contractors. SOPs are developed to reduce safety risks at plants based on HIRA.

c. Whether you have processes for workers to report work related hazards and to remove themselves from such risks. (Y/N)

Yes. We have a system of capturing unsafe acts, conditions and near misses. Workers report to the shop floor supervisors all such hazards. To encourage reporting of such matters they are recognised in weekly reward and recognition program.



d. Do the employees/ worker of the entity have access to non-occupational medical and healthcare services?

Annual medical check-up coverage is there for all the employees and workers Health Awareness camps being organised in the plants on regular basis. Consulting Doctor visit the OHC centres at plants at regular intervals.

11. Details of safety related incidents:

Safety Incident /Number	Category	FY2022	FY2021
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	0	0
	Workers	0.11	0.16
Total recordable work-related injuries	Employees	0	0
	Workers	3	4
No. of fatalities	Employees	0	0
	Workers	0	0
High consequence work-related injury or ill-health (excluding fatalities)	Employees	0	0
	Workers	0	0

12. Describe the measures taken by the entity to ensure a safe and healthy workplace

The Company has a thorough system in place to ensure workplace health and safety. All the activities carried out at plant level are subject to Hazard Identification and Risk Assessment and mitigation controls are put in place to ensure the activities are carried out safely. SOPs are developed and concerned shop floor employees are trained. All New entrants in the plant are undergo specific 10 days safety induction and On-Job training before they are allowed to work independently. Workers participate in monthly safety committee meetings and suggest improvement to ensure health and safety of all at shopfloor. Management reviews the progress of safety performance on monthly basis at each plant/ business vertical. To raise the awareness on safety, themes, campaigns, competitions and recognition programs are conducted.

13. Assessments for the year:

	% of plants and offices that were assessed (by entity or statutory authorities or third parties)
Health and safety practices	100%, internally assessed by the Company
Working Conditions	

14. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks/concerns arising from assessments of health & safety practices and working conditions

Not applicable

Leadership Indicators:

1. Does the entity extend any life insurance or any compensatory package in the event of death of (A) Employees (Y/N) (B) Workers (Y/N)

(A) Employees -Yes

(B) Workers -Yes

2. Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners

The Company has a process to verify that statutory dues have been deducted and deposited by the value chain partners, in some cases, by requiring to submit relevant proofs along-with invoices.

Also, the Company is taking declaration from the Suppliers on compliance of conditions of Code of Conduct which includes fulfilling of requirements related to employees and workers statutory dues.



3. Provide the number of employees / workers having suffered high consequence work-related injury / ill-health / fatalities (as reported in Q11 of Essential Indicators above), who have been rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:

	Total no. of affected employees/ workers		No. of employees/workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment	
	FY 2022 (Current Financial Year)	FY 2021 (Previous Financial Year)	FY 2022 (Current Financial Year)	FY 2021 (Previous Financial Year)
Employees	NA	NA	NA	NA
Workers	NA	NA	NA	NA

4. Does the entity provide transition assistance programs to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/ No)

No

5. Details on assessment of value chain partners:

	% of value chain partners (by value of business done with such partners) that were assessed
Health and safety practices	100%
Working Conditions	100%

Note: The Company is taking declaration from its suppliers on Supplier's ESG commitment in which they undertake to put into effective workplace health and safety practices and maintaining healthy working conditions.

6. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from assessments of health and safety practices and working conditions of value chain partners

Not applicable

Principle 4: Business should respect the interests of and be responsive to all its stakeholders

One of the objective set under the ESG Policy of the Company is to create and maintain fluid and bidirectional communication with stakeholders to better understand their expectations and to efficiently adapt the business' operations to safeguard the interests of all stakeholders while ensuring right balance of conflicting interest of the stakeholders.

To align Company's business strategy with the legitimate wishes of all the Stakeholders with a vested interest in its fortunes the Company engages intensely with all of its stakeholders using a number of different communication channels, notable among which its corporate website, the intranet, the inhouse newsletter and the Suppliers Portal.

The CIE Group ESG Strategic Plan 2025 provides a dual challenge for its group companies. Firstly, it sets earnings and business targets that respond to market trends. Secondly, it aims to address the needs and concerns of all our stakeholders by integrating ESG standards into our management model and measuring each and every impact so as to attain quantifiable improvements.

Essential Indicators

1. Describe the processes for identifying key stakeholder groups of the Company

Depending on how much of a material influence they have over the Company or how much of a material influence the Company's corporate actions and their results have on them, key stakeholders are determined.

2. List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.

Mahindra CIE has identified six groups of stakeholders that interact with the Company and are affected directly or indirectly by its business through the Stakeholder Engagement and Materiality Assessment (SEMA) process.



Stakeholder Group	Whether identified as vulnerable & marginalised group (Yes/No)	Channels of communication (Emails, SMS, Newspapers, Pamphlets, Advertisements, Community Meetings, Notice Board, Website, Others)	Frequency of engagement (Annually, Half yearly, quarterly /others- please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Shareholders	No	<ul style="list-style-type: none"> Structured conference calls Periodic investor/analyst interactions like individual Meetings Participation in investor conferences Quarterly earnings calls Analysts meet from time to time guided by finance department of the company 	<ul style="list-style-type: none"> Quarterly Half yearly Annually Periodically and as & when required 	<ul style="list-style-type: none"> Disclosure of information Consent of shareholders wherever required to resolve the investor grievances involving various issues among which dividend related matters dematerialisation issue of duplicate share certificate etc.
Employees and Workers	No	<ul style="list-style-type: none"> Company Intranet News Letter Office Collaboration screens Notice Boards Emails Award and Recognition ceremonies/Town Hall 	As required/daily	General Feedback, Grievances, to share relevant & useful information to employees Employee Success, Motivation, Moral, Safety
Customers	No	<ul style="list-style-type: none"> Mail Meetings SMS 	As required/daily	To address complaint and revert with CAPA
Vendors and Suppliers	No	<ul style="list-style-type: none"> Suppliers meet, Email, Formal meet Award and Recognition ceremonies Participation in survey conducted by suppliers from time to time 	<ul style="list-style-type: none"> RM suppliers - Annual Meet BOP supplier - Email 	For compliance, announcement of new programmes and procedures of MCIE
Society	Yes	<p>CSR Activities</p> <ul style="list-style-type: none"> Volunteering Activities Community Events Community Survey and Consultations 	As and when required through NGO partners/ Third party	To identify the potential areas for CSR activities, formulating, implementing and evaluating such CSR activities.
Central, State and Local Govt. and Various Statutory and Regulatory Bodies	No	<ul style="list-style-type: none"> Email SMS 	As and when required	For Compliance & Communication



Leadership Indicators

1. Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board

ESG Policy of the Company provides the channels of communication for dialogue with and the participation of the various stakeholders in relation to ESG-

by E-mail: ESG.Sustain@cie-india.com

by Post- addressed to the Chairman Sustainability Council at the following address:

Mahindra CIE Automotive Limited

601, 602, 606 Amar Business Park, Above Westside Showroom, Baner, Pune – 411045

In addition to the above, CIE Group's global contact for consultation between stakeholders and group leadership for any issues relating to ESG is as under:

E-mail: esg@cieautomotive.com

2. Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes / No). If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity.

The Policies of the Company are framed in compliance with requirements of Applicable Laws and in line with international standards and practices such as ISO 14001, ISO 45001 etc. While formulating policies consultation with relevant officers and advisors of the Company is undertaken and thereafter were are placed before the Board for their approval.

The Company encourages employees to actively participate in Employees Social Engagement Programs which are aimed at creating positive impact on weaker section of society through Company's Corporate Social Responsibility Policy. Modalities of implementation of all the CSR Activities are finalised with due consultation with the targeted beneficiaries, the local authorities and Implementation Partners.

Activities like (i) Kaizen – encouraging employees to come-up with improvement ideas including in the areas of waste management, energy reduction etc. (ii) Behaviour Based Safety which encourages employees to highlight unsafe acts / conditions etc. are other few instances of how the inputs received from stakeholders incorporated into policies and activities of the entity.

3. Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/ marginalised stakeholder groups.

Yes, as a part of the CSR activities, the Company has initiated Project Lakshya. The project is a placement linked training & skills development project for unemployed youths. In line with requests from NGO partners, the project scope was extended on a pilot basis to offer lodging and boarding for youths travelling from remote locations.

Principle 5: Business should respect and promote human rights

Global policy of CIE Group on Human Rights has been adopted by the Company through which it formally undertakes to respect the universal rights in everything it does. In addition to the same, the ESG Policy of the Company re-iterates the commitment towards respecting the Human Rights.

To that end the Company formally repudiates child labour, compulsory labour and workplace discrimination; fosters respect for the freedom of association and right to collective bargaining; and complies with prevailing legislation in all its business markets, framed by the internationally recognised human rights and its own Human Rights Policy.

The Human Rights Policy complies with the provisions contained in the International Labour Organisation's fundamental conventions on the freedom of association and the right to collective bargaining.

Note that the Company did not receive any complaints related with human rights violations, understood as breaches of the right to decent work and a living wage, in keeping with the United Nations Declaration, in either 2022 or 2021.



Essential Indicators

1. Employees and workers who have been provided training on human rights issues and policy(ies) of the entity:

Category	FY2022			FY2021		
	Total (A)	No. of employees / workers covered (B)	% (B/A)	Total (C)	No. of employees / workers covered (D)	% (D/C)
Employees						
Permanent	1,558	1,026	66%	1,428	1,189	83%
Other than Permanent	4	1	25%	1	0	0%
Total Employees	1,562	1,027	66%	1,429	1,189	83%
Workers						
Permanent	2,700	1,266	47%	2,819	1,344	48%
Other than Permanent	5,742	1,224	21%	4,891	1,148	23%
Total Workers	8,442	2,490	29%	7,710	2,492	32%

2. Details of minimum wages paid to employees and workers:

Category	FY2022					FY2021				
	Total (A)	Equal to Minimum Wage		More than Minimum Wage		Total (D)	Equal to Minimum Wage		More than Minimum Wage	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
Employees										
Permanent	1,558	0	0%	1,558	100%	1,428	0	0%	1,428	100%
Male	1,522	0	0%	1,522	100%	1,409	0	0%	1,409	100%
Female	36	0	0%	36	100%	19	0	0%	19	100%
Other than Permanent	4	0	0%	4	100%	1	0	0%	1	100%
Male	3	0	0%	3	100%	1	0	0%	1	100%
Female	1	0	0%	1	100%	0	0	0%	0	0%
Workers										
Permanent	2,700	0	0%	2,700	100%	2,819	0	0%	2,819	100%
Male	2,689	0	0%	2,689	100%	2,807	0	0%	2,807	100%
Female	11	0	0%	11	100%	12	0	0%	12	100%
Other than Permanent	5,742	1,169	20%	4,573	80%	4,891	1,149	23%	3,742	77%
Male	5,658	1,141	20%	4,517	80%	4,883	1,141	23%	3,742	77%
Female	84	28	33%	56	67%	8	8	100%	0	0%



3. Details of remuneration/salary/wages:

(amount in ₹)

	Male		Female	
	Number	Median remuneration/ salary/wages of respective category	Number	Median remuneration/ salary/wages of respective category
Board of Directors (BoD)				
a. Executive Directors	2	95,56,609	0	0
b. Non-Executive Independent Directors	5	24,00,000	1	23,80,000
Key Managerial Personnel (KMP) ²	3	93,38,880	0	0
Employees other than BoD and KMP ⁴	1,518	6,11,516	36	5,15,778
Workers ⁴	2,689	5,99,713	11	7,21,488

Note:

- For the purpose of calculation of median remuneration, the meaning of Median as provided in Explanation (i) and (ii) to Rule 5 (i) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 for reporting in Board Report is considered i.e. the numerical value separating the higher half of a population under a particular category from the lower half under that category by arranging all the observations from lowest value to highest value and picking the middle one in case of odd number of observations and in case of even number of observations, the median is calculated by arriving at average of the two middle values.
- Mr. Manoj Menon is Executive Director as well as CEO of Magnetic Products, Stampings, Composites, Gears and Foundry Divisions of the Company and Mr. Ander Arenaza is Executive Director of the Company. Hence, in order to avoid duplicity in calculation, the remuneration of Mr. Menon and Mr. Arenaza is considered in the category of Executive Directors of the Company only, as mentioned in table above and therefore, excluded from calculation of median remuneration of KMPs.
- Further, the Directors, KMPs, Employees and Workers as on the end of the financial year i.e. 31st December, 2022 were taken into consideration for calculation of median remuneration.
- In calculation of median remuneration for employees other than BoD and KMPs and Workers, only those employees and workers are considered who falls under permanent category.

4. Do you have a focal point (Individual/ Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)

Yes. The Company has a mechanism for monitoring the cases that address the human rights issues in place through which an employee can raise grievances. The Whistle Blower Channel is in place to record and redress grievances to ensure the right voice being heard without fear of reprisal. Further, under the ESG Policy, the Company has provided a dedicated communication channels through which the stakeholders can voice their concerns.

5. Describe the internal mechanisms in place to redress grievances related to human rights issues

Apart from the Whistle Blower Mechanism, under the ESG Policy of the Company, it has provided a dedicated communication channels through which any grievances related to the human rights issues can be raised.

Further, the Global contact for any issue related to ESG and Society has been provided under CIE Group's Global ESG Policy as available on the weblink: <https://cieautomotive.com/en/contacto>.



6. Number of Complaints on the following made by employees and workers:

	FY 2022			FY 2021		
	Filed during the year	Pending resolution at the end of the year	Remarks	Filed during the year	Pending resolution at the end of the year	Remarks
Sexual Harassment	1	1	In process of resolution as per Policy	0	0	Not applicable
Discrimination at workplace	0	0	Not Applicable	0	0	
Child Labour	0	0		0	0	
Forced Labour/Involuntary Labour	0	0		0	0	
Wages	0	0		0	0	
Other Human rights related issues	0	0		0	0	

7. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases

The CIE Automotive's protocol for Preventing and Handling Workplace Harassment is adopted by the Company. It covers the prevention of mobbing and of sexual or gender harassment and includes a series of preventive measures, such as zero-tolerance towards harassment, shared employee responsibility for monitoring workplace conducts and the definition of communication programmes. The Harassment Protocol is available for consultation on the website of CIE Automotive at the weblink: <https://www.cieautomotive.com/en/web/guest/protocolo-de-prevenci%C3%B3n-y-tratamiento-de-situaciones-de-acoso>

Further, according to the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition, and Redressal) Act of 2013, the Company has formulated Policy on Prevention of Sexual harassment for Women at Workplace. This Policy applies to all employees (permanent, contract, temporary, and trainees). To address accusations of sexual harassment, the Internal Committee (IC) has been established.

The Code of Professional Conduct provides for the submission of enquiries or notifications, including those relating to Harassment, anonymously. The Compliance Department is tasked with handling and analysing any such notifications and enquiries in a confidential manner.

Both the policies mentioned above and the whistle-blower policy provides mechanism of protection of complainant/whistle blower.

The Company, as a Policy, condemns any kind of discrimination, harassment, victimization or any other unfair employment practice being adopted against the Whistle-blower(s). Complete protection would, therefore, be given to the Whistle-blower(s) against any unfair practice like retaliation, threat or intimidation of termination or suspension of service, transfer, demotion, refusal of promotion etc., including any direct or indirect use of authority to obstruct the Whistle-blower's right to continue to perform his duties or functions including making further Protected Disclosure.

8. Do human rights requirements form part of your business agreements and contracts? (Yes/No)

Yes, inclusion of human rights requirements in the business agreements and contracts is mandatory for us. All suppliers of the Company are mandatory required to sign the Suppliers ESG Commitment which incorporates the human rights requirements. The Company has obtained these commitments from 87% of our suppliers and will ensure full compliance in the coming year.

The Group's Suppliers ESG Commitment is available on the website of the CIE Group on the Weblink: <https://www.cieautomotive.com/en/web/guest/compromiso-asg-proveedores>



9. Assessment for the year:

	% of the Company's plants and offices that were assessed (by the Company or statutory authorities or third parties)
Child Labour	The Company has in place robust mechanism to ensure all Statutory Compliances. Regular assessment is done by the Company internally to ensure compliance of all requirements including the topics such as Child Labour, Forced Labour/Involuntary Labour, Sexual Harassment, Discrimination at workplace, Wages, Safety, health, welfare etc. 100% of the Company's plants and offices were assessed by the Company internally on these topics.
Forced Labour/Involuntary Labour	
Sexual Harassment	
Discrimination at workplace	
Wages	
Other- please specify	

10. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 9 above.

Not Applicable

Principle 6: Business should respect and make efforts to protect and restore the environment

The Company endeavour to ensure that resource-efficient and low carbon processes and technologies are deployed for manufacturing of the products and making available goods and services to our customers in a manner that adverse environmental and social impacts of our operations is minimized.

To ensure that all environmental risks and opportunities related to our activities are taken care of, the Company has a strong environment management system in place. These systems adhere to the specifications of the ISO-14001 standard. While the majority of our operations have been certified under ISO-14001 standards, the remaining plants will finish the certification in due course of time.

On its pathway towards a circular model, the Company emphasised on better managing natural resources monitoring its consumption and waste generation to minimise the negative impacts arising from our activities.

The emphasis continued on increasing the share of green energy in total energy consumption. During FY 2022 the proportion of the renewable energy consumption to the total energy consumption was 51.89%.

Essential Indicators

1. Details of total energy consumption (in Joules or multiples) and energy intensity:

(In KWh unless mentioned otherwise)

Parameter	FY 2022	FY 2021
Non-Renewable		
Total electricity consumption (A)	12,26,90,689.1	16,68,12,615
Total fuel consumption (B)	799,45,237.79	29,59,99,890
Renewable		
Energy consumption through other sources (C)	13,23,43,617.9	630,90,000
Total energy consumption (A+B+C)	33,49,79,544.79	52,59,02,505
Energy intensity per rupee of turnover (Total energy consumption/ turnover in rupees)	0.008	0.017
Energy intensity (optional) – the relevant metric may be selected by the Company	1,549.206	2,972.117

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. No

2. Does the Company have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.

Not Applicable



3. Provide details of the following disclosures related to water:

Parameter	FY 2022	FY 2021
Water withdrawal by source (in kilolitres)		
(i) Surface water	1,95,344	1,77,003
(ii) Groundwater	64,691	71,068
(iii) Third party water	2,18,300	2,21,787
(iv) Seawater / desalinated water	Nil	Nil
(v) Others (Rain Water)	5,546	14,456
Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v)	4,83,881	4,84,314
Total volume of water consumption (in kilolitres)	4,83,881	4,84,314
Water intensity per rupee of turnover (Water consumed / turnover)	0.00001194	0.00001598
Water intensity (optional) – the relevant metric may be selected by the entity	2.237	2.737

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. No

4. Has the Company implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation

Yes, requisite mechanism is in place as per State Pollution Control Board consent condition requirements. Sewage Treatment Plants and Effluent Treatment Plants have been installed for recycling of wastewater and treated water which is further used in processes/gardening/ cooling tower top ups/ Toilet flushing etc. The Company's Unit at Bill Forge Plant 2, Zero Liquid Discharge mechanism is implemented as consent condition.

5. Please provide details of air emissions (other than GHG emissions) by the Company:

Parameter	Unit	FY 2022	FY 2021
NOx	mg/Nm ³	20.9	21.26
Sox	mg/Nm ³	16.35	13.99
Particulate matter (PM)	mg/Nm ³	107.61	102.62
Persistent organic pollutants (POP)	Not Applicable	Not Applicable	Not Applicable
Volatile organic compounds (VOC)	Not Applicable	Not Applicable	Not Applicable
Hazardous air pollutants (HAP)	mg/Nm ³	Not Applicable	Not Applicable
Others – please specify	mg/m ³	Not Applicable	Not Applicable

Note:

Nox, Sox and Particulate matter (PM) were within the consented limits at all the plants of the Company. The Company obtains on quarterly basis certificate from Environment Testing Labs which are approved by Central Pollution Control Board (CPCB) and accredited by National Accreditation Board for Testing and Calibration Laboratories (NABL).

The figures of respective parameters disclosed above are calculated by following methodology:

Example for NOx:

- We have taken the NOx of each quarter as certified by an Independent LAB.
- Simple Average of four quarters is taken to arrive at NOx for each plant of the Company for CY2022.
- Thereafter we have calculated simple average of NOx at all the Plants to arrive at above figures.

Same methodology is followed for SOx and PM.



6. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity:

Parameter	Unit	FY 2022	FY 2021
Total Scope 1 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available)	Metric tonnes of CO ₂ equivalent	18,897	63,019
Total Scope 2 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available)	Metric tonnes of CO ₂ equivalent	1,83,706	1,66,533
Total Scope 1 and Scope 2 emissions per rupee of turnover	MT /₹ Cr	50.03	75.76

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. No

7. Does the Company have any project related to reducing Green House Gas emission? If yes, then provide details.

Yes. The Company has undertaken several measures to reduce its overall GHG Emissions.

For conservation of energy following initiatives were undertaken by the Company, which has helped in reducing the GHGs:

- Modification of cooling tower water pipelines layout to reduce no of cooling towers
- Induction Billet Heating Coil modifications
- Installation of new energy efficient compressors
- Installation of VFD in machines
- Installation of Motion Sensors
- Upgrading existing motors to energy efficient motors
- Use of mechanical energy instead of Electrical energy
- Converting normal lights into LED Lights
- Interlocking of machine accessories operations with machine cycle
- Power Factor improvements by installing SVG unit
- Conversion of MIG welding machines to thyristor control welding machines
- Installation of Servo system on press machines
- KW reduction in SQF fans motor from 5.5KW to 3.7 KW
- Elimination of 3.7 KW motor with gearbox in Tempering Furnace by Converting mechanical chain pusher into Pneumatic cylinder pusher
- KW reduction in Annealing furnace from 36 KW to 26 KW by design change
- Optimized blasting time in Shotblasting Machine
- Interlink Conveyor with Press to auto stop
- Optimization of office air-conditioning utilization
- Dummy Billets for IBH Start / Stop
- Auto cut off IBH while setting time – WF
- Replacing Diesel boiler with Gas boiler



8. Provide details related to waste management by the Company:

Parameter	FY 2022	FY 2021
Total Waste generated (in metric tonnes)		
Plastic waste (A)	174.24	174.77
E-waste (B)	1.58	8.87
Bio-medical waste (C)	0.027	0.015
Construction and demolition waste (D)	0	0
Battery waste (E)	0	0
Radioactive waste (F)	0	0
Other Hazardous Waste. Please specify, if any. (G)	2,091.52	2,960.28
Other Non-hazardous waste generated (H). Please specify, if any. (Break-up by composition i.e. by materials relevant to the sector)	96,573.49	97,481.62
Total (A+B + C + D + E + F + G + H)	98,840.88	1,00,625.55
For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)		
Category of waste		
(i) Recycled	60,657.96	61,216
(ii) Re-used	0	0
(iii) Other recovery operations	550.51	753.5
(iv) Total	61,024.82	61,794.50
For each category of waste generated, total waste disposed of through disposal method (in metric tonnes)		
Category of waste		
(i) Incineration	386.539	438.7
(ii) Landfilling	403.376	451.2
(iii) Other disposal operations	37,026.149	37,941.146
(iv) Total	37,816.06	38,831.05

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. No

9. Briefly describe the waste management practices adopted in your establishment. Describe the strategy adopted by your Company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.

The Company has taken authorisation from State Pollution Control Board for management of Hazardous and Non-hazardous waste. All type of waste is segregated at source and stored at designated storage area for each type of waste. Generation and disposal records are being maintained for every type of waste as per consent / applicable requirements. These wastes are disposed / recycled as per applicable consent/rule requirements to Common Hazardous Waste Storage, Treatment and Disposal facility / authorised recyclers/agency. The annual returns are filed as per consent/ applicable rule requirement. Training and awareness programs are conducted for persons involved in handling/storage and disposal at regular intervals.

Hazardous and toxic chemicals are being handled as per their MSDS by trained persons and consumption is reduced based on the specific process requirement.



10. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals / clearances are required:

S. No.	Location of operations/offices	Type of operations	Whether the conditions of environmental approval / clearance are being complied with? (Y/N) If no, the reasons thereof and corrective action taken, if any.
Not Applicable			

11. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:

Name and brief details of project	EIA Notification No.	Date	Whether conducted by independent external agency (Yes / No)	Results communicated in public domain (Yes / No)	Relevant Web link
Not Applicable					

12. Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection Act and rules thereunder (Y/N).

Yes. The Company is compliant with the applicable laws pertaining to Water (Prevention and Control of Pollution) Act, 1974, Air (Prevention and Control of Pollution) Act, 1981, Environment Protection Act, 1986 and rules thereunder.

If not, provide details of all such non-compliances:

S. No.	Specify the law / regulation / guidelines which was not complied with	Provide details of the non-compliance	Any fines / penalties / action taken by regulatory agencies such as pollution control boards or by courts	Corrective action taken, if any
Not Applicable				

Leadership Indicators

1. Provide break-up of the total energy consumed (in Joules or multiples) from renewable and non-renewable sources:

Parameter	FY 2022 (Current Financial Year)	FY 2021 (Previous Financial Year)
From renewable sources		
Total electricity consumption (A) KWh	0	0
Total fuel consumption (B) KWh	0	0
Energy consumption through other sources KWh	13,23,43,617.9	630,90,000
Total energy consumed from renewable sources (A+B+C) Kwh	13,23,43,617.9	630,90,000
From non-renewable sources		
Total electricity consumption (D) KWh	12,26,90,689.1	16,68,12,615
Total fuel consumption (E) KWh	7,99,45,237.79	29,59,99,890
Energy consumption through other sources (F) Kwh	0	0
Total energy consumed from non-renewable sources (D+E+F) KWh	20,26,35,926.89	46,28,12,505

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. No



2. Provide the following details related to water discharged:

Parameter	FY 2022 (Current Financial Year)	FY 2021 (Previous Financial Year)
Water discharge by destination and level of treatment (in kilolitres)		
(i) To Surface water		
No treatment	0	0
With treatment – please specify level of treatment	0	0
(ii) To Groundwater		
No treatment	0	0
With treatment – please specify level of treatment	0	0
(iii) To Seawater		
No treatment	0	0
With treatment – please specify level of treatment	0	0
(iv) Sent to third parties		
No treatment	27,796.1	24,754.7
With treatment – please specify level of treatment	0	0
(v) Others (Using for Gardening Purpose)		
No treatment	0	0
With treatment – (Primary, Secondary and Tertiary treatment)	1,18,450	1,08,885
Total water discharged (in kilolitres)	1,46,246.1	1,33,639.7

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. No

3. **Water withdrawal, consumption and discharge in areas of water stress (in kilolitres):** Not Applicable
4. **Please provide details of total Scope 3 emissions & its intensity:** Not Applicable
5. **With respect to the ecologically sensitive areas reported at Question 10 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along-with prevention and remediation activities.**

Not Applicable

6. **If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions / effluent discharge / waste generated, please provide details of the same as well as outcome of such initiatives:**

Sr. No	Initiative undertaken	Details of the initiative (Web-link, if any, may be provided along-with summary)	Outcome of the initiative
1	Reduction in Energy Consumption Intensity	<ol style="list-style-type: none"> 1. Upgrading existing motors to energy efficient motors 2. Use of correct rating motors as per Load 3. Use of Motion Sensors 4. Installation of Timers in Lighting Panels 5. Modification of cooling tower water pipelines layout to reduce no of cooling towers 6. Induction Billet Heating Coil modifications 7. Installation of new energy efficient compressors 8. Installation of VFD in machines 	Reduction in Energy intensity



Sr. No	Initiative undertaken	Details of the initiative (Web-link, if any, may be provided along-with summary)	Outcome of the initiative
		9. Installation of Motion Sensors 10. Use of mechanical energy instead of Electrical energy 11. Converting normal lights into LED Lights 12. Interlocking of machine accessories operations with machine cycle 13. Power Factor improvements by installing SVG unit 14. Conversion of MIG welding machines to thyristor control welding machines 15. Installation of Servo system on press machines 16. Capacitor Banks Capacity Optimization	
2	Increase use of Renewable Energy	1. Cleaning of solar panels to increase the generation 2. Increasing Group Captive Generation	Renewable energy increased to about 51%
3	Reduction in Water Consumption Intensity	1. Installation of Dish Washer in Canteen 2. Installation of Water Aerators 3. Use of Rainwater Harvesting system 4. Recycling of ETP/STP Treated water in processes & gardening 5. Fixing of Auto Level sensors in overhead storage tanks	Reduction in Water Consumption Intensity
4	Reduction in Material Consumption Intensity	1. VA/VE projects 2. Recycling of Scrap material 3. Gross Weight Reduction activities 4. Reduction in inhouse scrap generation 5. Tool Life optimization 6. Use of Returnable packaging material	Reduction in Material Consumption Intensity
5	Reduction in Hazardous Waste Intensity	1. Installation of Filter Press at source of generation 2. Use of Dry Cut operations in turning 3. Use of Returnable Cans/Drums for procurement of chemicals 4. Segregation at source	Reduction in Hazardous Waste Intensity
6	Reduction in Non Haz Waste Intensity	1. Use of Off Cut Steel Material 2. Segregation at Source 3. VA/VE projects 4. Recycling of Scrap material 5. Optimising the packaging material sizes 6. Use of Returnable packaging	Reduction in Non-Hazardous Waste Intensity
7	Reduction in Fuel, Gases & Chemical Consumption Intensity	1. Installation of biogas Plants. 2. Use of Cleaner Fuels 3. Re-use of oil after filtration 4. Use of Battery-Operated Forklifts 5. Optimising Chemical Consumption usage 6. Optimising replacement & top up frequency 7. Efficiency optimization	Reduction in Fuel Consumption Intensity
8	Transport Management (Reduction in No of Trips In-bound & Out-bound) Utilization of Vehicle Capacity	1. Clubbing of Dispatch Material Loads 2. Dispatching in Large Capacity Vehicles 3. Material Pack Size increasing 4. Dispatch Qty Lot Size increasing to Customer 5. Increasing use of CNG Vehicles 6. Use of empty vehicles while returning after customer delivery for pickup of inward material from vendors 7. Use of Milk Run vehicles on a common route	Overall Transport Vehicle Capacity Utilization increased up to 97%
9	Green Belt Development	1. Tree Plantation inside plant premises 2. Tree Plantation under CSR activities nearby plants	Total 6,158 trees were planted across all locations of the Company



7. Does the entity have a business continuity and disaster management plan? Give details in 100 words/ web link.

The Business continuity plan of the Company is part of the Risk Management Policy of the Company. Each manufacturing unit of the Company has a disaster management plan which *inter alia* ensures compliance with applicable laws and aim to protect the assets and people of the Company and ensures continuity of its key business processes after a disaster i.e. an unexpected business interruption caused by natural or man-made events.

An Emergency Preparedness manual, *inter-alia*, the following is available at each plant of the Company: (a) Emergency preparedness (b) List of Potential Emergencies (c) List of Chemical and Fuel storage (d) Details of Fire Fighting system (e) ERT (f) General Communication flow charts (Working and non-working hours) (g) Instructions during any emergencies (h) Incident investigation (i) Roles of ERT members and (j) List of emergencies identified- Mock drills are conducted to educate employees on response during emergencies at regular intervals.

8. Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard

The Company does not see any significant adverse impacts to the environment arising from the value chain of the entity. Impact assessment is conducted for all potential risks and action taken accordingly to mitigate the risk. ESG commitment declaration is obtained from all value chain partners as part of vendor registration process.

9. Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts

The Company has rolled-out Suppliers ESG Criterion Evaluation wherein suppliers have to conduct self-assessment of compliance with Principle 7, Principle 8 and Principle 9 of UN Global Compact relating to environmental commitments.

61% of the Suppliers of the Company have completed the self-assessment and assured commitment to comply with the principles.

However, no independent assessment was carried out to assess the environmental impacts of value chain partners.

Principle 7: Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent

The Company Operate the business within national and international legislative and policy framework and not engage in influencing public and regulatory policy. The Company encourages complete cooperation and diligence from every individual during any inspections, information requests, or procedures that the Public Authorities may deem necessary.

The Company may become members of trade and industry chambers or associations and other similar collective platforms, which may be involved in conveying industry concerns to policy makers

Essential indicators

1. **a. Number of affiliations with trade and industry chambers/associations-** Ten
- b. List the top 10 trade and industry chambers/associations (determined based on the total members of such body) the Company is a member of/affiliated to:**

S. No.	Name of the trade and industry chambers/associations	Reach of trade and industry chambers/associations (State/ National)
1	Confederation of Indian Industry	National
2	EEPC India (Engineering Export Promotion Council)	National
3	Association of Indian Forging Industry (AIFI)	National
4	Indian Machine Tool Manufacturer's Association (IMTMA)	National
5	Automotive Component Manufacturers Association of India (ACMA)	National
6	Hosur Industrial Association	State
7	Mahratta Chambers of Commerce & Agriculture (MCCIA)	State
8	Bommasandra Industrial Association	State
9	Jigani Industrial Association	State
10	Attibele Industrial Association	State



2. Provide details of corrective action taken or underway on any issues related to anti-competitive conduct by the Company, based on adverse orders from regulatory authorities

Name of the authority	Brief of the case	Corrective action taken
NIL		

Leadership Indicators

1. Details of public policy positions advocated by the Company:

S. No.	Public Policy advocated	Method resorted for such advocacy	Whether information available in public domain? (Yes/ No)	Frequency of Review by Board (Annually/ Half yearly/Quarterly/ Others- please specify)	Web Link, if available
The Company operates the business within national and international legislative and policy framework and does not engage in influencing public and regulatory policy.					

Principle 8: Businesses should promote inclusive growth and equitable development

The Company actively contributes to the development of the communities it works with through social and cultural projects as part of its commitment to the development and well-being of those communities. The Company has formulated a "Corporate Social Responsibility Policy" that outlines the context and approach for such endeavours. Making donations or financial contributions of any kind to organisations dedicated to, or in any way connected to, illicit activities is strictly prohibited. All social and cultural projects and initiatives are carried out in accordance with the company's CSR Policy and are recorded in MCIE's accounting records.

Details of CSR Activities undertaken by the Company are provided in the Annual Report on CSR Activities annexed to the Report of Directors, which forms part of Annual Report-2022. The brief details of such activities are available on our website at weblink: <https://www.mahindrachie.com/investors/investor-relations/csr.html>

Essential Indicators

1. Details of Social Impact Assessments (SIA) of projects undertaken by the Company, based on applicable laws, in the current financial year

Name and brief details of project	SIA Notification No.	Date of notification	Whether conducted by independent external agency (Yes/ No)	Results communicated in public domain (Yes / No)	Relevant Web link
Not Applicable					

2. Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by the Company:

S. No.	Name of Project for which R&R is ongoing	State	District	No. of Project Affected Families (PAFs)	% of PAFs covered by R&R	Amount paid to PAFs in the FY (In INR)
Not Applicable						

3. Describe the mechanisms to receive and redress grievances of the community

Any stakeholder can report their genuine concerns through the Whistle Blower Channel available at the weblink: <https://www.mahindrachie.com/investors/investor-relations/governance.html#whistle-blower>. The grievances are redressed in accordance with the Whistle Blower Policy of the Company.

Apart from the Whistle Blower Mechanism, the ESG Policy of the Company provides dedicated communication channels through which the Company may receive grievances of the community. The Company will endeavour to redress the same in accordance with the principles laid down under the Policy.

Further, the Global contact for any issue related to ESG and Society available under CIE Group's Global ESG Policy, details of which are available at the weblink: <https://cieautomotive.com/en/contacto>. The Company will endeavour to redress the same in accordance with the principles laid down under the Global Policy.

4. Percentage of input material (inputs to total inputs by value) sourced from suppliers:

Particulars	FY 2022 (Current Financial Year)	FY 2021 (Previous Financial Year)
Directly sourced from MSMEs/ small producers	20.04%	18.86%
Sourced directly from within the district and neighbouring districts	79.9%	78.6%

Note: The company with goods and services sourced locally (onshoring) and regionally (nearshoring).



Principle 9: Businesses should engage with and provide value to their consumers in a responsible manner

The Company provides the Original Equipment Makers (OEMs) and their tier-1 suppliers the parts they need, when and how they need them, so as to generate value, framed by its Quality Policy. Throughout 2022, despite the challenging business environment, it continued to respond to its customers' requirements with multi technology solutions designed to satisfy diverse needs.

Customer satisfaction is driven by continuous product and process improvement by means of prevention, systematic revision, training and know-how sharing, as is set down in the groups Global Quality Policy. The policy evidences the company's dual strategic commitment to quality and environmental protection, in harmony with its customers' concerns.

The Company complies with the IATF's international quality standard. That standard is specific to the automotive industry and harmonises the different assessment and certification systems in the global automotive supply chain.

Essential indicators**1. Describe the mechanisms in place to receive and respond to consumer complaints and feedback**

The ultimate objective of MCIE's commercial endeavours is customer satisfaction. In order to achieve this goal, it works tirelessly to exceed expectations at every stage of the customer relationship process, from the sales pitch and project management to on-time production and service, including a prompt response in the event of any deviations and the deliberate gathering of feedback. Since it does not have direct contact with end consumers, MCIE does not have proprietary customer grievance management systems. Instead, it manages claims and complaints received from its customers (OEMs and TIER-1 suppliers) in accordance with the standard operating procedures in the automotive industry to which it belongs.

2. Turnover of products and/services as a percentage of turnover from all products/service that carry information about:

	As a percentage to total turnover
Environmental and social parameters relevant to the product	As mentioned, the parts/components are manufactured as per the specification given by our customers (OEMs and TIER-1 suppliers) and we do not have direct supply of any products to end consumers
Safe and responsible usage	
Recycling and/or safe disposal	

3. Number of consumer complaints in respect of the following:

	FY2022		Remarks	FY2021		Remarks
	Received during the year	Pending resolution at end of year		Received during the year	Pending resolution at end of year	
Data privacy	0	0	Not Applicable	0	0	Not Applicable
Advertising	0	0	Not Applicable	0	0	Not Applicable
Cyber- security	0	0	Not Applicable	0	0	Not Applicable
Delivery of essential services	0	0	Not Applicable	0	0	Not Applicable
Restrictive Trade Practices	0	0	Not Applicable	0	0	Not Applicable
Unfair Trade Practices	0	0	Not Applicable	0	0	Not Applicable
Other (received in Ordinary Course of Business relating to operational issues and not involving any ESG issues)	948	0	-	937	0	-



4. Details of instances of product recalls on account of safety issues:

	Number	Reasons for recall
Voluntary recalls	0	Not Applicable
Forced recalls	0	Not Applicable

5. Does the Company have a framework/policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy.

The Company has a robust framework for cyber security and data privacy. The cyber security risk is also part of the Risk Control and Management Policy of the Company which is uploaded at the Weblink:

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

6. Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty/action taken by regulatory authorities on the safety of products/services.

Nil, the Company takes extra precautions to uphold the right to privacy and secure the personal information that is entrusted to it by its staff, clients, partners, suppliers, business partners, contractors, workers, institutions, and the public.

Leadership Indicators**1. Channels/platforms where information on products and services of the Company can be accessed (provide web-link, if available).**

All the information on products and services of the Company are available on the company portal website i.e., <https://www.mahindracie.com>

2. Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.

All the products (Sheet metal assemblies) are as per customer requirements hence no such type of activity is required to be carried out by us. All the aspects/impacts related to the product are at the sole discretion of our customers.

3. Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services.

In case of disruption/discontinuation of essential services, the customers are informed through agreed channels with details of the events resulting in disruption/discontinuation. We have the contingency plans in our Quality Management Systems. Further Risk analysis & Common Reference Architecture (CORA) review is also in place.

4. Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/Not Applicable) If yes, provide details in brief. Did your entity carry out any survey with regard to consumer satisfaction relating to the major products / services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No)

The Company provides auto competence to OEMs for using it in the final production. Since we're a B2B company, we do not display product information on the product we supply. However, for warranty and major parts we are punching traceability numbers on the product for identification.

For customer satisfaction, a survey is conducted every 6 months for all the product suppliers and the plant leads also keep track of customer complaints and ensure customer satisfaction.

5. Provide the following information relating to data breaches:

a. Number of instances of data breaches along with impact: 0

b. Percentage of data breaches involving personally identifiable information of customers: 0



STANDALONE FINANCIAL STATEMENTS



INDEPENDENT AUDITOR'S REPORT

To the Members of Mahindra CIE Automotive Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of Mahindra CIE Automotive Limited (the "Company") which comprise the standalone balance sheet as at 31 December 2022, and the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("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 December 2022, and its profit 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 Standalone Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the standalone financial statements.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	How the matter was addressed in our audit
<p>Impairment of goodwill</p> <p>See Note 2.14 and Note 6 to standalone financial statements</p> <p>The aggregate carrying value of the goodwill as at 31 December 2022 amounts to INR 10,167 million. The Company tests the carrying value of goodwill at least annually for impairment.</p> <p>The processes and methodologies for assessing and determining the recoverable amount of goodwill is based on complex assumptions (such as growth rates, discount rates and forecasted cash flows relating to the respective cash generating units).</p> <p>Considering the involvement of significant judgment required and the underlying complex assumptions used, this is considered as a key audit matter.</p>	<p>In view of the significance of the matter we applied the following audit procedures in this area, among others to obtain sufficient appropriate audit evidence:</p> <ul style="list-style-type: none"> • We obtained an understanding of the Company's policy on assessment of impairment of goodwill by comparing with applicable accounting standards. • We evaluated the design, implementation and operating effectiveness of key internal controls over impairment of goodwill. • We assessed the identification of relevant cash generating unit (CGU) to which goodwill is allocated. • We assessed the impairment model which is based on discounted cash flows used by the Company to estimate the recoverable value of goodwill and consistency with the applicable accounting standards. • We involved our internal specialists to evaluate the methodology, assumptions and estimates used in the impairment assessment. • We assessed the accuracy of prior period forecasts of the CGUs with the actual financial performance of the CGUs.



Key audit matters	How the matter was addressed in our audit
	<ul style="list-style-type: none"> • We assessed potential changes in key drivers for impairment assessment as compared to previous year and evaluated the assumptions around the key drivers of the cash flow forecasts including discount rates, expected growth rates and terminal growth rates. We evaluated the suitability of inputs and assumptions used in the cash flow forecasts. • We performed sensitivity analysis of key assumptions used to determine which assumptions could change the outcome of impairment assessment. • We assessed the adequacy of disclosure of impairment assessment of goodwill in the Standalone financial statements.
<p>Revenue from Sale of Products</p> <p>See Note 2.5 and Note 23 to standalone financial statements</p> <p>The Company's revenue is derived primarily from sale of automobile components ("goods"). Revenue from the sale of goods is recognised upon the transfer of control to the customer. The Company and its external stakeholders focus on revenue as a key performance metric which contains significant related party transactions.</p> <p>Revenue recognition has been identified as a key audit matter as there could be an incentive or external pressures to meet expectations resulting in revenue being overstated or recognized before the control has been transferred.</p>	<p>In view of the significance of the matter we applied the following audit procedures in this area, among others to obtain sufficient appropriate audit evidence:</p> <ul style="list-style-type: none"> • We assessed the appropriateness of Company's accounting policies for revenue recognition by comparing with applicable accounting standards. • We evaluated the design, implementation and operating effectiveness of key internal controls over recognition of revenue. • We performed substantive testing by selecting samples (using statistical sampling) of revenue transactions recorded during the year by testing the underlying documents which included sales invoices, shipping documents and proof of deliveries, to assess whether these are recognised in the appropriate period in which control is transferred. • We tested, on a sample basis, (using statistical sampling), specific revenue transactions recorded before and after the financial year-end date to assess whether revenue is recognised in the financial period in which control if transferred. • For revenue from sale of goods to the related parties, we verified the Company's analysis in relation to arm's length assessment and involved our internal specialists. • We tested journal entries on revenue recognised during the year, by considering specified risk-based criteria, to identify unusual or irregular items. • We assessed the adequacy of disclosure made in the standalone financial statements with respect to revenue recognised during the year as required by applicable Ind AS.



Other Information

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

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

Management's and those charged with governance Responsibilities for the Standalone 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 standalone financial statements that give a true and fair view of the state of affairs, profit 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 standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

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

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 standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to 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 the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting in preparation of standalone financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter(s)

- a. The standalone financial statements of the Company for the year ended 31 December 2021 were audited by the predecessor auditor who had expressed an unmodified opinion on 22 February 2022.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- 2 A. As required by Section 143(3) of the Act, we report that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c. The standalone balance sheet, the standalone statement of profit and loss (including other

comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows dealt with by this Report are in agreement with the books of account.

- d. In our opinion, the aforesaid standalone 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 December 2022 taken on record by the Board of Directors, none of the directors is disqualified as on 31 December 2022 from being appointed as a director in terms of Section 164(2) of the Act.
 - f. With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B.
- B. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- a. The Company has disclosed the impact of pending litigations as at 31 December 2022 on its financial position in its standalone financial statements - Refer Note 30 to the standalone financial statements.
 - b. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - c. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
 - d. (i) The management has represented that, to the best of their knowledge and belief, as disclosed in the Note 39 to the standalone financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall:
 - directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or



- provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries
- (ii) The management has represented that, to the best of their knowledge and belief, as disclosed in the Note 40 to the standalone financial statements, no funds have been received by the Company from any persons or entities, including foreign entities (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the Company shall:
- directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Parties (“Ultimate Beneficiaries”) or
 - provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (iii) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) above contain any material misstatement.
- e. The final dividend paid by the Company during the year in respect of the same declared for the previous year is in accordance with section 123 of the Act to the extent it applies to payment of dividend. As stated in Note 42 to the standalone financial statements, the Board of Directors of the Company have proposed final dividend for the year which is subject to the approval of the members at ensuing Annual General Meeting. The dividend declared is in accordance with section 123 of the Act to the extent it applies to declaration of dividend.
- C. With respect to the matter to be included in the Auditor’s Report under Section 197(16) of the Act:
- 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) of the Act which are required to be commented upon by us.

For **BSR & Co. LLP**

Chartered Accountants

Firm’s Registration No.:101248W/W-100022

Abhishek

Partner

Place: Pune

Membership No.: 062343

Date: February 22, 2023

ICAI UDIN:23062343BGYFSI3692



Annexure A to Independent Auditors' Report

Referred to in paragraph 14(f) of the Independent Auditors' Report of even date to the members of Mahindra CIE Automotive Limited on the standalone Ind AS financial statements for the year ended December 31, 2022

- i. (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.
- (B) The Company has maintained proper records showing full particulars of intangible assets.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has a regular programme of physical verification of its Property, Plant and Equipment by which all property, plant and equipment are verified in a phased manner over a period of 3 years. In accordance with this programme, certain property, plant and equipment were verified during the year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) 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 (other than immovable properties mentioned in the table below) disclosed in the standalone financial statements are held in the name of the Company.

₹ in million

Description of property	Total number of cases	Gross carrying value (₹ million)	Net carrying value (₹ million)
Freehold Land	6	635	635
Leasehold land	1	14	13
Building	6	930	632

These properties are in the name of Bill Forge Private Limited, Mahindra UGINE Steel Company Limited, Coimbatore City Building Private Limited and Vishrant Engineering Private Limited. These Properties have vested into the Company pursuant to amalgamations of these entities with the company. The Company is in the process of getting these properties transferred in its name.

- (d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year.
- (e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no proceedings initiated or pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.
- ii. (a) The inventory, except goods-in-transit and stocks lying with third parties, has been physically verified by the management during the year. For stocks lying with third parties at the year-end, written confirmations have been obtained and for goods-in-transit subsequent evidence of receipts has been linked with inventory records. In our opinion, the frequency of such verification is reasonable and procedures and coverage as followed by management were appropriate. No discrepancies were noticed on verification between the physical stocks and the book records that were more than 10% in the aggregate of each class of inventory.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks or financial institutions on the basis of security of current assets. In our opinion, the quarterly returns or statements filed by the Company with such banks or financial institutions are in agreement with the books of account of the Company except as follows:



Quarter	Name of bank	Particulars	Amount as per books of account (INR million)	Amount as reported in the quarterly return/statement (INR million)	Amount of difference (INR million)	Whether return/statement subsequently rectified
March 2022	Bank of Baroda	Receivables and payables	13,242	12,487	755	Yes
June 2022	Bank of Baroda	Payables	6,076	5,394	682	Yes
September 2022	Bank of Baroda	Payables	6,328	5,386	942	Yes

iii. According to the information and explanations given to us and on behalf of our examination of the records of the Company, the Company has made investments and granted unsecured loan to one party during the year to a Company, in respect of which the requisite information is as below. The Company has not provided guarantee or security, granted advances in the nature of loans during the year.

- (a) Based on the audit procedures carried on by us and as per the information and explanations given to us the Company has provided loans or provided advances in the nature of loans, or stood guarantee, or provided security to any other entity as below:

Particulars	Guarantees	Security	Loans	Advances in nature of loans
Aggregate amount during the year to the Subsidiary*	Nil	Nil	₹ 1,047 million	Nil
Balance outstanding as at balance sheet date Subsidiary*	Nil	Nil	₹ 207 million	Nil

*As per the Companies Act, 2013

- (b) According to the information and explanations given to us and based on the audit procedures conducted by us, in our opinion the investments made, during the year and the terms and conditions of the grant of loans during the year are, prima facie, not prejudicial to the interest of the Company. The Company does not have any advance in the nature of loans and has not provided any guarantee during the year.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, in the case of loans given, in our opinion the repayment of principal and payment of interest has been stipulated and the repayments or receipts have been regular except for the loan of Rs. 207 million given to CIE Hosur Limited (a wholly owned subsidiary) which is repayable on demand. As informed to us, the Company has not demanded repayment of the loan during the year. Thus, there has been no default on the part of the party to whom the money has been lent. The payment of interest has been regular. Further, the Company has not given any advance in the nature of loan to any party during the year.
- (d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there is no overdue amount for more than ninety days in respect of loans given. Further, the Company has not given any advances in the nature of loans to any party during the year.
- (e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there is no loan or advance in the nature of loan granted falling due during the year, which has been renewed or extended or fresh loans granted to settle the overdues of existing loans given to same parties.
- (f) According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion the Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment except for the following loans or advances in the nature of loans to its related parties as defined in Clause (76) of Section 2 of the Companies Act, 2013 ("the Act"):



	All Parties	Promoters	Related Parties
Aggregate of loans/advances in nature of loan - Repayable on demand (A)	₹ 1,047 million	Nil	₹ 1,047 million
- Agreement does not specify any terms or period of Repayment (B)	Nil	Nil	Nil
Total (A+B)	₹ 1,047 million	Nil	₹ 1,047 million
Percentage of loans/advances in nature of loan to the total loans	100%	0%	100%

- (iv) In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of 186 of the Companies Act, 2013 in respect of the loans and investments made. The Company has not granted any loans or made any investments, or provided any guarantees or security to the parties covered under Section 185. Further, the Company has not given any guarantees or security during the year and accordingly, to this extent, the provisions of Clause 3(iv) of the said Order are not applicable to the Company.
- (v) The Company has not accepted any deposits or amounts which are deemed to be deposits from the public. Accordingly, clause 3(v) of the Order is not applicable.
- (vi) We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under Section 148(1) of the Act in respect of its manufactured goods and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not carried out a detailed examination of the records with a view to determine whether these are accurate or complete.
- (vi) (a) The Company does not have liability in respect of Service tax, Duty of excise, Sales tax and Value added tax during the year since effective 1 July 2017, these statutory dues has been subsumed into GST.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs or Cess or other statutory dues have generally been regularly deposited with the appropriate authorities, though there have been slight delays in a few cases.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, no undisputed amounts payable in respect of Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs or Cess or other statutory dues were in arrears as at 31 December 2022 for a period of more than six months from the date they became payable, except as mentioned below:

Name of the statute	Nature of dues	Amount (₹)	Period to which the amount relates	Due date	Date of payment
The Employees Provident Fund and Miscellaneous Provisions Act, 1952	Provident fund	₹ 120 million	2014 to 2019	Various	Unpaid

- (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, statutory dues relating to Goods and Services Tax, Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs or Cess or other statutory dues which have not been deposited on account of any dispute are as follows:



Name of the statute	Nature of dues	Amount (₹) million)*	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	514	2004-05 to 2019-20	Commissioner of Income Tax (Appeals)
Central Excise Act, 1944	Excise Duty	124	2000 to June 2017	Commissioner of Central Excise (Appeals) to the Customs, Excise and Service Tax Appellate Tribunal
Finance Act, 1994	Service Tax	73	2005-06 to November 2015	The customs, Excise and Service Tax Appellate Tribunal
Sales Tax Laws	Sales Tax	8	1995-96 to June 2017	Joint Commissioner (Appeals), High court.

*-Net of amount paid under protest amounting to INR 54 million.

- (viii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year.
- (ix) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not defaulted in repayment of loans and borrowing or in the payment of interest thereon to any lender.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been declared a wilful defaulter by any bank or financial institution or government or government authority.
- (c) According to the information and explanations given to us by the management, the Company has not obtained any term loans during the year. Accordingly, clause 3(ix)(c) of the Order is not applicable.
- (d) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.
- (e) According to the information and explanations given to us and on an overall examination of the standalone financial statements of the Company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures as defined under the Act.
- (f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiaries or associate companies (as defined under the Act).
- (x) (a) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) Accordingly, clause 3(x)(a) of the Order is not applicable.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, clause 3(x)(b) of the Order is not applicable.
- (xi) (a) Based on examination of the books and records of the Company and according to the information and explanations given to us, no fraud by the Company or on the Company has been noticed or reported during the course of the audit.
- (b) According to the information and explanations given to us, no report under sub-section (12) of Section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of the Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- (c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.



- (xii) 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.
- (xiii) In our opinion and according to the information and explanations given to us, the transactions with related parties are in compliance with Section 177 and 188 of the Act, where applicable, and the details of the related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.
- (xiv) (a) Based on information and explanations provided to us and our audit procedures, in our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
 (b) We have considered the internal audit reports of the Company issued till date for the period under audit.
- (xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected to its directors and hence, provisions of Section 192 of the Act are not applicable to the Company.
- (xvi) (a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(a) of the Order is not applicable.
 (b) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(b) of the Order is not applicable.
 (c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, clause 3(xvi)(c) of the Order is not applicable.
 (d) The Company is not part of any group (as per the provisions of the Core Investment Companies (Reserve Bank) Directions, 2016 as amended). Accordingly, the requirements of clause 3(xvi)(d) are not applicable.
- (xvii) The Company has not incurred cash losses in the current and in the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors during the year. Accordingly, clause 3(xviii) of the Order is not applicable.
- (xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the standalone financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- (xx) (a) In our opinion and according to the information and explanations given to us, there is no unspent amount under sub-section (5) of Section 135 of the Act pursuant to any project other than ongoing projects. Accordingly, clause 3(xx)(a) of the Order is not applicable.
 (b) The amounts that are unspent under section (5) of section 135 of Companies Act, 2013 pursuant to the ongoing project, has been transferred to special account in compliance of with provisions of sub section (6) of section 135 of the said Act. This matter has been disclosed in Note 35 to the financial statements

For **BSR & Co. LLP**
Chartered Accountants

Firm's Registration No.:101248W/W-100022

Abhishek
Partner

Membership No.: 062343
ICAI UDIN:23062343BGYFSI3692

Place: Pune
Date: February 22, 2023



Annexure B to Independent Auditors' Report

Annexure B to the Independent Auditor's Report on the standalone financial statements of Mahindra CIE Automotive Limited for the year ended 31 December 2022

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

(Referred to in paragraph 2(A)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

We have audited the internal financial controls with reference to financial statements of Mahindra CIE Automotive Limited ("the Company") as of 31 December 2022 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 December 2022, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's and Board of Directors' Responsibilities for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements.

Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

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

Meaning of Internal Financial Controls with Reference to Financial Statements

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



Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

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

subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For **BSR & Co. LLP**
Chartered Accountants

Firm's Registration No.:101248W/W-100022

Abhishek
Partner

Place: Pune

Membership No.: 062343

Date: February 22, 2023 ICAI UDIN:23062343BGYFSI3692



Balance Sheet as at 31 December, 2022

		(₹ in Million)	
	Note No.	As at 31 December, 2022	As at 31 December, 2021
I	ASSETS		
1	NON-CURRENT ASSETS		
	(a) Property, Plant and Equipment	5	11,457
	(b) Capital Work-in-Progress	5	416
	(c) Right-of-use assets	5	925
	(d) Goodwill	6	10,167
	(e) Other Intangible Assets	7	23
	(f) Financial Assets		
	i) Investments	8	17,348
	ii) Other Financial Assets	8A	171
	(g) Income Tax Assets (net)		376
	(h) Other Non-Current Assets	10	396
	TOTAL NON-CURRENT ASSETS		41,279
2	CURRENT ASSETS		
	(a) Inventories	11	5,030
	(b) Financial Assets		
	(i) Investments	8	5,330
	(ii) Trade Receivables	9	5,737
	(iii) Cash and Cash Equivalents	12	372
	(iv) Bank balances other than (iii) above	12	121
	(v) Loans	8B	207
	(vi) Other Financial Assets	8A	-
	(c) Other Current Assets	10	348
	TOTAL CURRENT ASSETS		17,145
	TOTAL ASSETS		58,424
II	EQUITY AND LIABILITIES		
1	EQUITY		
	(a) Equity Share Capital	13	3,793
	(b) Other Equity	14	40,918
	TOTAL EQUITY		44,711
	LIABILITIES		
2	NON-CURRENT LIABILITIES		
	(a) Financial Liabilities		
	i) Lease Liabilities	5	341
	(b) Provisions	18	656
	(c) Deferred Tax Liabilities (net)	19	2,814
	(d) Other Non-Current Liabilities	22	-
	TOTAL NON-CURRENT LIABILITIES		3,811
3	CURRENT LIABILITIES		
	(a) Financial Liabilities		
	(i) Borrowings	15	1,232
	(ii) Lease Liabilities	5	133
	(iii) Trade Payables	16	
	- Total outstanding dues of Micro enterprises and Small enterprises; and		269
	- Total outstanding dues of creditors other than micro enterprises and small enterprises		6,195
	(iv) Other Financial Liabilities	17	111
	(b) Other Current Liabilities	22	1,279
	(c) Provisions	18	511
	(d) Current Tax Liabilities (Net)		172
	TOTAL CURRENT LIABILITIES		9,902
	TOTAL EQUITY AND LIABILITIES		58,424

The accompanying notes 1 to 45 are an integral part of these financial statements.

This is the Balance Sheet referred to in our report of even date.

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

Abhishek
Partner
Membership No. 062343

Pune, February 22, 2023

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

Ander Arenaza Alvarez
Executive Director - DIN : 07591785

Manoj Menon
Executive Director &
CEO-Business Division - DIN : 07642469

K. Jayaprakash
Chief Financial Officer
Pune, February 22, 2023

Dhananjay Mungale
Director - DIN : 00007563

Hari Krishnan
CEO-Business Division

Pankaj Goyal
Company Secretary & Compliance officer
ACS : A29614



Statement of Profit and Loss for the year ended 31 December, 2022

	Note No.	Year ended 31 December, 2022	Year ended 31 December, 2021
I Revenue from operations	23	43,978	32,906
II Other Income	24	1,206	175
III Total Income (I+II)		45,184	33,081
IV Expenses			
(a) Cost of materials consumed	25	24,711	17,412
(b) Changes in inventories of finished goods and work-in-progress	25	(259)	(780)
(c) Employee benefits expense	26	3,966	4,435
(d) Finance costs	27	135	122
(e) Depreciation and amortisation expense	5 & 7	1,332	1,193
(f) Other expenses	28	9,344	7,553
Total Expenses (IV)		39,229	29,935
V Profit before exceptional items and tax (III-IV)		5,955	3,146
VI Exceptional Items - (Gain) / Loss	33	(379)	128
VII Profit before tax (V-VI)		6,334	3,018
VIII Income Tax Expense			
1 Current tax	20	1,291	961
2 Reversal of provision for tax of earlier years	20	-	(293)
3 Deferred tax	20	(77)	1,247
Total tax expense		1,214	1,915
IX Profit for the year (VII-VIII)		5,120	1,103
X Other comprehensive income			
(i) Items that will not be reclassified to profit or loss			
Remeasurement of post-employment benefit obligation	29	11	(64)
(ii) Income tax relating to items that will not be reclassified to profit or loss	20	(3)	16
Other comprehensive Income/(loss) for the year, net of tax		8	(48)
XI Total comprehensive income for the year (IX+X)		5,128	1,055
XII Earnings per equity share of face value of ₹10 each :			
Basic	32	13.50	2.91
Diluted	32	13.50	2.91

The accompanying notes 1 to 45 are an integral part of these financial statements.

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Statement of changes in equity for the year ended 31 December, 2022

(₹ in Million)

A. Equity Share Capital

	Number of Shares	Equity share capital
Balance as at 1 January, 2022	379,075,399	3,791
Changes in equity share capital during the year		
Issue of equity shares pursuant to exercise of employee share options	241,980	2
Balance as at 31 December, 2022	379,317,379	3,793
Balance as at 1 January, 2020	379,010,682	3,790
Changes in equity share capital during the year		
Issue of equity shares pursuant to exercise of employee share options	64,717	1
Balance as at 31 December, 2021	379,075,399	3,791

B. Other Equity

	Reserves and surplus							Total
	Capital Reserve	Securities Premium Reserve	Equity-settled employee benefits reserve	General Reserve	Capital Redemption Reserve	Retained Earnings	Remeasurment of post employment benefit obligation	
As at 1 January, 2022	6,502	15,301	31	6,536	165	8,314	(137)	36,712
Profit for the year	-	-	-	-	-	5,120	-	5,120
Other comprehensive Income for the year, net of tax	-	-	-	-	-	-	8	8
Total Comprehensive Income for the year	-	-	-	-	-	5,120	8	5,128
Exercise of employee stock options	-	60	(26)	-	-	-	-	33
Dividend Paid	-	-	-	-	-	(948)	-	(948)
Any other changes	-	-	-	-	-	(7)	-	(7)
As at 31 December, 2022	6,502	15,361	5	6,536	165	12,480	(129)	40,918
As at 1 January, 2021	6,502	15,285	38	6,536	165	7,220	(86)	35,660
Profit for the year	-	-	-	-	-	1,103	-	1,103
Other comprehensive loss for the year, net of tax	-	-	-	-	-	-	(48)	(48)
Total Comprehensive Income for the year	-	-	-	-	-	1,103	(48)	1,055
Exercise of employee stock options	-	16	(7)	-	-	-	-	9
Any other changes	-	-	-	-	-	(9)	(3)	(12)
As at 31 December, 2021	6,502	15,301	31	6,536	165	8,314	(137)	36,712

The accompanying notes 1 to 45 are an integral part of these financial statements.

This is the Balance Sheet referred to in our report of even date.

For **BSR & Co. LLP**
Firm Registration No. 101248W/W-100022

Abhishek
Partner
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Pune, February 22, 2023

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Pune, February 22, 2023

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Statement of Cash Flows for the year ended 31 December, 2022

	Year ended 31 December, 2022	(₹ in Million) Year ended 31 December, 2021
I Cash flows from operating activities		
Profit before tax	6,334	3,018
Adjustments for:		
Finance costs	135	122
Interest income	(95)	(44)
Net Loss/ (Gain) on sale of investment and change in fair value of investments held at FVTPL	(30)	(23)
Allowances for trade receivables	7	(2)
Net Gain on disposal of Property, Plant and Equipment	(392)	(13)
Depreciation and amortisation expense	1,332	1,193
Dividend Income	(910)	
Provision for slow moving inventories	-	7
Voluntary Retirement Scheme	-	128
Liabilities written back no longer required	(13)	-
Share based payments	81	21
	6,448	4,407
Change in operating assets and liabilities:		
Increase in trade and other receivables	(1,263)	(388)
Increase in inventories	(440)	(1,297)
Decrease/(Increase) in other assets	571	(66)
Increase in trade and other payables	697	953
Increase in provisions	14	9
Increase/(decrease) in other liabilities	40	(399)
	(381)	(1,188)
Cash Generated from Operations	6,067	3,219
Income taxes paid (Net)	(1,284)	(468)
Net cash flow from operating activities	4,783	2,751
II Cash flows from investing activities		
Purchase of Property, Plant and Equipment	(1,867)	(2,097)
Purchase of current investments (net)	(1,286)	(1,741)
Proceeds from sale of Property, Plant and Equipment	518	190
Investment in Subsidiary companies	(1,230)	(146)
Investment in Associate	(53)	-
Deposits placed (net)	(121)	-
Dividend Income	910	-
Interest received	58	44
Loan given to subsidiary (net)	29	-
Net cash used in investing activities	(3,042)	(3,750)
III Cash flows from financing activities		
Proceeds from issue of equity instruments of the Company	35	10
Net (Repayment)/Proceeds of borrowings	(591)	896
Dividend Paid	(948)	-
Interest paid	(92)	(75)
Principal elements of lease payments	(85)	(101)
Interest on lease liabilities	(43)	(47)
Net cash (used in)/from financing activities	(1,724)	683
IV Net increase/(decrease) in cash and cash equivalents	17	(315)
Cash and cash equivalents at the beginning of the year	355	670
Effect of exchange rate changes on cash and cash equivalents	-*	-*
V Cash and cash equivalents at the end of the year	372	355

* Amount is below the rounding off norm adopted by the Company.

This is the Balance Sheet referred to in our report of even date.

For **BSR & Co. LLP**
Firm Registration No. 101248W/W-100022

Abhishek
Partner
Membership No. 062343

Pune, February 22, 2023

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

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Notes to the Standalone Financial Statements as at and for the year ended 31 December, 2022

(₹ in Million)

1. General information

Mahindra CIE Automotive Limited and activities

Mahindra CIE Automotive Limited (MCIE) is a Company incorporated in India having its registered office in Mumbai. MCIE is engaged in the business of production and sale of automotive components to original equipment manufacturers and other customers (including leading suppliers of components) in India and overseas.

The Company has manufacturing facilities in various locations across the country in India. MCIE has an established presence in each of these locations and supplies automotive components to its customers based there and exports products to customers based in other countries as well.

MCIE is a subsidiary of CIE Automotive S.A. based in Spain. Mahindra & Mahindra Limited (M&M), a Company based in India is a significant shareholder in MCIE. Pursuant to a global alliance between the two companies Mahindra's automotive components businesses across various products in India and Europe were brought together.

These standalone financial statements for the year ended December 31, 2022 were approved for issue by the Board of Directors in accordance with their resolution dated February 22, 2023.

2. Summary of significant accounting policies

2.1 Basis of presentation

The standalone financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Act. The financial statements have been prepared on a historical cost basis, except for share based payments, non-current assets and disposal group classified as held for sale, derivative financial instruments and certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments).

The financial statements are presented in Million INR except earnings per share data and unless stated otherwise. All values are rounded to the nearest Million except when otherwise indicated.

2.2 Segment information

Operating segments (Note 34) are reported consistently with the internal reporting provided to the Board of Directors. The Board of Directors is responsible for allocating resources to and assessing the performance of the operating segments.

2.3 Current and non-current classification

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

All other assets are classified as non-current.

A liability is current when:

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

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets or liabilities.

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



Notes to the Standalone Financial Statements as at and for the year ended 31 December, 2022

(₹ in Million)

2.4 Foreign currencies

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction. Realized gains and losses and also exchange differences arising on translation at year end exchange rates of monetary assets and monetary liabilities outstanding at the end of the year are recognized in the statement of Profit and Loss.

2.5 Revenue recognition

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has concluded that it is principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer. The policy of recognising the revenue is determined by the five-stage model proposed by Ind AS 115 "Revenue from contract with customers".

Sale of goods

Revenue from sale of goods is recognized at the point in time when control of the asset is transferred to the customer generally on date of bill of lading for export sales and generally on delivery for domestic sales. The normal credit term is 30 to 90 days upon delivery. The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of goods, the Company considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer, if any.

2.6 Other Revenue

Export incentives

Revenue from export incentives are accounted for on export of goods if the entitlements can be estimated with reasonable assurance and condition precedent to claim are fulfilled.

Interest income

For all debt instruments measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in other income in the statement of profit and loss.

Dividends

Revenue is recognised when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

2.7 Government grants

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

2.8 Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.



Notes to the Standalone Financial Statements as at and for the year ended 31 December, 2022

(₹ in Million)

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized either in other comprehensive income or in equity. Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Goods and Services taxes paid on acquisition of assets or on incurring expenses

Expenses and assets are recognized net of the amount of Goods and Services taxes paid, except:

When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable

When receivables and payables are stated with the amount of tax included

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

2.9 Leases**As a lessee**

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the company. Lease payments are allocated between the principal (liability) and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- amounts expected to be payable by the lessee under residual value guarantees
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to



Notes to the Standalone Financial Statements as at and for the year ended 31 December, 2022

(₹ in Million)

pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss.

Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office equipments.

As a Lessor

Lease income from operating leases where the company is a lessor is recognised in income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. The respective leased assets are included in the balance sheet based on their nature.

2.10 Property, plant and equipment

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of items.

Subsequent costs are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit and loss during the reporting period in which they are incurred.

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

- Building 30/60 years
- Furniture and fixtures 5 to 10 years
- Office equipment 5 to 10 years
- Vehicles 3 to 8 years
- Computers 3 to 6 years

The depreciation policy historically applied by MCIE to productive assets (plant, machinery and tools) is to systematically apply depreciation based on the useful lives of the assets concerned. These useful lives were estimated in accordance with the actual production capacity of the assets and their residual value, as well as a maximum useful life for each asset.

For certain plants and machineries, the Management applies unit of production method for depreciation. By using the units of production method, annual depreciation charges adapt to changes in production levels, on the understanding that this best reflects the expected pattern of consumption of the future economic benefits embodied by the assets. Units of production method of depreciation is calculated for these categories of plant, machinery, based on the actual production levels attained by the assets and their residual value.

For other plant and equipment, where usage and efflux of time is primary determinant, the Company continues to depreciate assets using straight-line basis over the estimated useful lives of the assets as follows:

- Plant and equipment (other than those stated above) 5 to 15 years

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



Notes to the Standalone Financial Statements as at and for the year ended 31 December, 2022

(₹ in Million)

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

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

2.11 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

Amortisation is calculated on a straight-line basis over the estimated useful lives of 3 to 5 years.

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognized in the statement of profit and loss.

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

2.12 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

2.13 Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition is accounted for as follows:

- Raw materials: Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.
- Finished goods and work in progress: Cost includes cost of direct materials and labour cost and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs. Cost is determined on weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2.14 Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash flows from other assets or groups of assets (cash-generating units). When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.



Notes to the Standalone Financial Statements as at and for the year ended 31 December, 2022

(₹ in Million)

In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five year. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Company extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries for the market in which the asset is used.

Impairment losses of continuing operations, including impairment on inventories, are recognized in the statement of profit and loss, except for properties previously revalued with the revaluation surplus taken to OCI. For such properties, the impairment is recognized in OCI up to the amount of any previous revaluation surplus.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior year. Such reversal is recognized in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually as at 31 December.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU to which the goodwill relates. In assessing the recoverable amount of the CGU, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful lives are tested for impairment annually as at 31 December at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

2.15 Provisions

General

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

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

2.16 Retirement and other employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.



Notes to the Standalone Financial Statements as at and for the year ended 31 December, 2022

(₹ in Million)

The Company operates a defined benefit gratuity plan in India, which requires contributions to be made to a separately administered fund.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit liability), and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognized in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Company recognizes related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

2.17 Share based payments

Share based compensation benefits are provided to employees via the Employee Stock Options Scheme and Stock Appreciation Rights.

The fair value of options granted under the above scheme is recognised as employee benefit expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

- Including any market performance conditions;
- Excluding the impact of any service vesting conditions.

Non-market performance and service conditions are included in the assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period during which all the specified vesting conditions are to be satisfied.

At the end of each reporting period, the Company revises the estimates of the number of options that are expected. It recognises the impact of the revision of original estimates, if any, in the income statement, with corresponding adjustment to equity.

The total cost of the services rendered by the beneficiaries is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied (continued service at the Company).

Liabilities for the Company's share appreciation rights are recognised as employee benefit expense over the relevant service period. The liabilities are remeasured to fair value at each reporting date.

2.18 Earnings Per Share

(i) Basic Earnings per share

Basic earnings per share is calculated by dividing

- the profit attributable to owners of the Company
- by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year and excluding treasury shares, if any.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:



Notes to the Standalone Financial Statements as at and for the year ended 31 December, 2022

(₹ in Million)

- the after-income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of the additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

2.19 Financial Assets and Financial liabilities

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets**Initial recognition and measurement**

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortized cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Notes to the Standalone Financial Statements as at and for the year ended 31 December, 2022**Financial liabilities****Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

Subsequent measurement**Loans and borrowings**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

2.20 Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

2.21 Dividend

The Company recognizes a liability to make cash or non-cash distributions to equity holders of the parent when the distribution is authorised, and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders.



Notes to the Standalone Financial Statements as at and for the year ended 31 December, 2022

(₹ in Million)

2.22 Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If the receivable is expected to be collected within a period of 12 months or less from the reporting date, they are classified as current assets otherwise as non-current assets.

Trade receivables are measured at their transaction price unless it contains a significant financing component or pricing adjustments embedded in the contract.

Loss allowance for expected lifetime credit loss is recognised on initial recognition of the trade receivables.

2.23 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from supplier. Account payable is classified as current liabilities if payment is due within one year or less. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.24 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest rate method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer their settlement for at least 12 months after the end of the reporting period.

Fees paid on for availing the loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facilities will be drawn down. In this case, the fees are deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

2.25 Non-current assets held for sale

Non-current assets (or disposal group) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable.

Non-current assets and disposal group classified as held for sale are measured at lower of their carrying amount and fair value less costs to sell.

3. Financial risk management

3.1 Financial risk factors

The Company's activities expose it to a variety of financial risks viz. market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

a. Market risk

(i) Foreign Currency Risk:-

The Company operates internationally, and the business is transacted in several currencies. Consequently, the Company is exposed to foreign exchange risk through its sale and purchase of goods and services in mainly USD, EURO and GBP.



Notes to the Standalone Financial Statements as at and for the year ended 31 December, 2022

(₹ in Million)

The exposure on the rest of the assets denominated in other foreign currencies in respect of operations is not material.

The Company's exposure to foreign currency risk at the year end expressed in ₹ million is as follows:

	31 December, 2022				31 December, 2021			
	USD	EUR	GBP	Other Currencies	USD	EUR	GBP	Other Currencies
Financial Assets								
Trade Receivables	375	419	18	-	347	280	27	-
Cash and Cash equivalents	10	13	-	-	2	1	-	0
Net exposure to foreign currency risk (assets)	385	432	18	-	349	281	27	0
Financial Liabilities								
Trade Payables	127	41	2	6	155	181	46	-*
Net exposure to foreign currency risk (liabilities)	127	41	2	6	155	181	46	-*

* Amount is below the rounding off norm adopted by the Company.

For the year ended 31 December, 2022 and 31 December, 2021, every ten percentage appreciation/depreciation in the exchange rate between the Indian rupee and U.S. Dollar, would have affected the Company's incremental operating margins by approximately ₹ 25 Million and ₹ 19 Million, respectively. Further every ten percentage appreciation/depreciation in the exchange rate between the Indian rupee and Euro, would have affected the Company's incremental operating margins by approximately ₹ 39 Million and ₹ 10 Million, respectively. Further every ten percentage appreciation/depreciation in the exchange rate between the Indian rupee and GBP, would have affected the Company's incremental operating margins by approximately ₹ 2 Million and ₹ 2 Million, respectively.

The sensitivity for net exposure of other currencies does not have material impact to the Statement of Profit and Loss.

Sensitivity analysis is computed based on the changes in the receivables and payables in foreign currency upon conversion into functional currency, due to exchange rate fluctuations in the previous reporting period and the current reporting period.

(ii) Interest rate risk

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

Interest rate sensitivity

There are no long term borrowings as at the year end.

b. Liquidity risk

- (i) The prudent management of liquidity risk entails maintaining enough cash and available financing through sufficient credit facilities. In this respect MCIE strategy, articulated by its Treasury Department, is to maintain the necessary financing flexibility through the availability of committed credit lines. Additionally, and on the basis of its liquidity needs, the Company uses liquidity facilities (non-recourse factoring and the sale of financial assets representing receivable debts, transferring the related risks and rewards). Management monitors the Company's forecast liquidity requirements together with the trend in net debt.



Notes to the Standalone Financial Statements as at and for the year ended 31 December, 2022

(₹ in Million)

The calculation of liquidity and net debt at 31 December, 2022 and 31 December, 2021 is calculated as follows:

	31 December, 2022	31 December, 2021
Cash and bank balances (Note 12)	492	355
Other current financial assets – Investments (Note 8)	5,330	4,014
Undrawn credit facilities and loans	1,588	1,500
Liquidity buffer	7,410	5,869
Borrowings (Note 15)	1,232	1,823
Other Financial Liabilities (Note 17)	585	829
Cash and bank balance (Note 12)	(492)	(355)
Other current financial assets – Investments (Note 8)	(5,330)	(4,014)
Net financial debt/ (Surplus cash and cash equivalents)	(4,005)	(1,717)

(ii) Maturities of financial liabilities

The table below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Contractual maturities of financial liabilities	31 December, 2022		31 December, 2021	
	Less than 1 year	More than 1 year	Less than 1 year	More than 1 year
Borrowings (Note 15)	1,232	-	1,823	-
Trade payables (Note 16)	6,464	-	5,780	-
Other financial liabilities (Note 17)	244	341	389	440
Total	7,940	341	7,992	440

The Company believes that the on-going initiatives will prevent liquidity shortfalls. In this respect, management expects that the cash generated will be sufficient to service payment obligations for the next twelve months.

The Company monitors the Company's forecast liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining enough headroom on its undrawn committed borrowing facilities at all times so that the Company does not breach borrowing limits or covenants on any of its borrowing facilities.

Noteworthy is the existence at 31 December, 2022 of ₹ 1,588 million in unused loans and credit lines (31 December, 2021: ₹ 1,500 million).

One of the Company's strategies is to ensure the optimisation and maximum saturation of the resources assigned to the business. The Company therefore pays special attention to the net operating working capital invested in the business. In this regard, as in previous years, considerable work has been performed to control and reduce collection periods for trade and other receivables, as well as to optimise accounts payable with the support of banking arrangements to mobilise funds and minimise inventories through logistic and industrial management, allowing JIT (just in time) supplies to our customers.

c. Credit Risk

Credit risk from cash and cash equivalents and bank deposits is considered immaterial in view of the creditworthiness of the banks the Company works with. If management detects liquidity risk in respect of its banks under certain specific circumstances, it recognises impairment provisions as warranted.



Notes to the Standalone Financial Statements as at and for the year ended 31 December, 2022

(₹ in Million)

In addition, company has specific policies for managing customer credit risk; these policies factor in the customers' financial position, past experience and other customer specific factors.

With respect to customer credit limits, it should be noted that the Company policy is to spread its volumes across customers or manufacturing platforms.

One of the customer group exceeds 10% of the Company's turnover for the years 2022 and 2021. Sales to this customer in 2022 are ₹ 15,555 million (2021: ₹ 10,975 million).

i. Trade receivables

Credit risk arises from the possibility that customer will not be able to settle their obligations as and when agreed. To manage this, the Company periodically assesses the financial reliability of customers, taking into account the financial condition, current economic trends, analysis of historical bad debts, ageing of accounts receivable and forward looking information. Individual credit limits are set accordingly.

The company uses Expected Credit Loss (ECL) model to assess the impairment gain or loss. As per ECL simplified approach, the Company uses a provision matrix to compute the expected credit loss allowance for trade receivables. The provision matrix takes into account a continuing credit evaluation of Company's customers financial condition; ageing of trade accounts receivable; the value and adequacy of collateral received from the customers in certain circumstances (if any); the Company's historical loss experience; and adjustment based on forward looking information. The Company defines default as an event when there is no reasonable expectation of recovery.

3.2 Fair Value estimation

Fair value measurement

The Company measures financial instruments, such as short term investments at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period (Refer Note 21).



Notes to the Standalone Financial Statements as at and for the year ended 31 December, 2022

(₹ in Million)

3.3 Capital risk management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for the other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company can adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry the Company monitors capital on the basis of the leverage ratio, this ratio is calculated as net debt divided by total capital employed. Net debt is calculated as total borrowings plus current financial liabilities less cash, cash equivalents and current financial assets, all of which are shown in the annual accounts. Total capital employed is calculated as 'equity', as shown in the standalone annual accounts, plus net debt.

Calculation of Gearing ratio.

	31 December, 2022	31 December, 2021
Net Financial Debt (Refer Note 3.1.(b))	(4,005)	(1,717)
Equity	44,711	40,503
Less: Long term investment	(17,348)	(16,028)
Total Capital Employed	23,358	22,758
Gearing Ratio	#	#

Gearing ratio is not applicable since the Company has no Net Financial Debt.

4. Accounting estimates and judgements

The preparation of financial statements requires management to make judgments, estimates and assumptions affecting the application of accounting policies and the amounts presented under assets and liabilities, income and expenses. Actual results may differ from these estimates.

a) Estimated impairment loss on goodwill

The Company tests annually whether goodwill has suffered any impairment. The recoverable amounts of cash-generating units basically which were determined on the basis of calculations of value in use did not give rise to impairment risks on the Company's goodwill at 31 December, 2022.

b) Income tax

Income tax expense for the period ended 31 December, 2022 has been estimated based on profit before taxes, as adjusted for any permanent and/or temporary differences envisaged in tax legislation governing the corporate income tax base calculation. The tax is recognized in the income statement, except insofar as it relates to items recognized directly in equity, in which case, it is also recognized in equity.

Tax credits and deductions and the tax effect of applying tax-loss carry forwards that have not been capitalised are treated as a reduction in the corporate income tax expense for the year in which they are applied or offset.

The calculation of income tax expense did not require the use of significant estimates except in tax credits recognized in the year and claim of goodwill, which was at all times consistent with the annual financial statements.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the annual accounts. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.



Notes to the Standalone Financial Statements as at and for the year ended 31 December, 2022

(₹ in Million)

Deferred taxes on temporary differences are recognized when arising on investments in subsidiaries, associates and joint ventures, except in those cases where the Company can control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets deriving from the carry forward of unused tax credits and unused tax losses are recognised to the extent that it is probable that future taxable profit will be available against which the tax assets can be utilised. In the case of investment tax credits the counterpart of the amounts recognized is the deferred income account. The tax credit is accrued as a decrease in expense over the period during which the items of property, plant and equipment that generated the tax credit are depreciated, recognizing the right with a credit to deferred income.

c) Pension benefits

The present value of the Company's pension obligations depends on a series of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

The Company determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Company considers the interest rates of Government bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension obligation. Other key assumptions for employee benefits are based in part on current market conditions.

d) Assessment of carrying value of Equity Investments in Subsidiaries

On an annual basis, the Company evaluates whether an impairment is required to the carrying value of Equity investment in its subsidiaries. The recoverable amounts of cash-generating units basically which were determined on the basis of calculations of value in use did not give rise to impairment risks on the carrying value of Company's Equity investments at 31 December, 2021.

e) Legal Contingencies

The Company has received orders and notices from tax authorities in respect of direct taxes, indirect taxes and other litigations. The outcome of these matters may have a material effect on the financial position, results of operations or cash flows. Management regularly analyzes current information about these matters and provides provisions for probable contingent losses including the estimate of legal expense to resolve the matters. In making the decision regarding the need for loss provisions, management considers the degree of probability of an unfavourable outcome and the ability to make a sufficiently reliable estimate of the amount of loss. The filing of a suit or formal assertion of a claim against the Company or the disclosure of any such suit or assertions, does not automatically indicate that a provision of a loss may be appropriate.



Notes to the Standalone Financial Statements as at and for the year ended 31 December, 2022

(₹ in Million)

5. Property, Plant and Equipment

The details and movements in property, plant and equipment are as follows:

For the year 2022

Description of Assets	Land	Building	Plant and Equipment	Furniture and fixtures, tools and furnishings	Office Equipment	Vehicles	Computer /EDP Equipment	Total	Capital Work-in-Progress
I. Gross Carrying Amount									
Balance as at 1 January, 2022	1,026	3,093	14,504	81	62	89	97	18,952	587
Additions	16	198	1,616	11	12	48	23	1,924	1,753
Disposals/ Capitalisation	(9)	(24)	(217)	(1)	(1)	(42)	(55)	(349)	(1,924)
Balance as at 31 December, 2022	1,033	3,267	15,903	91	73	95	65	20,527	416
II. Accumulated depreciation and impairment									
Balance as at 1 January, 2022	-	(766)	(7,123)	(55)	(41)	(28)	(74)	(8,087)	-
Depreciation expense for the year	-	(151)	(1,011)	(8)	(7)	(18)	(12)	(1,207)	-
Disposals	-	13	115	6	1	34	56	225	-
Balance as at 31 December, 2022	-	(904)	(8,019)	(57)	(47)	(12)	(30)	(9,069)	-
III. Net carrying amount	1,033	2,363	7,883	34	26	83	35	11,457	416



Notes to the Standalone Financial Statements as at and for the year ended 31 December, 2022

(₹ in Million)

For the year 2021

Description of Assets	Land Building		Plant and Equipment		Furniture and Fixtures, tools and furnishings		Office Equipment		Vehicles		Computer / EDP Equipment		Capital work-in-Progress	
I. Gross Carrying Amount														
Balance as at 1 January 2021	1,155	2,995	12,746	84	56	61	96	17,193	688					
Additions	-	106	1,954	0	8	44	9	2,121	2,312					
Disposals / Capitalization	(129)	(8)	(196)	(3)	(2)	(16)	(8)	(362)	(2,413)					
Balance as at 31 December, 2021	1,026	3,093	14,504	81	62	89	97	18,952	587					
II. Accumulated depreciation and impairment														
Balance as at 1 January 2021	-	(649)	(6,376)	(54)	(36)	(27)	(71)	(7,213)	-					
Depreciation expense for the year	-	(125)	(897)	(6)	(7)	(12)	(11)	(1,058)	-					
Disposals	-	8	150	5	2	11	8	184	-					
Balance as at 31 December, 2021	-	(766)	(7,123)	(55)	(41)	(28)	(74)	(8,087)	-					
III. Net carrying amount														
	1,026	2,327	7,381	26	21	61	23	10,865	587					



Notes to the Standalone Financial Statements as at and for the year ended 31 December, 2022

(₹ in Million)

i) **Contractual obligation**

Refer note 30 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

ii) **Capital Work-in-Progress**

Capital Work-in-Progress mainly comprises of capital expenditure incurred pertaining to plant and equipment not yet capitalised..

Capital work-in-progress ageing schedule

Dec 31, 2022	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
Projects in progress	381	35	-	-	416
Projects overdue from original planned completion date	-	-	-	-	-
Total	381	35	-	-	416

Dec 31, 2021	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
Projects in progress	572	15	-	-	587
Projects overdue from original planned completion date	-	-	-	-	-
Total	572	15	-	-	587

Title deeds of Immovable Properties not held in name of the Company:

Relevant Line of Balance sheet	Description of Property	Total Number of cases	Gross Carrying Value 31- Dec 22	Net Carrying Value 31- Dec 22	Reason for not being held in the name of company
Property, Plant and Equipment	Free hold Land	6	635	635	Refer note below
Right of Use Asset	Lease hold Land	1	14	13	
Property, Plant and Equipment	Building	6	930	632	

Note :

These properties are in the name of Bill Forge Private Limited, Mahindra UGINE Steel Company Limited, Coimbatore City Building Private Ltd and Vishrant Engineering Private Ltd. These Properties have vested into the company pursuant to amalgamations of these entities with the company. The Company is in the process of getting these properties transferred in its name.



Notes to the Standalone Financial Statements as at and for the year ended 31 December, 2022

(₹ in Million)

iii) Leases

This note provides the information for leases where the company is a lessee. The company leases various offices, buildings, leasehold land, and vehicles. Rental contracts are typically made for fixed periods of 6 months to 13 years.

i) Amounts recognised in the balance sheet

Property, plant and equipment includes the below amounts recognised as Right of use of assets:

	<u>31 December, 2022</u>	<u>31 December, 2021</u>
Right of use of assets		
Leasehold Land	546	568
Buildings	340	451
Vehicles	39	6
Total	<u>925</u>	<u>1,025</u>

The corresponding lease liability as per Ind AS 116 is below:

	<u>31 December, 2022</u>	<u>31 December, 2021</u>
Lease liabilities		
Current	133	119
Non - Current	341	440
Total	<u>474</u>	<u>559</u>

Additions to the right-of-use assets during the current financial year were ₹ 4 Million (31 December 2021 ₹ 128 Million)

ii) Amounts recognised in the statement of profit and loss

The statement of profit or loss shows the amounts relating to leases:

	<u>31 December, 2022</u>	<u>31 December, 2021</u>
Depreciation/ Amortisation charge of right of use of assets		
Leasehold Land *	21	25
Buildings	73	75
Vehicles	20	25
Total	<u>114</u>	<u>125</u>
	<u>31 December, 2022</u>	<u>31 December, 2021</u>
Interest expense (included in finance costs)	43	47
Expense relating to short term leases (included in other expenses)	34	50
Expense relating to leases of low- value assets that are not shown above as short term leases (included in other expenses)	55	3

The total cash outflow for leases for the year ended 31 December 2022 was ₹ 229 Million (31 December 2021 ₹ 201 Million)

** This pertains to amortisation of lease premium paid in advance on leasehold land.



Notes to the Standalone Financial Statements as at and for the year ended 31 December, 2022

(₹ in Million)

6. Goodwill

Goodwill is tested for impairment on an annual basis. Goodwill is monitored by management at the level of cash generating units, which is India in this case. For the current and previous financial year, the recoverable amount of Cash Generating Unit (CGU) was determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by management covering a five year period.

Key assumptions used in the calculation of value in use:

The following table sets out the key assumptions for the CGU:

Particulars	31 December, 2022	31 December, 2021
Discount rate (Pre Tax)	10.38%	10.58%
EBIDTA Margins (range)	13% to 26.7%	13% to 26%
Annual sales growth rate	0.02% to 18.29%	-2% to 23%
Terminal sales growth rate	7.50%	7.50%

Management has determined the values assigned to each of the above key assumptions as follows:

Assumptions	Approach used to determine values
Discount rate	Discount rate represents the current market assessment of the risks specific to the CGU, taking into consideration the time value of money and individual risks of the underlying assets that have been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the CGU and is derived from the CGU's weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the investors. The cost of debt is based on the interest-bearing borrowings the Company is obliged to service. CGU specific risk is incorporated by applying individual beta factor. The beta factor is evaluated annually based on publicly available market data.
EBITDA Margins	EBITDA margins are based on the actual EBITDA of respective CGU based on the past trend and future expectations.
Annual sales growth rate	Annual growth rate over the five-year forecast period; based on past performance, current industry trends including long-term inflation forecast and management's expectation of market development.
Terminal sales growth rate	The Company has considered growth rate to extrapolate cash flows beyond the forecast period, consistent with the industry forecasts, based on GDP growth estimates and the inflation rate in each market, and evaluating the level of investment required to achieve such growth.

Sensitivity to changes in assumptions of CGU

The management believes that no reasonably possible change (say 10%) in any of the key assumptions used in the value in use calculation would cause the carrying value of the CGU to materially exceed its value in use.

Results of the analysis

Based on the above assessment, the Company concluded that in both current year as well as previous year, goodwill has not suffered any impairment. Further, the result of using before-tax cash flows and discount rates does not differ significantly from the outcome of using after-tax cash flows and discount rates.



Notes to the Standalone Financial Statements as at and for the year ended 31 December, 2022

(₹ in Million)

Movement of Goodwill

	31 December, 2022	31 December, 2021
Opening Goodwill as at 1 January	10,167	10,167
Add: Movement during the year	-	-
Closing Goodwill as at 31 December	10,167	10,167

7. Other Intangible assets

The details and movements of the main classes of intangible assets are shown below:

For the year 2022

Description of Assets	Technical Knowhow	Computer Software	Development Cost	Total
I. Gross Carrying Amount				
Balance as at 1 January, 2022	3	141	55	199
Additions	-	10	-	10
Disposals	-	(75)	-	(75)
Balance as at 31 December, 2022	3	76	55	134
II. Accumulated depreciation and impairment				
Balance as at 1 January, 2022	(3)	(117)	(55)	(175)
Amortisation expense for the year	-	(10)	-	(10)
Disposals	-	74	-	74
Balance as at 31 December, 2022	(3)	(53)	(55)	(111)
III. Net carrying amount	-	23	-	23

For the year 2021

Description of Assets	Technical Knowhow	Computer Software	Development Cost	Total
I. Gross Carrying Amount				
Balance as at 1 January, 2021	3	145	55	203
Additions	-	7	-	7
Disposals	-	(11)	-	(11)
Balance as at 31 December, 2021	3	141	55	199
II. Accumulated amortisation and impairment				
Balance as at 1 January, 2021	(3)	(118)	(55)	(176)
Amortisation expense for the year	-	(10)	-	(10)
Disposal	-	11	-	11
Balance as at 31 December, 2021	(3)	(117)	(55)	(175)
III. Net carrying amount	-	24	-	24



Notes to the Standalone Financial Statements as at and for the year ended 31 December, 2022

(₹ in Million)

8. Investments

	As at 31 December, 2022			As at 31 December, 2021		
	No of Shares/ Units	Amounts Current	Amounts Non Current	No of Shares/ Units	Amounts Current	Amounts Non Current
A Investment in equity instruments (unquoted-fully paid up)						
Subsidiary Companies						
UAB CIE Galfor SA	5,550	-	7,034	5,500	-	7,034
BF Precision Private Limited	10,000	-	0	9,999	-	0
Bill Forge de Mexico SA de CV	2,970	-	-*	2,970	-	-*
"(2,970 shares of Pesos 1 each 2,033,710 shares of Class II Series B Pesos 1 each)"	2,033,710	-	7	2,033,710	-	7
CIE Hosur Limited (Refer note 'a')	5,000,000	-	50	10,000	-	-*
Aurangabad Electricals Limited	2,940,000	-	8,759	2,940,000	-	8,759
B Investment in Preference instruments (unquoted-fully paid up)						
Subsidiary Companies						
Investment at fair value through amortised cost						
CIE Hosur Limited (8.5% Cumulative, non convertible) (Refer note 'a')	11,800,000	-	1,217	-	-	-
Total investment in Subsidiaries	-	-	17,067	-	-	15,800
Associate Companies						
Gescrap India Private Limited (30% share)	3,720,000	-	37	3,720,000	-	37
Clean Max Deneb Power LLP (26% Share) (Refer note 'b')	-	-	42	-	-	32
Sunbarn Renewables Private Limited (26.12% Share) (Refer note 'b')	1,112,813	-	89	872,813	-	70
ReNew Surya Alok Private Limited (31.20% Share)	8,260,000	-	83	8,260,000	-	83
Strongsun Solar Private Limited (27.35% Share) (Refer note 'b')	303,250	-	24	-	-	-
Others						
Clean Wind Power (Manvi) Private Limited	420,000	-	4	420,000	-	4
Clean Wind Power (Pratapgarh) Private Limited	27,600	-	2	27,600	-	2
The Saraswat Cooperative Bank Limited	2,550	-	-*	2,550	-	-*
Total investment in Associate Companies & Others	-	-	281	-	-	228
Subtotal (A)	-	-	17,348	-	-	16,028



Notes to the Standalone Financial Statements as at and for the year ended 31 December, 2022

(₹ in Million)

	As at 31 December, 2022			As at 31 December, 2021		
	No of Shares/ Units	Amounts Current	Amounts Non Current	No of Shares/ Units	Amounts Current	Amounts Non Current
C Investments in Mutual Funds (unquoted)						
Axis Liquid Fund - Direct Growth	460,328	1,132	-	352,415	826	-
ICICI Prudential Liquid Plan - Direct Growth	3,840,327	1,132	-	2,642,551	826	-
HDFC ultra short term fund - Direct Growth	-	-	-	-	-	-
Aditya Birla Sunlife Liquid Fund - Direct Growth	-	-	-	-	-	-
Axis Ultra Short - Direct Growth	-	-	-	16,370,106	202	-
Axis Money Market - Direct Growth	1,022,944	1,223	-	184,596	210	-
ICICI Prudential Money Market - Direct Growth	3,454,904	1,223	-	692,375	210	-
ICICI Prudential Overnight Fund DP Growth	260,774	310	-	7,657,549	870	-
Axis Overnight Fund - Direct Growth	265,837	310	-	780,992	870	-
Subtotal (B)	-	5,330	-	-	4,014	-
C Investment in Subsidiary (Disposal Group)						
Stokes Group Limited	138,329,310	2,063	-	138,329,310	2,063	-
Subtotal '(C)	-	2,063	-	-	2,063	-
Total (A+B+C)	-	7,393	17,348	-	6,077	16,028
Less: Provision for impairment	-	(2,063)	-	-	(2,063)	-
Total investments	-	5,330	17,348	-	4,014	16,028

* Amount is below the rounding off norm adopted by the Company.

- a) During the previous year, CIE Hosur Limited was incorporated as the Company's wholly owned subsidiary. CIE Hosur is in the business of manufacturing of auto components. The company has made investment in preference shares of this entity in current year.
- b) During the year, the Company has made investment in Clean Max Deneb Power LLP, Sunbarn Renewables Private Limited and Strongsun Solar Private Limited which are engaged in solar energy business.

8A Other Financial Assets

	As at 31 December, 2022		As at 31 December, 2021	
	Current	Non-Current	Current	Non-Current
Security Deposits	-	171	-	180
Others	-	-	12	-
Total	-	171	12	180

8B Loans

	As at 31 December, 2022		As at 31 December, 2021	
	Current	Non-Current	Current	Non-Current
Loans to related parties				
-unsecured, considered good	207	-	236	-
	207	-	236	-

The loans are repayable on demand



Notes to the Standalone Financial Statements as at and for the year ended 31 December, 2022

(₹ in Million)

9. Trade Receivables

	As at 31 December, 2021	As at 31 December, 2020
(a) Unsecured, considered good	5,737	4,481
(b) Doubtful	53	46
Less: Allowance for doubtful debt	(53)	(46)
Total	5,737	4,481
Of the above, trade receivables from:		
- Related Parties (Note 31)	1,434	3,381
- Others	4,303	1,100
	5,737	4,481

Transferred Receivables

The carrying amount of the trade receivable includes receivables which are subject to factoring arrangement. Under this arrangement, the Company has transferred the relevant receivables to the factor in exchange for Cash and is prevented from selling or pledging the receivables. However, the Company has retained late payment and credit risk. The Company therefore continues to recognize the transferred assets in their entirety in its balance sheet. The amount repayable under the factoring agreement is presented as borrowing. The company considers the held to collect business model to remain appropriate for these receivables and hence continues measuring them at amortized cost.

The relevant carrying amounts are as follows:

	As at 31 December, 2022	As at 31 December, 2021
Transferred trade receivables	97	130
Associated short term borrowings (Included in Note 15)	97	130

Movement of Loss allowance:

	Amount
Loss allowance as on 31 December, 2021	46
Addition during the year (net)	7
Loss allowance as on 31 December, 2022	53

Trade Receivables outstanding Ageing

As at Dec 31, 2022	Unbilled	Less than 6 months	6 months - 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
Undisputed trade receivables - considered good	141	5,526	67	3	-	-	5,737
Undisputed trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed trade receivables - credit impaired	-	-	-	-	-	34	34
Disputed trade receivables - considered good	-	-	-	-	-	-	-
Disputed trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed trade receivables - credit impaired	-	-	-	-	-	19	19
Total	141	5,526	67	3	-	53	5,790
Less: Loss allowance	-	-	-	-	-	(53)	(53)
Net trade receivables	141	5,526	67	3	-	-	5,737
Weighted - average loss rate	0%	0%	0%	0%	0%	100%	-



Notes to the Standalone Financial Statements as at and for the year ended 31 December, 2022

(₹ in Million)

As at Dec 31, 2021	Unbilled	Less than 6 months	6 months – 1 year	1 – 2 years	2 – 3 years	More than 3 years	Total
Undisputed trade receivables - considered good	25	4,451	6	0	-	-	4,481
Undisputed trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed trade receivables - credit impaired	-	-	-	-	2	24	26
Disputed trade receivables - considered good	-	-	-	-	-	-	-
Disputed trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed trade receivables - credit impaired	-	-	-	-	-	20	20
Total	25	4,451	6	0	2	44	4,527
Less: Loss allowance	-	-	-	-	(2)	(44)	(46)
Net trade receivables	25	4,451	6	0	-	0	4,481
Weighted - average loss rate	0%	0%	0%	0%	100%	100%	-

10. Other Assets

	As at 31 December, 2022		As at 31 December, 2021	
	Current	Non- Current	Current	Non- Current
(a) Capital advances	60	114	-	230
(b) Other Deposits	-	268	-	268
(c) Balances with government authorities	84	-	107	-
(d) Other advances (Majorly includes Advance to Supplier & Prepaid Expenses)	204	14	691	54
Total	348	396	798	552

*other advances includes ₹ NIL for December 31, 2022 (December 31, 2021- ₹ 418 Million) receivable from related party, CIE Hosur Limited.

11. Inventories

(Refer Note No.2.13 for valuation of inventories)

	As at 31 December, 2022	As at 31 December, 2021
(a) Raw materials	1,162	1,235
(b) Work-in-progress	1,809	1,645
(c) Finished and semi-finished goods	1,129	1,034
(d) Stores and spares	548	302
(e) Loose Tools	382	374
Total	5,030	4,590
Included above, goods-in-transit:		
(i) Raw materials	-	31
(ii) Finished and semi-finished goods	195	176
Total	195	207



Notes to the Standalone Financial Statements as at and for the year ended 31 December, 2022

(₹ in Million)

Amounts recognised in the Statement of Profit and Loss:

Write-downs in inventories of finished goods, work-in-progress & raw materials amounted to ₹ 267 million (31 December 2021: ₹ 301 million) as at the period end. Accordingly, an amount of ₹ 34 million was reversed during the year. The write down and reversals are included in cost of materials consumed.

12. Cash and Cash Equivalents

	As at 31 December, 2022	As at 31 December, 2021
Cash and cash equivalents		
(a) Balances with banks		
i) Current Accounts	349	224
ii) EEFC Accounts	22	-
(b) Cheques, drafts on hand	-*	14
(c) Cash in hand	1	1
Total Cash and cash equivalents	372	239
Other Bank Balances		
(a) Earmarked balances with banks	-	1
(b) Balances with Banks:		
(i) On margin accounts	14	13
(ii) Fixed Deposits with maturity greater than 3 months but less than 12 months	107	102
Total Other Bank balances	121	116
Total cash, cash equivalents and other bank balances	492	355

*Amount is below rounding off norm adopted by the company

13. Equity Share Capital

	As at 31 December, 2022		As at 31 December, 2021	
	No. of shares	Amount	No. of shares	Amount
Authorized:				
Equity shares of ₹10/- each with voting rights	516,592,621	5,166	516,592,621	5,166
4% non-cumulative redeemable preference shares of ₹31/- each	5	-*	5	-*
Compulsory convertible Preference share of Rs.10/- each	250,000	2	250,000	2
Issued:				
Equity shares of ₹10/- each with voting rights	379,318,325	3,793	379,076,344	3,791
Subscribed and Paid Up:				
Equity shares of ₹10/- each with voting rights ^	379,317,380	3,793	379,075,399	3,791

Terms and rights attached to Equity Shares

Equity shares have a par value of ₹ 10/-. They entitle the holder to participate in dividends, and to share in the proceeds of winding up the company in proportion to the number of and amounts paid on the shares held.

Every holder of equity shares present at a meeting in person or by proxy is entitled to one vote, and upon a poll each share is entitled to one vote.



Notes to the Standalone Financial Statements as at and for the year ended 31 December, 2022

(₹ in Million)

Reconciliation of the number of shares outstanding at the beginning and at the end of the year.

		Opening Balance	Issue of Equity Shares on account of Employee Stock Option Scheme	Closing Balance
Equity Shares with voting rights				
Year Ended 31 December, 2022	No. of Shares	379,075,399	241,980	379,317,379
	Amount	3,791	2	3,793
Year Ended 31 December, 2021	No. of Shares	379,010,682	64,717	379,075,399
	Amount	3,790	1	3,791

*Shareholders of the Company had approved reclassification of authorised preference share capital vide EGM held on 13th Oct 2016. Amount is below the rounding off norm adopted by the Company.

^Mahindra Composites Limited which was merged with the company in the year 2013 had issued 1,050 equity shares and not allotted the same to the shareholders. Based on the swap ratio the Company has issued 945 equity shares and not allotted the same and the same has been kept in abeyance.

Shares reserved for issue under options

Information relating to Mahindra CIE Automotive Limited Employee Option Plan, including details of options issued, exercised and lapsed during the financial year and options outstanding at the end of the reporting period, is set out in note 36.

Details of shares held by the holding Company, the ultimate holding Company, their subsidiaries and associates:

	Equity Shares with Voting rights
As at 31 December, 2022	
Participaciones Internacionales Autometal, Dos S.L. (PIA2), the holding Company	249,239,013
As at 31 December, 2021	
Participaciones Internacionales Autometal, Dos S.L. (PIA2), the holding Company	230,282,773

Details of shares held by promoters

As at 31 December, 2022

S. No.	Promoter Name	No. of shares at the beginning of the year	Change during the year	No. of shares at the end of the year	% of Total Shares	% change during the year
Equity shares of INR 10 each fully paid	Participaciones Internacionales Autometal, Dos S.L. (PIA2)	230,282,773	18,956,240	249,239,013	65.71%	8.23%
Equity shares of INR 10 each fully paid	Mahindra & Mahindra Limited (M&M Limited)	43,344,512	(8,242,444)	35,102,068	9.25%	-19.02%
Total		273,627,285	10,713,796	284,341,081	74.96%	-



Notes to the Standalone Financial Statements as at and for the year ended 31 December, 2022

(₹ in Million)

As at 31 December, 2021

S. No.	Promoter Name	No. of shares at the beginning of the year	Change during the year	No. of shares at the end of the year	% of Total Shares	% change during the year
Equity shares of INR 10 each fully paid	Participaciones Internacionales Autometal, Dos S.L. (PIA2)	228,082,332	2,200,441	230,282,773	60.75%	0.96%
Equity shares of INR 10 each fully paid	Mahindra & Mahindra Limited (M&M Limited)	43,344,512	-	43,344,512	11.44%	0.00%
Total		1,050	-	273,627,285	72.19%	-

Details of shares held by Promotor shareholder and each shareholder holding more than 5% shares:

Class of shares / Name of shareholder	31 December, 2022		31 December, 2021	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Equity shares with voting rights				
Participaciones Internacionales Autometal, Dos S.L. (PIA2)	249,239,013	65.71%	230,282,773	60.75%
Mahindra & Mahindra Limited (M&M Limited)	35,102,068	9.25%	43,344,512	11.4%

14. Other Equity**(i) Securities premium reserve**

	As at 31 December, 2022	As at 31 December, 2021
Opening balance	15,301	15,285
Addition on Exercise of options- Proceeds Received	60	16
Closing balance	15,361	15,301

(ii) Equity settled employees' benefits reserve

	As at 31 December, 2022	As at 31 December, 2021
Opening balance	31	38
Employee stock option expenses	-	-
Less: -		
Transfer to retained earnings on cancellation/lapse	-	-
Options exercised during the year	(26)	(7)
Closing Balance	5	31



Notes to the Standalone Financial Statements as at and for the year ended 31 December, 2022

(₹ in Million)

(iii) Retained earnings including other comprehensive income

	As at 31 December, 2022	As at 31 December, 2021
Opening Balance	8,177	7,134
Add: -		
Profit for the year	5,120	1,103
Dividend Paid and Others	(955)	(12)
<i>Items of Other Comprehensive income recognized directly in retained earnings</i>		
Re-measurement of post-employment benefit obligation (net of tax)	8	(48)
Closing balance	12,350	8,177

(iv) Capital reserve

	As at 31 December, 2022	As at 31 December, 2021
Balance as at beginning and end of the year	6,502	6,502

(v) Capital Redemption reserve

	As at 31 December, 2022	As at 31 December, 2021
Balance as at beginning and end of the year	165	165

(vi) General Reserve

	As at 31 December, 2022	As at 31 December, 2021
Balance as at beginning and end of the year	6,536	6,536
Grand Total	40,918	36,712

Nature and purpose of Reserves**Securities premium reserve**

Securities premium reserve is used to record the premium on issue of shares. The reserve is utilized in accordance with the provisions of the law.

Equities settled employees' benefits reserve

The Equities settled employees benefits reserve is used to recognize the grant date fair value of options issued to employees under the MCIE Stock Options Scheme.

Capital reserve

Capital reserve is reserves generated on account of:

1. Merger under the Integrated Scheme of Amalgamation and the Composite Scheme of Amalgamation (Sections 391-395 of the Companies Act, 1956) for the merger of Mahindra UGINE Steel Company Limited (MUSCO), Mahindra Hinoday Industries Limited (MHIL), Mahindra Gears International Limited (MGIL), Mahindra Investment India Private Limited (MIPL), Participaciones Internacionales Autometal Tres S.L. (PIA3) and Mahindra Composites Limited (MCL). The merger was approved by the Honorable High Court of Judicature at Bombay on October 31, 2014. The Schemes came into effect on December, 10, 2014, the day on which the order was delivered to the Registrar of Companies. The reserve is capital in nature and is not available for distribution as dividend.
2. Merger under the Scheme of Amalgamation (Sections 230-234 and other applicable provisions of the Companies Act, 2013) of Mahindra Gears and Transmission Private Limited, Mahindra Forging Global Limited, Mahindra Forging International Limited and Crest Geartech Private Ltd. The merger was approved



Notes to the Standalone Financial Statements as at and for the year ended 31 December, 2022

(₹ in Million)

by the Honorable National Company Law Tribunal (NCLT) at Mumbai on December 13, 2017. The reserve is capital in nature and is not available for distribution as dividend.

General reserve

General reserve created by virtue of merger of Mahindra Stokes Holding Company Limited, Mahindra Forgings Overseas Limited and Mahindra Forgings Mauritius Limited into the Company vide High Court Order dated 27th December, 2007, is reserve available for distribution as dividend.

Capital redemption reserve

Capital redemption reserve is transferred by virtue of the merger referred to above, which was in the books of MUSCO and was created to redeem preference shares issued by MUSCO before merger. These shares have since been redeemed and this reserve is available for use as per the relevant provisions of Companies Act, 2013.

15. Borrowings

	As at 31 December, 2022	As at 31 December, 2021
Unsecured Borrowings		
(a) Loans from related parties	400	1,010
(b) Loans repayable on demand		
From Banks (Includes factored receivables)	832	813
Total Current Borrowings	1,232	1,823
Movement of Borrowings		
		Current borrowings
Balance as on 31 December, 2021 (including accrued interest)		1,823
Changes		
Cash flows		(591)
Interest expense		(92)
Interest paid		92
Balance as on 31 December, 2022		1,232

Interest rate range from 4.5% to 7.5% p.a. (31 December 2021 4.2% to 4.5% p.a.)

The loan from related party is an unsecured short-term loan repayable on demand.

Loan from banks is unsecured and is repayable on demand.

16. Trade Payables

	As at 31 December, 2022	As at 31 December, 2021
Outstanding dues of Micro enterprises and Small enterprises; and	269	243
Outstanding dues of creditors other than micro enterprises and small enterprises	5,312	4,735
Acceptances	883	802
Total	6,464	5,780
Of the above, trade payable from:		
- Related Parties (Note 31)	341	562
- Others	6,122	5,218



Notes to the Standalone Financial Statements as at and for the year ended 31 December, 2022

(₹ in Million)

The identification of suppliers as micro and small enterprises covered under the “Micro Small and Medium Enterprises Development Act, 2006” was done on the basis of the information to the extent provided by the supplier to the company. Total outstanding dues to micro and small enterprises, are given below:

	As at 31 December, 2022	As at 31 December, 2021
The amounts remaining unpaid to micro and small suppliers at the end of the year		
Principal	269	234
Interest due thereon	0	9
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	133	52
-- Interest paid in terms of Section 16 of the MSMED Act	-	-
Amount of interest due and payable for the period of delay on payments made beyond the appointed day during the year	1	-*
The amount of interest accrued and remaining unpaid at the end of each accounting year	2	1
Further interest due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises	11	8

*Amount is below rounding off norm adopted by the company

Trade payables - Ageing

As at 31 December 2022	< 1 year	1-2 year	2-3 year	> 3 year	Total
Micro and small Enterprises	268	-	-	-	268
Others	5,380	2	2	3	5,387
Disputed dues - Micro and small enterprises	-	-	-	-	-
Disputed dues - Others	-	-	-	16	16
Total	5,648	2	2	19	5,671
Accrued Expenses	-	-	-	-	793
Total	5,648	2	2	19	6,464
As at 31 December 2021	< 1 year	1-2 year	2-3 year	> 3 year	Total
Micro and small Enterprises	244	-	0	-	244
Others	4,436	1	4	20	4461
Disputed dues - Micro and small enterprises	-	-	-	-	0
Disputed dues - Others	-	-	-	19	19
Total	4,680	1	4	39	4724
Accrued Expenses	-	-	-	-	1056
Total	4,680	1	4	39	5,780



Notes to the Standalone Financial Statements as at and for the year ended 31 December, 2022

(₹ in Million)

17. Other Financial Liabilities

	Current	Non-Current	Current	Non-Current
(a) Unclaimed Fractional coupon shares	-	-	1	-
(b) Creditors for capital supplies/services	111	-	269	-
Total	111	-	270	-

18. Provisions

	As at 31 December, 2022		As at 31 December, 2021	
	Current	Non-Current	Current	Non-Current
(a) Provision for Gratuity (Note 29)	156	83	142	90
(b) Provision for compensated absences	41	263	34	220
(c) Provision for water charges #	-	262	-	262
(d) Provision for Litigative matters ^	232	-	245	-
(e) Others*	82	48	102	47
Total	511	656	523	619

Provision of ₹ 262 million is towards an ongoing dispute with the Irrigation Department (Water Resource Department) in respect of levy of charge for use of water for the period July 1991 to May 2012 for an aggregate amount of ₹ 587 million including penal charge of ₹ 102 million and late fee charge of ₹ 223 million. Presently the matter is being legally pursued. The Company has provided ₹ 262 million towards arrears of water charges. Refer Note 30 Contingent liabilities and commitments.

^ Provision of ₹ 120 million (31 December, 2021: ₹ 145 Million) has been recognised for Provident Fund liability basis Supreme Court judgement in 'Regional provident fund commissioner (II) West Bengal vs Vivekananda Vidyamandir and Others' in accordance with Ind AS-37. The remaining amount pertains to provision against levy of cross subsidy charges and additional surcharge by Maharashtra State Electricity Distribution Company Limited during the year on account of power consumption from non-captive generating plant.

* This represents provisions made for probable liabilities payable to regulatory authorities. Above provisions are affected by various uncertainties and management has taken all efforts to make a best estimate. It is not practicable for the Company to estimate the accurate timing of cash outflows, if any, in respect of the above.

Movements in Provisions:(Current and Non current)

Movement in provisions during the financial year is set out below:

	Others	Litigative matters
As at 1 January, 2022	149	245
Charged/ (Credited) to profit or loss		
- Additional provisions recognized	-	-
- Unused amounts reversed	(18)	-
Amounts used during the year	-	(13)
As at 31 December, 2022	130	232

There is no movement during the year ended 31 December, 2022 in the provision for water charges.



Notes to the Standalone Financial Statements as at and for the year ended 31 December, 2022

(₹ in Million)

19. Deferred Taxes

<u>2022</u>	Opening Balance	Recognized in profit and Loss	Recognized in OCI	Other	Closing Balance
Tax effect of items constituting deferred tax liabilities					
Property, Plant and Equipment and Intangible assets	3,214	33	-	-	3,247
Subtotal (A)	3,214	33	-	-	3,247
Tax effect of items constituting deferred tax assets					
Expenses allowable on payment basis	70	110	-	-	179
Timing differences	253	2	-	(1)	254
Subtotal (B)	323	112	-	(1)	434
Net Tax Asset (Liabilities)[B-A]	(2,891)	79	-	(1)	(2,814)
2021					
	Opening Balance	Recognized in profit and Loss	Recognized in OCI	Other	Closing Balance
Tax effect of items constituting deferred tax liabilities					
Property, Plant and Equipment and Intangible assets	2,053	1,161	-	-	3,214
Subtotal (A)	2,053	1,161	-	-	3,214
Tax effect of items constituting deferred tax assets					
Expenses allowable on payment basis	69	1	-	-	70
Timing differences	317	(86)	16	6	253
Subtotal (B)	386	(85)	16	6	323
Net Tax Asset (Liabilities)[B-A]	(1,667)	(1,246)	16	6	(2,891)

20. Corporate income tax expense

(i) Income Tax recognised in Profit or loss	Year ended 31 December, 2022	Year ended 31 December, 2021
Current Tax	1,291	961
Reversal of provision for tax of earlier years	-	(293)
Deferred Tax*	(77)	1,247
Total income tax expense	1,213	1,915

*Above includes prior year deferred tax income of ₹ 85 million (31 December 2021: ₹ Nil)



Notes to the Standalone Financial Statements as at and for the year ended 31 December, 2022

(₹ in Million)

(ii) Income tax recognised on Other comprehensive income	Year ended 31 December, 2022	Year ended 31 December, 2021
Income taxes related to items that will not be reclassified to profit or loss	(3)	16
Total income tax recognised on Other comprehensive income	(3)	16

(iii) Reconciliation of tax expense and the accounting profit multiplied by Company's domestic tax rate:

	Year ended 31 December, 2022	Year ended 31 December, 2021
Profit before tax	6,334	3,018
Income tax expenses calculated at 25.168% (Dec'21: 25.168%)	1,594	760
Deferred tax liability on Goodwill *	-	1,426
Impact of tax of earlier years	(84)	(293)
Dividend Received	(229)	-
Profit on Sale of Land (due to brought forward losses)	(95)	-
Interest on preference share	(9)	-
Other Items	37	22
Total	1,214	1,915

*The Finance Act, 2021 has introduced an amendment to section 32 of the Income Tax Act, 1961, whereby Goodwill of a business will not be considered as a depreciable asset and depreciation on goodwill will not be allowed as deductible expenditure effective April 1, 2020.

In accordance with the requirements of Ind AS 12 - Income Taxes, the Company has recognised tax expense amounting to ₹ 1,426 million as the outcome on the difference between Goodwill as per the books of account and its updated tax base of NIL resulting from the aforementioned amendment, in addition to the current tax expense debited to the statement of profit and loss. This deferred tax liability is not expected to be a cash outflow in the future and its reversal is deemed unlikely as the value of its associated goodwill is expected by value in use.

21. Fair Value Measurements

Financial instruments by category

	As at 31 December, 2022			As at 31 December, 2021		
	FVTPL	FVOCI	Amortised Cost	FVTPL	FVOCI	Amortised Cost
Financial assets						
Investments	5,330	-	281	4,014	-	228
Trade Receivables	-	-	5,737	-	-	4,481
Other Financial Assets	-	-	171	-	-	428
Cash and Cash Equivalents	-	-	372	-	-	239
Other Bank balances	-	-	121	-	-	116
Total financial assets	5,330	-	6,682	4,014	-	5,492
Financial liabilities						
Borrowings	-	-	1,232	-	-	1,823
Trade Payables	-	-	6,464	-	-	5,780
Other Financial Liabilities	-	-	111	-	-	270
Total financial liabilities	-	-	7,807	-	-	7,873



Notes to the Standalone Financial Statements as at and for the year ended 31 December, 2022

(₹ in Million)

Financial instrument carried at amortized cost

Fair value of financial assets and financial liabilities carried at amortized cost is not materially different from the carrying amount. .

Fair Value Hierarchy

	As at 31 December, 2022			As at 31 December, 2021		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets						
Short term investments in Mutual Funds	5,330	-	-	4,014	-	-
Total	5,330	-	-	4,014	-	-

22. Other Liabilities

	As at 31 December, 2022		As at 31 December, 2021	
	Current	Non- Current	Current	Non- Current
(a) Taxes payable (other than income taxes)	297	-	206	-
(b) Payable to employees	767	-	741	21
(c) Consideration payable for acquisition of subsidiary *	-	-	20	-
(d) Others (Majorly includes customer advance)	214	-	168	-
Total	1,278	-	1,135	21

* Amount mainly comprises of consideration payable for acquisition of Aurangabad Electricals Limited towards incentive receivable under Package Scheme of Incentive (PSI scheme).

23. Revenue from Operations

	Year ended 31 December, 2022	Year ended 31 December, 2021
Revenue from contracts with customers		
(a) Sale of Products	40,496	30,299
(b) Sale of Services	64	121
Other Operating Revenue (Including Scrap Sales, Export incentives)	3,418	2,486
Total	43,978	32,906

Reconciliation of revenue with contract price :-

	Year ended 31 December, 2022	Year ended 31 December, 2021
Revenue as per Statement of Profit and loss	43,978	32,906
Add: Incentive/rebates	-	-
Contract Price	43,978	32,906



Notes to the Standalone Financial Statements as at and for the year ended 31 December, 2022

(₹ in Million)

24. Other Income

	Year ended 31 December, 2022	Year ended 31 December, 2021
(a) Interest Income on financial assets measured at amortised cost	95	44
(b) Net Gain on Investment held at Fair value through Profit & loss	30	23
(c) Dividend Income from subsidiaries	910	-
(d) Miscellaneous income (including net exchange gain)	171	108
Total	1,206	175

25. Cost of material consumed

	Year ended 31 December, 2022	Year ended 31 December, 2021
Opening stock of raw materials	1,235	860
Add: Purchases	24,638	17,787
	25,873	18,647
Less: Closing stock of raw materials	1,162	1,235
Cost of materials consumed	24,711	17,412

Changes in inventories of finished goods and work in progress:

	Year ended 31 December, 2022	Year ended 31 December, 2021
Inventories at the end of the year		
Finished goods	1,129	1,034
Work in progress	1,809	1,645
	2,938	2,679
Inventories at the beginning of the year		
Finished goods	1,034	595
Work in progress	1,645	1,304
	2,679	1,899
Net (Increase)/Decrease	(259)	(780)

26. Employee benefit expenses

	Year ended 31 December, 2022	Year ended 31 December, 2021
(a) Salaries and wages, including bonus	3,470	3,935
(b) Contribution to provident and other funds (Note 29)	188	205
(c) Staff welfare expenses	308	295
Total	3,966	4,435

27. Finance costs

	Year ended 31 December, 2022	Year ended 31 December, 2021
(a) Interest expense	81	60
(b) Finance Charges	11	15
(c) Interest on Lease Liabilities (Refer Note 5 (iii))	43	47
Total	135	122



Notes to the Standalone Financial Statements as at and for the year ended 31 December, 2022

(₹ in Million)

28. Other expenses

	Year ended 31 December, 2022	Year ended 31 December, 2021
(a) Tools & Stores consumed	2,589	1,875
(b) Power & Fuel	2,220	1,958
(c) Repairs and maintenance	898	732
(d) Freight outward	856	641
(e) Subcontracting, Hire and Service Charges	1,893	1,538
(f) Expenditure on corporate social responsibility (CSR) under section 135 of the Companies Act, 2013. (Note 35)	46	87
(g) Auditors remuneration and out-of-pocket expenses		
(i) Audit fee	11	10
(ii) Tax audit fee	-	-
(iii) Other services	2	2
(iv) For reimbursement of expenses	-*	-*
(h) Other Expenses	829	711
Total	9,344	7,553

* Amount is below the rounding off norm adopted by the Company.

29. Employee benefits plans

(a) Defined Contribution plan

The Company's contribution to Provident Fund and other funds aggregating ₹ 128 Million (₹ 147 Million) has been recognised in the statement of Profit or Loss under the head Employee Benefit expenses.

(b) Defined benefit plans

(i) Gratuity

The Company operates gratuity plan covering qualifying employees. The benefit payable is the greater of the amount calculated as per the Payment of Gratuity Act, 1972 or the Company's scheme applicable to the employee. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting. The Company makes annual contribution to the Company gratuity scheme administered by the Life Insurance Corporation of India through its Gratuity Trust Fund.

(ii) Voluntary Retirement Scheme

Onetime expenses incurred towards voluntary retirement scheme are charged off in the statement of Profit and loss. (Refer Note 33)

(iii) Compensated absences

Company's liability towards leave encashment are determined using the Projected Unit Credit method which considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. Past service costs are recognised on straight line basis over the statement of Profit or loss as income or expense. Obligation is measured at the present value of estimated future cash flow using a discount rate that is determined by reference to market yields at the Balance Sheet date on government bonds where the currency and terms of the government bonds are consistent with the currency and estimated terms of the defined benefit obligation.



Notes to the Standalone Financial Statements as at and for the year ended 31 December, 2022

(₹ in Million)

(c) Risks

Through its defined benefit plans the Company is exposed to risks, the most significant of which are detailed below:

(i) Asset Volatility

The plan liabilities are calculated using a discount rate set with references to government bond yields; if plan assets under perform compared to the government bond's discount rate, this will create or increase a deficit.

(ii) Changes in Bond Yields

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

1. Provisions for Gratuity, Voluntary Retirement Scheme (VRS): -

	Funded Plan-Gratuity		Unfunded Plans-VRS	
	31 December, 2022	31 December, 2021	31 December, 2022	31 December, 2021
Amounts recognised in comprehensive income in respect of these defined benefit plans are as follows:				
Service Cost				
Current Service Cost	65	55	-	-
- Past service cost and (gains)/losses from settlements	-	-	-	-
Net interest expense	13	9	-	-
Components of defined benefit costs recognised in profit or loss	78	64	-	-
Re-measurement on the net defined benefit liability				
Actuarial gains and loss arising from changes in financial assumptions	(47)	42	-	-
Actuarial gains and loss arising from experience adjustments	36	17	-	-
Actuarial gains and loss arising from Demographic assumptions	(0)	5	-	-
Components of defined benefit costs recognised in other comprehensive income	(11)	64	-	-
Total	68	128	-	-
I. Net Asset/(Liability) recognised in the Balance Sheet as at 31 December				
1. Present value of defined benefit obligation as at 31 December	(859)	(827)	-	(128)
2. Fair value of plan assets as at 31 December	620	595	-	-
3. Surplus/(Deficit)	(239)	(232)	-	(128)
4. Current portion of the above	(156)	(142)	-	(128)
5. Non-current portion of the above	(83)	(90)	-	-



Notes to the Standalone Financial Statements as at and for the year ended 31 December, 2022

(₹ in Million)

	Funded Plan-Gratuity		Unfunded Plans-VRS	
	31 December, 2022	31 December, 2021	31 December, 2022	31 December, 2021
II. Change in the obligation during the year ended 31 December				
1. Present value of defined benefit obligation at the beginning of the year	827	696	-	-
2. Expenses Recognised in Profit and Loss Account				
- Current Service Cost	65	55	-	-
- Past Service Cost	-	-	-	128
- Interest Expense (Income)	52	42	-	-
3. Recognised in Other Comprehensive Income				
Re-measurement gains / (losses)				
- Actuarial Gain (Loss) arising from:				
i. Demographic Assumptions	(0)	5	-	-
ii. Financial Assumptions	(46)	42	-	-
iii. Experience Adjustments	36	18	-	-
4. Benefit payments	(75)	(31)	-	-
5. Present value of defined benefit obligation at the end of the year	859	827	-	128
III. Change in fair value of assets during the year ended 31 December				
1. Fair value of plan assets at the beginning of the year	595	529	-	-
2. Expenses Recognised in Profit and Loss Account				
- Expected return on plan assets	38	33	-	-
3. Recognised in Other Comprehensive Income				
Re-measurement gains / (losses)				
- Actual Return on plan assets in excess of the expected return	-	-	-	-
i. Demographic Assumptions	-	-	-	-
ii. Financial Assumptions	3	0	-	-
iii. Experience Adjustments	2	1	-	-
4. Contributions by employer (including benefit payments recoverable)	58	62	-	-
5. Benefit payments	(76)	(30)	-	-
6. Fair value of plan assets at the end of the year	620	595	-	-



Notes to the Standalone Financial Statements as at and for the year ended 31 December, 2022

(₹ in Million)

	Funded Plan-Gratuity		Unfunded Plans-VRS	
	31 December, 2022	31 December, 2021	31 December, 2022	31 December, 2021
IV. The Major categories of plan assets				
- List the plan assets by category here				
Funds managed by Insurer	620	595	-	-
% to total assets	100%	100%	-	-
V. Actuarial assumptions				
1. Discount rate	6.5% to 7.6%	6.45% to 6.9%	0%	0%
2. Expected rate of return on plan assets	6.5% to 6.9%	6% to 6.5%	-	-
3. Attrition rate	1% to 10%	1.75% to 17.75%	-	-
4. Salary Escalation	7% to 8%	5% to 8%	-	-
5. Mortality	Indian Assured Lives Mortality (2012-14) Ultimate			
6. Life expectancy of person retiring at year end	9 to 17 years			

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

	Change	31 December, 2022	31 December, 2021
Decrease in Discount rate	1%	Increase by 9.2%	Increase by 9.56%
Increase in Discount rate	1%	Decrease by 8.1%	Decrease by 8.41%
Decrease in Salary increment	1%	Decrease by 7.6%	Decrease by 7.77%
Increase in Salary increment	1%	Increase by 8.2%	Increase by 8.62%

VII. The weighted average duration of the defined benefit obligation is 10.6 years (2021 – 10.3 years). The expected payment analysis of undiscounted gratuity is as follows:

	Less than a year	Between 1-2 years	Between 3-5 years	Over 5 years	Total
December 31, 2022					
Defined benefit obligation	82	85	246	813	1,226
December 31, 2021					
Defined benefit obligation	88	59	228	749	1,124



Notes to the Standalone Financial Statements as at and for the year ended 31 December, 2022

(₹ in Million)

30. Contingent Liabilities and Commitments

	<u>31 December, 2022</u>	<u>31 December, 2021</u>
Contingent liabilities (to the extent not provided for):		
(a) Claims against the Company not acknowledged as debt		
Income tax claims against which the Company has preferred an appeal	515	499
Excise cases against the Company	138	104
Service Tax	62	69
Sales Tax and VAT	6	47
MSEDCL Related Litigations *	504	504
Stamp Duty, Government Cess and others	108	107
Water Charges (Refer Note 18)	325	325
The Company had imported capital goods under the Export Promotion Capital Goods (EPCG), of the Government of India, at concessional rate of duty on an understanding to fulfill quantified exports against future obligation.	5	5
(b) Commitment		
Capital expenditure contracted for at the end of the reporting period but not recognized as liabilities.	675	993

Maharashtra State Electricity Distribution Company Limited (MSEDCL) has levied the Cross Subsidy Surcharge (CSS) and Additional Surcharge levied (ASC) on the units of power consumed by the Company from two Captive Generating Plant (CGP) Units of Sai Wardha Power Generation Limited (SWPGL) as a captive consumer. The Hon'ble Maharashtra Electricity Regulatory Commission (MERC) vide its separate orders dated October 22, 2020 and October 29, 2020 has rejected the captive status of the said two CGP units of SWPGL for the year 2016-17 and the year 2017-18 respectively. MSEDCL has raised supplementary invoices of ₹ 208 million (including interest) for the year 2016-17 and of ₹ 263 million (including interest) for the year 2017-18 towards alleged Cross Subsidy Surcharge and Additional Surcharge applicable for non-captive power consumption. The Company has challenged the impugned orders before Hon'ble Appellate Authority of Electricity (APTEL). Hon'ble APTEL vide its Order dated November 26, 2021 (APTEL Order) set aside the Orders of MERC and remanded the matter to MERC for fresh determination of captive status based on the opinion expressed in the APTEL Order. MERC vide its Order dated 16th March, 2022 (MERC Remand Order) held Unit 3 and Unit 4 of Sai Wardha Power Generating Limited as captive generating plant for FY 2016-17 and FY 2017-18. MERC further held that 24.73 MUs and 53.53 MUs for FY 2016-17 and FY 2017-18 respectively were injected from the non-captive units and thus unscheduled power. Hence, the Distribution Licensees were directed to treat this unscheduled power in accordance with the applicable provisions of the Electricity Act, 2003 and the relevant Rules and Regulations. However, DISCOMs have filed an appeal against the APTEL Order before Hon'ble Supreme Court of India which is sub-judice. The Company has also filed appeal against the MERC Remand Order for limited issue of the units which were held as Unscheduled Power. Both the appeals are sub-judice.

The Hon'ble Maharashtra Electricity Regulatory Commission vide its dated February 09, 2018 in Case No.77 of 2015 for FY 2014-15 and order dated March 19, 2018 in Case No.159 of 2016 for FY 2015-16 (Original MERC Order) had upheld the captive status of the units of SWGPL for those years. However, it had treated the units supplied by SWGPL from other two non-CGP units of SWGPL, as non-contracted power for 2015-16. MSEDCL has accordingly raised a supplementary bill of ₹ 33 million for the year 2015-16 towards the units supplied by SWGPL from non-CGP units. Thereafter MERC had in its review order, allowed review of the said MERC orders and held that the captive status of SWPGL be redetermined for FY 2014-15 and FY 2015-16. APTEL vide the APTEL Order set aside the Review Order and upheld the Original MERC Orders holding SWPGL as captive for these two years as well. However, DISCOMs have filed an appeal against the APTEL Order before Hon'ble Supreme Court of India which is sub-judice. The Company is also contesting the issue of non-CGP units of 2015-16.



Notes to the Standalone Financial Statements as at and for the year ended 31 December, 2022

(₹ in Million)

31. Related Party Transactions

Names of Related Parties:

- (a) Ultimate Holding Company - CIE Automotive S.A.

Principal Shareholder of the Holding Company - CIE Berriz, S.L

Holding Company - Participaciones Internacionales Autometal , DOS S.L

- (b) Names of Subsidiary Companies

1. Stokes Group Limited
2. CIE Galfor S. A.U
3. CIE Forgings Germany GmbH (formerly know as Mahindra Forgings Europe AG)
4. Jeco Jellinghaus GmbH
5. Gesenkschmiede Schneider GmbH
6. Falkenroth Umformtechnik GmbH
7. Schoneweiss & Co. GmbH
8. CIE Legazpi S.A.,
9. UAB CIE LT Forge
10. Metalcastello S.p.A .
11. BF Precision Private Limited
12. Bill Forge de Mexico S.A de C.V.
13. Aurangabad Electricals Limited
14. Aurangabad Deutschland GmbH
15. CIE Hosur Limited (w.e.f. 6th August, 2021)

- (c) Names of the Associate Companies where transactions have taken place during the period

1. Gescrap India Private Limited
2. Clean Max Deneb Power LLP
3. Sunbarn Renewables Private Limited (w.e.f. 25th November, 2020)
4. Renew Surya Alok Private Limited (w.e.f. 23rd February, 2021)
5. Stongsun Solar Private Limited (w.e.f. 12.12.2022)

- (d) Names of the Companies exercising significant influence over the Company where transactions have taken place during the period

1. Mahindra Vehicle Manufacturers Limited (MVML) (investing company in respect of which the Company is an Associate) (Merged with Mahindra and Mahindra Limited w.e.f. 1st July, 2021)
2. Mahindra & Mahindra Limited (M&M) (Holding Company of the investing company in respect of which the Company is an Associate (investing company in respect of which the Company is an Associate w.e.f. 1st July, 2021)

- (e) Names of other related parties where transactions have taken place during the period

Fellow Subsidiaries

1. Gameko Fabricacion de Components, S.A.
2. CIE Automotive Goiaín, S.L.U.
3. Somaschini North America, LLC
4. Somaschini SRL



Notes to the Standalone Financial Statements as at and for the year ended 31 December, 2022

(₹ in Million)

5. Somaschini S.p.A
6. Transformaciones Metalurgicas Norma, S.A.
- (f) Subsidiaries of entities having joint control/ significant influence over group.
 1. Mahindra Intertrade Limited
 2. Mahindra Steel Service Centre Limited
 3. Mahindra Auto Steel Private Limited
 4. Mahindra Electric Mobility Limited
 5. Mahindra Heavy Engines Limited
 6. Mahindra Two Wheelers Limited
 7. Mahindra Trucks & Buses Private Limited.
 8. Gromax Agri Equipments Limited
 9. Mahindra Integrated Business Solutions Private Limited
 10. Mahindra Sanyo Special Steels Private Limited
 11. Mahindra Defence Naval Systems Limited
 12. Mahindra Logistics Limited
 13. Tech Mahindra Ltd.
 14. Mahindra Defence System Ltd.
 15. Classic Legends (P) Ltd.
 16. Defence Land System Ltd.

(g) Key Managerial Personnel (KMP)

Name	Designation
1 Mr. Shriprakash Shukla	Non-Executive Director
2 Mr. Ander Arenaza Alvarez	Executive Director
3 Mr. Manoj Mullassery Menon	Executive Director & Chief Executive Officer - Stampings, Composites, Foundry, Magnetics and Gears Divisions
4 Mr. Anil Haridass	Executive Director & Chief Executive Officer - Forging and Bill Forge Divisions (upto 22nd February 2022) Non-Executive Director (w.e.f. 23rd February 2022)
5 Mr. Jesus Maria Herrera Barandiaran	Non-Executive Director
6 Mr. Zoooben Dossabhoy Bhiwandiwala	Non-Executive Director (upto 22nd February 2022)
7 Mr. Puneet Renjhen	Non-Executive Director (22nd February 2022 to 19th December 2022)
8 Mr. Manojkumar Maheshwari	Independent Director
9 Mr. Dhananjay Narendra Mungale	Independent Director
10 Mr. Kadambi Narahari	Independent Director
11 Mrs. Roxana Meda Inoriza	Independent Director
12 Mr. Alan Savio D'Silva Picardo	Independent Director
13 Mr. Suhail Amin Nathani	Independent Director
14 Mr. Hari Krishnan	Chief Executive Officer - Forgings and Bill Forge Divisions (From 22nd February 2022)
15 Mr. K. Jayaprakash	Chief Financial Officer
16 Mr. Pankaj Vijay Goyal	Company Secretary and Compliance Officer



Notes to the Standalone Financial Statements as at and for the year ended 31 December, 2022

₹ in Million)

(h) Transactions with Related parties during the period

	For the year ended	Holding Company	Entities having significant influence over Company	Subsidiaries (Including Fellow subsidiaries)	Subsidiaries of Entities having significant influence over Company	Associate Company
Nature of transactions with Related Parties						
Sale of goods	31 December, 2022		15,555	799	688	2,709
	31 December, 2021		10,975	568	442	1,580
Purchase of goods	31 December, 2022		3	236	1,857	-
	31 December, 2021		0	123	1,667	0
Purchase of property and other assets	31 December, 2022		-	-	-	-
	31 December, 2021		-	0	-	-
Receiving of services (Including Reimbursement of expense)	31 December, 2022		-	63	146	290
	31 December, 2021		1	69	100	73
Rent received	31 December, 2022		-	-	-	-
	31 December, 2021		-	-	1	-
Rent paid	31 December, 2022		34	-	-	-
	31 December, 2021		19	-	-	-
Interest received	31 December, 2022		-	50	-	-
	31 December, 2021		-	1	-	-
Interest paid	31 December, 2022		16	21	-	-
	31 December, 2021		-	19	-	-
Reimbursements received	31 December, 2022		-	73	-	-
	31 December, 2021		-	92	-	-
Provision for Impairment of investment (Note 33)	31 December, 2022		-	-	-	-
	31 December, 2021		-	-	-	-
Investment in Subsidiary and Associate	31 December, 2022		-	1,267	-	53
	31 December, 2021		-	-	-	145
Sale of Assets	31 December, 2022		-	149	392	-
	31 December, 2021		-	376	-	-
Loans Given	31 December, 2022		-	1,047	-	-
	31 December, 2021		-	1,554	-	-



Notes to the Standalone Financial Statements as at and for the year ended 31 December, 2022

(₹ in Million)

	For the year ended	Holding Company	Entities having significant influence over Company	Subsidiaries (Including Fellow subsidiaries)	Subsidiaries of Entities having significant influence over Company	Associate Company
Loans Taken	31 December, 2022		-	4,286	-	-
	31 December, 2021		-	2,267	-	-
Sale of investment	31 December, 2022		-	-	-	-
	31 December, 2021		-	-	-	-
Dividend Received	31 December, 2022		-	910	-	-
	31 December, 2021		-	-	-	3
Dividend Paid	31 December, 2022	575	104	-	-	-
	31 December, 2021	-	-	-	-	-

(i) Balances with Related parties at the end of the period

Nature of Balances with Related Parties	Balance as on	Holding Company	Entities having significant influence over Company	Subsidiaries (Including Fellow subsidiaries)	Subsidiaries of Entities having significant influence over Company	Associate Company
Investments	31 December, 2022		-	-	-	275
	31 December, 2021		-	-	-	-
Trade payables	31 December, 2022		1	0	337	3
	31 December, 2021		4	5	550	3
Trade receivables	31 December, 2022		1,201	78	153	2
	31 December, 2021		2,761	508	111	1
Borrowings	31 December, 2022		-	400	-	-
	31 December, 2021		-	1,010	-	-
Loans Receivable	31 December, 2022		-	207	-	-
	31 December, 2021		-	236	-	-
Advances received	31 December, 2022		-	-	-	-
	31 December, 2021		-	-	-	6
Advances Given	31 December, 2022		-	-	-	-
	31 December, 2021		-	-	-	-
Other balances	31 December, 2022		-	2	-	-
	31 December, 2021		9	-	-	-
Reimbursements received	31 December, 2022		-	3	-	-
	31 December, 2021		-	-	-	-
Reimbursements paid	31 December, 2022		-	1	-	-
	31 December, 2021		-	-	-	-

*Amount is below rounding off norm adopted by the Company.



Notes to the Standalone Financial Statements as at and for the year ended 31 December, 2022

(₹ in Million)

(j) Remuneration to Key Managerial Personnel

Details of Remuneration	31 December, 2022	31 December, 2021
Short term employment benefits	59	53
Share based payments	81	2
Director sitting fees & Commission	14	15
Total	154	70

As gratuity and compensated absences are computed for all the employees in aggregate, the amount relating to the key managerial personnel, cannot be individually identified.

32. Earnings per share

a) Calculation of basic and diluted earnings per share

Basic earnings per share are calculated by dividing the profit attributable to the parent Company's shareholders by the weighted average number of ordinary shares in the year

The diluted earnings per share has been computed by dividing the Net profit after tax available for Equity shareholders by the weighted average number of equity shares, after giving dilutive effect of the outstanding Stock options for the respective periods.

	31 December, 2022	31 December, 2021
	₹ Per Share	₹ Per Share
Basic earnings per share	13.50	2.91
Diluted earnings per share	13.50	2.91

b) The earnings and weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share are as follows:

	31 December, 2022	31 December, 2021
a. Profit for the year	5,120	1,103
b. Weighted average number of equity shares	379,247,594	379,031,015
Add: Effect of Stock options	17,465	89,322
c. Weighted average number of equity shares used in the calculation of Diluted EPS	379,265,059	379,120,337
d. Basic earnings per share (a/b)	13.50	2.91
e. Diluted earnings per share (a/c)	13.50	2.91

33. Exceptional Item

	Year Ended 31 December, 2022	Year Ended 31 December, 2021
a) Onetime payment made to employees opting for early retirement under the Voluntary Retirement Scheme declared in December 2021 in Stampings Division.	-	128
b) Gain from sale of Kanhe freehold land	(379)	-
Total	(379)	128

34. Segment Information

In accordance with paragraph 4 of notified IND AS 108 "Operating Segments", the Company has disclosed segment information only in consolidated financial statements.



Notes to the Standalone Financial Statements as at and for the year ended 31 December, 2022

(₹ in Million)

35. Corporate Social Responsibility (CSR)

Particulars	31 December, 2022	31 December, 2021
(a) Amount required to be spent by the Company during the year	46	42
(b) Amount of expenditure incurred on:		
(i) Construction/acquisition of any assets	-	3
(ii) On purposes other than (i) above	35	19
(c) Shortfall at the end of the year	10	20
(d) Total of previous year shortfall	38	45
(e) Reason for shortfall	Pertains to two ongoing project of Skill development and school construction	Pertains to three ongoing project of Sanitisation and hygiene and school construction
(f) Nature of CSR activities	Pertains to two ongoing project of Skill development and school construction	Pertains to three ongoing project of Sanitisation and hygiene and school construction
(g) Movement in provision with respect to a liability incurred by entering into a contractual obligation		
Opening provision	38	-
Add: Provision during the year	10	38
Less: Utilisation during the year	38	-
Closing provision*	11	38

* The shortfall amount has been deposited in separate schedule bank account as per statutory requirement

36. Employee Stock Option Scheme (ESOS 2007)

The Company instituted the Employees Stock Options Scheme 2007 (ESOS 2007) plan for employees in pursuance of a special resolution passed by the shareholders approving the scheme on July 25, 2007, amended by special resolution dated July 29, 2008, August 02, 2011 and pursuant to the Integrated scheme of Amalgamation and Composite Scheme of Amalgamation in terms of High Court dated October 13, 2014. Further, the company instituted the Employees Stock Options Scheme 2015 (ESOS 2015) plan for employees in pursuance of a special resolution passed by the shareholders approving the scheme on September 15, 2015.

Pursuant to the schemes, the Company has granted options to eligible employees at various exercise prices per equity share of ₹10 each. Under the terms of scheme, the vesting period will be spread equally over 4 years (ESOS 2007) and 3 years (ESOS 2015). Options will vest at 25% (ESOS 2007) and 33% (ESOS 2015) from the grant date. When exercisable, each option is convertible into one equity share of the Company.



Notes to the Standalone Financial Statements as at and for the year ended 31 December, 2022

(₹ in Million)

Movement of share options are as under:

Date of the Tranche	Opening Balance		Forfeited during the year	Exercised during the year	Outstanding at the end of the year	Exercisable at the end of the year
	Number of Options	Weighted average exercise price	Number of Options	Number of Options	Number of Options	Number of Options
On 22 February 2016	294,706	150	7,110	241,981	45,615	45,615
Total	294,706	-	7,110	241,981	45,615	45,615

Share options outstanding at the end of the year have the following expiry dates and exercise prices:

Grant Date	Expiry Date	Exercise price	Number of Options- 31 December, 2022	Number of Options- 31 December, 2021
20-Jan-12	20-Jan-21	-	-	-
22-Feb-16	24-Feb-24	150	45,615	294,706
Total			45,615	294,706
Weighted average remaining contractual life of options outstanding at end of period (years)			1.15	2.15

Expense arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognized in profit and loss as part of employee benefit expense were as follows:

	31 December, 2022	31 December, 2021
Employee share-based payment expense	81	21
Total employee share-based payment expense	81	21



Notes to the Standalone Financial Statements as at and for the year ended 31 December, 2022

(₹ in Million)

37. Ratios

Sr. Particulars	Numerator	Denominator	Dec 31, 2022	Dec 31, 2021	% of variance	Explanation for change in the ratio by more than 25%
(a) Current Ratio	Current Assets	Current Liabilities	1.73	1.48	17%	-
(b) Debt-Equity	Total debt	Total equity	0.03	0.05	39%	Debt repayment resulting in improved.
(c) Debt Service Coverage Ratio	Total Interest and Principal repayments	Earnings available for debt services (PAT+Dep+Finance Cost)	0.06	0.13	59%	Profit for the year is higher majorly due to higher volumes and dividend income from subsidiary and exceptional gain on sale of freehold land.
(d) Return on Equity	Profit for the year	Average equity	12%	3%	335%	Profit for the year is higher majorly due to higher volumes and dividend income from subsidiary and exceptional gain on sale of freehold land.
(e) Inventory turnover ratio	Cost of goods sold	Average Inventory	5.08	4.22	21%	-
(f) Trade Receivables turnover ratio	Net sales	Average Trade Receivables	7.94	7.10	12%	-
(g) Trade payables turnover ratio	Credit Purchases	Average Trade Payables	5.52	4.56	21%	-
(h) Net capital turnover ratio(WC)	Net Sales*	Net working capital	5.60	6.51	-14%	-
(i) Net Profit Ratio	Profit for the year	Net Sales*	13%	4%	248%	Profit for the year is higher majorly due to higher volumes and dividend income from subsidiary and exceptional gain on sale of freehold land.
(j) Return on Capital Employed	EBIT	Capital Employed	13%	7%	91%	Profit for the year is higher majorly due to higher volumes and dividend income from subsidiary and exceptional gain on sale of freehold land.



Notes to the Standalone Financial Statements as at and for the year ended 31 December, 2022

(₹ in Million)

38. Additional disclosures required by schedule III

- (i) The Company do not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.
- (ii) The Company do not have any transactions with companies struck off under section 248 of the Companies Act, 2013.
- (iii) The Company do not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
- (iv) The Company have not traded or invested in Crypto currency or Virtual Currency during the financial year.
- (v) The Company have not any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).
- (vi) The Company does not have any investments through more than two layer of investment companies as per section 2(87)(d) and section 186 of Companies Act, 2013.
- (vii) The Company has not revalued any of its Property, Plant and Equipment (including Right-of-Use Assets) during the year.
- (viii) The Company is not declared as willful defaulter by any bank or financial institution (as defined under the Companies Act, 2013) or consortium thereof or other lender in accordance with the guidelines on willful defaulters issued by the Reserve Bank of India.

39. The Company have not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

- (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or
- (b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries

40. The Company have not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Group shall:

- (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
- (b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries

41. The following table summarises the transactions with the companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956 for the year ended / as at December 31, 2022:

Name of struck off Company	Nature of transactions with struck off Company	Amount of transactions	Balance Outstanding	Relationship with the Struck off company
Jain Hydraulics Pvt. Ltd.*	Material Purchase	-	-*	External Vendor
Nihar Plastic Industries Pvt. Ltd.	Material Purchase	4	4	External Vendor

*Amount is below rounding off norm adopted by the company

The following table summarises the transactions with the companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956 for the year ended / as at December 31, 2021:

Name of struck off Company	Nature of transactions with struck off Company	Amount of transactions	Balance Outstanding	Relationship with the Struck off company
Nihar Plastic Industries Pvt. Ltd.	Material Purchase	2	4	External Vendor



Notes to the Standalone Financial Statements as at and for the year ended 31 December, 2022

(₹ in Million)

42. The Board of Directors of company at their meeting held on February 22, 2023 recommended final dividend of ₹ 2.5 per Equity Share of ₹ 10 each fully paid up for financial year 2022 (₹ 2.50 per Equity Share of ₹ 10 each fully paid up for financial year 2021)
43. Secured Loan with only bank of Baroda for non fund base Rs.110 million. The quarterly returns or statements filed by the Company for working capital limits with Bank of Baroda banks are in agreement with the books of account of the Company except for statements filed for quarters ended March 31, 2021/ June, 2021/ September, 21/ December, 21/March, 22/ June, 22 and September, 22 where differences were noted between the amount as per books of account for respective quarters and amount as reported in the quarterly statements. The differences are due to some of the items where not taken while reporting to banks due to grouping mismatch. The differences were in case of Payables with respect to period March, 21/ June, 21/ September, 21/ December, 21/ March, 22/ Jun,22/ September, 22 are 944 million/ 1379 million/ 1032 million/ 1605 million/ 652 million /682 million and 941 million. For Receivables with respect to period March, 21/ June, 21/ September, 21/ December, 21/ March, 22 differences are 12 million/ 229 million/ 126 million/ 349 million/ 103 million and for Inventory with respect to period September 21 and December 21 differences are 39 million and 92 million respectively. These statements were subsequently rectified and submitted to the respective banks.
44. The previous year's financial statements were audited by a firm other than B S R & Co. LLP.
45. Previous period figures have been regrouped/reclassified, wherever necessary to conform to the recent changes in Schedule III of the Companies Act, 2013.

For **BSR & Co. LLP**
Firm Registration No. 101248W/W-100022

Abhishek
Partner
Membership No. 062343

Pune, February 22, 2023

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

Ander Arenaza Alvarez
Executive Director - DIN : 07591785

Manoj Menon
Executive Director &
CEO-Business Division - DIN : 07642469

K. Jayaprakash
Chief Financial Officer
Pune, February 22, 2023

Dhananjay Mungale
Director - DIN : 00007563

Hari Krishnan
CEO-Business Division

Pankaj Goyal
Company Secretary & Compliance
officer
ACS : A29614



CONSOLIDATED FINANCIAL STATEMENTS.



INDEPENDENT AUDITOR'S REPORT

To the Members of Mahindra CIE Automotive Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Mahindra CIE Automotive Limited (hereinafter referred to as the "Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group") and its associates, which comprise the consolidated balance sheet as at 31 December 2022, and the consolidated statement of profit and loss (including other comprehensive income), consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of the other auditors on separate/consolidated financial statements/financial information of such subsidiaries and associate as were audited by the other auditors, the aforesaid consolidated 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 consolidated state of affairs of the Group and its associates as at 31 December 2022, of its consolidated loss and other comprehensive income, consolidated changes in equity and consolidated cash flows for the year then ended.

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 Consolidated Financial Statements* section of our report. We are independent of the Group and its associates in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in terms of the Code of Ethics issued by the Institute of Chartered Accountants of India and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence obtained by us along with the consideration of reports of the other auditors referred to in paragraph (a) of the "Other Matters" section below, is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment and based on the consideration of reports of other auditors on separate/consolidated financial statements of components audited by them, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter	How the matter was addressed in our audit
<p>Impairment of Goodwill (See Note 2.4 and Note 7 to consolidated financial statements)</p> <p>The aggregate carrying value of the goodwill as at 31 December 2022 amounts to INR 28,040 million. The Holding Company tests the carrying value of goodwill at least annually for impairment.</p> <p>The processes and methodologies for assessing and determining the recoverable amount of goodwill is based on complex assumptions (such as growth rates, discount rates and forecasted cash flows relating to the respective cash generating units).</p> <p>Considering the involvement of significant judgment required and the underlying complex assumptions used, this is considered as a key audit matter.</p>	<p>In view of the significance of the matter we applied the following audit procedures in this area, among others to obtain sufficient appropriate audit evidence:</p> <ul style="list-style-type: none"> • We obtained an understanding of the Holding Company's policy on assessment of impairment of goodwill by comparing with applicable accounting standards. • We evaluated the design, implementation and operating effectiveness of key internal controls over impairment of goodwill. • We assessed the identification of relevant cash generating unit (CGU) to which goodwill is allocated. • We assessed the impairment model which is based on discounted cash flows used by the Holding Company to estimate the recoverable value of goodwill and consistency with the applicable accounting standards.



The key audit matter	How the matter was addressed in our audit
	<ul style="list-style-type: none"> • We involved our internal specialists to evaluate the methodology, assumptions and estimates used in the impairment assessment. • We assessed the accuracy of prior period forecasts of the CGUs with the actual financial performance of the CGUs. • We assessed potential changes in key drivers for impairment assessment as compared to previous year and evaluated the assumptions around the key drivers of the cash flow forecasts including discount rates, expected growth rates and terminal growth rates. We evaluated the suitability of inputs and assumptions used in the cash flow forecasts. • We performed sensitivity analysis of key assumptions used to determine which assumptions could change the outcome of impairment assessment. • We assessed the adequacy of disclosure of impairment assessment of goodwill in the Consolidated financial statements.
<p>Assets and liabilities of disposal group classified as held for sale</p> <p>See Note 2.27 and Note 23 to consolidated financial statements</p> <p>During the current year, CIE Galfor S.A. Board approved proposal to launch an active program to locate a buyer for sale of investment in CIE Forgings Germany GmbH* and its subsidiaries.</p> <p>The assets and liabilities of these subsidiaries are classified as held for sale and the operations are considered as discontinued operations.</p> <p>The same is considered as key audit matter as application of Ind AS 105 involves significant judgement in respect of identification of assets held for sale and assessment of their fair values and the significance of amounts involved.</p> <p><i>* Formerly Mahindra CIE Forging Europe A.G.</i></p>	<p>In view of the significance of the matter we applied the following audit procedures in this area, among others to obtain sufficient appropriate audit evidence:</p> <ul style="list-style-type: none"> • We read the minutes of meeting of Board of Directors of the Company to obtain an understanding of the transaction. • We evaluated the design, implementation and operating effectiveness of key internal controls around identification and classification of disposal group held for sale/ discontinued operations, estimation of fair value and disclosures. • We evaluated the Company's assessment regarding the likelihood of disposal i.e. the disposal group being available for immediate sale in its current state, plans to locate a buyer and high probability of sale taking place. • We involved our internal valuation specialists to evaluate the methodology, assumptions and estimates used in the fair value assessment of the disposal group. • We assessed the adequacy of disclosure of disposal group in the consolidated financial statements.

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

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

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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



Management's and Board of Directors Responsibilities for the Consolidated Financial Statements

The Holding Company's Management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit/ loss and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group including its associates in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. The respective Management and Board of Directors of the companies included in the Group and the respective Management and Board of Directors of its associates are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Management and Board of Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Management and Board of Directors of the companies included in the Group and the respective Management and Board of Directors of its associates are responsible for assessing the ability of each company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and the respective Management and Board of Directors and of its associates are responsible for overseeing the financial reporting process of each company.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can

arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting in preparation of consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associates to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial statements/financial information of such entities or business activities within the Group and its associates to express an



opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements/financial information of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in paragraph (a) of the section titled "Other Matters" in this audit report.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

The consolidated financial statements of the Group and its associates for the year ended 31 December 2021 were audited by the predecessor auditor who had expressed an unmodified opinion on 22 February 2022.

a. We did not audit the financial information of 11 subsidiaries, whose financial information reflects total assets (before consolidation adjustments) of Rs. 39,930 million as at 31 December 2022, total revenues (before consolidation adjustments) of Rs. 33,946 million and net cash inflows (before consolidation adjustments) (net) amounting to Rs. 423 million for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit (and other comprehensive income) of Rs. Nil for the year ended 31 December 2022, in respect of 1 associate,

whose financial information has not been audited by us. These financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and associate, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, and associate is based solely on the reports of the other auditors.

b. Certain of these subsidiaries are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective country and which have been audited by other auditors under generally accepted auditing standards applicable in their respective country. The Holding Company's management has converted the financial information of such subsidiaries located outside India from accounting principles generally accepted in their respective country to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Holding Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiaries located outside India is based on the reports of other auditors and the conversion adjustments prepared by the management of the Holding Company and audited by us.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

c. The financial information of 1 subsidiary, whose financial information reflects total assets (before consolidation adjustments) of Rs.50 million as at 31 December 2022, total revenues (before consolidation adjustments) of Rs. Nil and net cash inflows (before consolidation adjustments) amounting to Rs. Nil for the year ended on that date, as considered in the consolidated financial statements, have not been audited either by us or by other auditors. The consolidated financial statements also include the Group's share of net profit (and other comprehensive income) (net) of Rs. 22 million for the year ended 31 December 2022, as considered in the consolidated financial statements, in respect of 5 associates, whose financial information have not been audited by us or by other auditors. These unaudited financial information have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary and associates, and our report in terms of sub-section (3) of Section 143 of the Act in so far as it relates to the aforesaid subsidiary and associates, is based solely on such unaudited



financial information. In our opinion and according to the information and explanations given to us by the Management, this financial information is not material to the Group.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of this matter with respect to financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. A. As required by Section 143(3) of the Act, based on our audit and on the consideration of reports of the other auditors on separate/ consolidated financial statements of such subsidiaries and associate as were audited by other auditors, as noted in the "Other Matters" paragraph, we report, to the extent applicable, that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
 - b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
 - c. The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
 - d. In our opinion, the aforesaid consolidated 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 of the Holding Company as on 31 December 2022 taken on record by the Board of Directors of the Holding Company and the report of the statutory auditor of its subsidiary companies incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on 31 December 2022 from being appointed as a director in terms of Section 164(2) of the Act.
 - f. With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company and its subsidiary companies and associate companies incorporated in India 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 Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditor on separate financial statements of the subsidiary, as noted in the "Other Matters" paragraph:
 - a. The consolidated financial statements disclose the impact of pending litigations as at 31 December 2022 on the consolidated financial position of the Group. Refer Note 33 to the consolidated financial statements.
 - b. Provision has been made in the consolidated financial statements, as required under the applicable law or Ind AS, for material foreseeable losses, on long-term contracts including derivative contracts. Refer Note 21 to the consolidated financial statements in respect of such items as it relates to the Group.
 - c. There are no amounts which are required to be transferred to the Investor Education and Protection Fund by the Holding Company or its subsidiary companies incorporated in India during the year ended 31 December 2022.
 - d. (i) The respective management of the Holding Company and its subsidiary companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiary companies respectively that, to the best of their knowledge and belief, as disclosed in the Note 42 to the consolidated financial statements, no funds have been advanced or loaned or invested



(either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or any of such subsidiary companies to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall:

- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company or any of such subsidiary companies ("Ultimate Beneficiaries") or
 - provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (ii) The respective management of the Holding Company and its subsidiary companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiary companies respectively that, to the best of their knowledge and belief, as disclosed in the Note 43 to the consolidated financial statements, no funds have been received by the Holding Company or any of such subsidiary companies from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company or any of such subsidiary companies shall:
- directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Parties ("Ultimate Beneficiaries") or
 - provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (iii) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us and that performed by the auditor of the subsidiary company incorporated in India whose

financial statements have been audited under the Act, nothing has come to our or other auditor notice that has caused us or the other auditor to believe that the representations under sub-clause (i) and (ii) above contain any material misstatement.

- e. The final dividend paid by the Holding Company and its subsidiary companies incorporated in India during the year in respect of the same declared for the previous year is in accordance with section 123 of the Act to the extent it applies to payment of dividend. As stated in note 46 to the consolidated Ind AS financial statements, the respective Board of Directors of the Holding Company and its subsidiary companies incorporated in India have proposed final dividend for the year which is subject to the approval of the members of the respective companies at the respective ensuing Annual General Meeting. The dividend declared is in accordance with section 123 of the Act to the extent it applies to declaration of dividend.
- C. With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act:

In our opinion and according to the information and explanations given to us and based on the reports of the statutory auditors of such subsidiary company incorporated in India which was not audited by us, the remuneration paid/payable during the current year by the holding Company and its subsidiary companies to its directors is in accordance with the provisions of Section 197 of the Act. The remuneration paid/payable to any director by the holding Company and its subsidiary companies 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) of the Act which are required to be commented upon by us.

For **BSR & Co. LLP**
Chartered Accountants

Firm's Registration No.:101248W/W-100022

Abhishek
Partner

Place: Pune
Date: 22 February 2023

Membership No.: 062343
ICAI UDIN:23062343BGYF5H4356



Annexure A to Independent Auditors' Report

Report on the Consolidated Financial Statements of Mahindra CIE Automotive Limited for the year ended 31 December 2022

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

In our opinion and according to the information and explanations given to us, following companies incorporated in India and included in the consolidated financial statements, have unfavourable remarks, qualification or adverse remarks given by the respective auditor in its report under the Companies (Auditor's Report) Order, 2020 (CARO):

S r . No.	Name of the entities	CIN	Holding Company/ Subsidiary/ JV/ Associate	Clause number of the CARO report which is unfavourable or qualified or adverse
1	Mahindra CIE Automotive Limited	L27100MH1 999PLC121285	Holding Company	i(c), ii(b), iii(c), iii(f) and vii(a)
2	Aurangabad Electricals Limited	U31909PNI 985PLC037539	Subsidiary	Clause ii(b), iii(c), iii(d) and iii(f)
3	CIE Hosur Limited	U29308TZ2 021PLC036747	Subsidiary	Clause xvii and xviii.

The above does not include comments, if any, in respect of the following entities as the CARO report relating to them has not been issued by its auditor till the date of principal auditor's report.

Name of the entities	CIN	Subsidiary/ JV/ Associate
Sunbarn Renewables Pvt. Ltd.	U40108MH2020PTC33711 1	Associate
Renew Surya Alok Private Limited	U40300DL2020PTC367018	Associate
Gescrap India Private Limited	U74999PN2018FTC175675	Associate
Strongsun Solar Private Limited	U40106MH2020PTC34212 5	Associate

For **B S R & Co. LLP**

Chartered Accountants

Firm's Registration No.:101248W/W-100022

Abhishek

Partner

Membership No.: 062343

ICAI UDIN:23062343BGYFSH4356

Place: Pune

Date: 22 February 2023



Annexure B to Independent Auditors' Report

Report on the consolidated financial statements of Mahindra CIE Automotive Limited for the year ended 31 December 2022

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

(Referred to in paragraph 2(A)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

In conjunction with our audit of the consolidated financial statements of Mahindra CIE Automotive Limited (hereinafter referred to as "the Holding Company") as of and for the year ended 31 December 2022, we have audited the internal financial controls with reference to financial statements of the Holding Company and such companies incorporated in India under the Act which are its subsidiary companies and its associate companies, as of that date.

In our opinion and based on the consideration of report of the other auditor on internal financial controls with reference to financial statements of subsidiary company, as was audited by the other auditor, the Holding Company and such companies incorporated in India which is its subsidiary companies, have, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 December 2022, based on the internal financial controls with reference to financial statements criteria established by such companies considering the essential components of such internal controls 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 and Board of Directors' Responsibilities for Internal Financial Controls

The respective Company's Management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the respective 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 the respective Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditor of the relevant subsidiary company in terms of their report referred to in the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to financial statements.

Meaning of Internal Financial Controls with Reference to Financial Statements

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated 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 consolidated financial statements.

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

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

Other Matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to financial

statements insofar as it relates to 1 subsidiary company, which is a company incorporated in India, is based on the corresponding report of the auditor of such company incorporated in India.

The internal financial controls with reference to financial statements insofar as it relates to 4 associate companies, which are companies incorporated in India and included in these consolidated financial statements, have not been audited either by us or by other auditor. In our opinion and according to the information and explanations given to us by the Management, such unaudited associate companies are not material to the Holding Company.

Our opinion is not modified in respect of above matters.

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

Abhishek
 Partner
 Place: Pune
 Date: 22 February 2023
 Membership No.: 062343
 ICAIUDIN:23062343BGYFSH4356



Consolidated Balance Sheet as at 31 December, 2022

		₹ in Million	
		As at	As at
	Note No.	31 December, 2022	31 December, 2021
I	ASSETS		
1	NON-CURRENT ASSETS		
(a)	Property, Plant and Equipment	6	26,003
(b)	Capital Work-in-Progress	6	1,195
(c)	Right-of-use assets	6	1,134
(d)	Goodwill	7	28,040
(e)	Other Intangible Assets	8	290
(f)	Investment accounted for using the equity method	9	310
(g)	Financial Assets		
i)	Investments	9	11
ii)	Loans	12	1,687
iii)	Other Financial Assets	10	219
(h)	Deferred Tax Assets (net)	24	85
(i)	Income Tax Assets (net)		393
(j)	Other Non-Current Assets	13	693
	TOTAL NON-CURRENT ASSETS	60,060	70,760
2	CURRENT ASSETS		
(a)	Inventories	14	12,108
(b)	Financial Assets		
i)	Investments	9	5,435
ii)	Trade Receivables	11	8,608
iii)	Cash and Cash Equivalents	15	713
iv)	Bank Balances other than above	15	146
v)	Loans	12	54
vi)	Other Financial Assets	10	917
(c)	Income Tax Assets (net)		1
(d)	Other Current Assets	13	1,453
	Disposal group - assets held for sale	23	9,788
	TOTAL CURRENT ASSETS	39,223	28,795
	TOTAL ASSETS	99,283	99,555
II	EQUITY AND LIABILITIES		
1	EQUITY		
(a)	Equity Share Capital	16	3,793
(b)	Other Equity	17	47,192
	TOTAL EQUITY	50,985	51,966
2	NON-CURRENT LIABILITIES		
(a)	Financial liabilities		
i)	Borrowings	18	1,188
ii)	Lease liabilities	6	425
(b)	Provisions	21	1,008
(c)	Deferred Tax Liabilities (net)	24	3,285
(d)	Other Non-Current Liabilities	22	1,216
	TOTAL NON-CURRENT LIABILITIES	7,122	16,237
3	CURRENT LIABILITIES		
(a)	Financial Liabilities		
i)	Borrowings	18	8,045
ii)	Lease liabilities	6	187
iii)	Trade Payables	19	
	Total outstanding dues of Micro enterprises and Small enterprises; and Total outstanding dues of creditors other than micro enterprises and small enterprises		393
			20,957
iv)	Other Financial Liabilities	20	776
(b)	Other Current Liabilities	22	2,489
(c)	Provisions	21	545
(d)	Current Tax Liabilities (net)		604
	Disposal group-liabilities directly associated with assets held for sale	23	7,180
	TOTAL CURRENT LIABILITIES	41,176	31,352
	TOTAL EQUITY AND LIABILITIES	99,283	99,555

The accompanying notes 1 to 48 are an integral part of these consolidated financial statements.

This is the Consolidated Balance Sheet referred to in our report of even date.

For B S R & Co. LLP

Firm Registration No. 101248W/W-100022

Abhishek

Partner
Membership No. 062343
Pune
22 February, 2023

For and on behalf of the Board of Directors of **MAHINDRA CIE AUTOMOTIVE LIMITED**

Ander Arenaza Alvarez

Executive Director
DIN : 07591785

Manoj Menon
Executive Director &
CEO-Business Division
DIN : 07642469

K. Jayaprakash
Chief Financial Officer

Pune 22 February, 2023

Dhananjay Mungale

Director
DIN : 00007563

Hari Krishnan
CEO-Business Division

Pankaj Goyal
Company Secretary & Compliance officer
ACS : A29614

Pune, February 22, 2023



Consolidated Statement of Profit and Loss for the year ended 31 December, 2022

	Note No.	Year ended 31 December, 2022	₹ in Million Year ended 31 December, 2021
Continuing operations			
I			
Revenue from operations	27 A	87,530	67,651
II			
Other income	27 B	583	468
III			
Total Income (I+II)		88,113	68,119
IV			
Expenses			
(a) Cost of materials consumed	28	48,607	35,194
(b) Changes in inventories of finished goods, semi-finished goods and work-in-progress		(847)	(1,848)
(c) Employee benefits expense	29	9,022	9,263
(d) Finance costs	30	227	348
(e) Depreciation and amortisation expenses	6,8	2,962	2,733
(f) Other expenses	31	19,029	15,625
Total Expenses (IV)		79,000	61,315
V			
Profit before share of profit of associates, exceptional items and tax (III-IV)		9,113	6,804
VI			
Share of profit / (loss) of associates		22	12
VII			
Profit before exceptional items and tax (V- VI)		9,135	6,816
VIII			
Exceptional gains/ (losses)	40	379	(128)
IX			
Profit before tax from continuing operations (VII + VIII)		9,514	6,688
X			
Tax Expense			
1 Current tax	25	2,190	1,727
2 Reversal of earlier years		-	(293)
3 Deferred tax	25	211	1,295
Total tax expense (X)		2,401	2,730
XI			
Profit after tax from continuing operations (IX- X)		7,113	3,958
XII			
Discontinued operations			
Profit/ (Loss) before exceptional items and tax for the year from discontinued operations		831	(39)
Loss on fair valuation of assets and liabilities of Discontinued operations		(9,234)	-
Profit/ (Loss) before tax for the year from discontinued operations		(8,403)	(39)
Current tax expense/ (reversal)		92	4
Deferred tax expense/ (reversal)		(20)	6
Tax expense on discontinued operations		72	10
Profit/(Loss) from discontinued operations (after tax)	23	(8,475)	(29)
XIII			
Profit for the year (X+XI)		(1,362)	3,929
XIV			
Other comprehensive income			
(i) Items that will not be reclassified to profit or loss:			
Remeasurement of post-employment benefit obligation	32	546	102
Income tax relating to items that will not be reclassified to profit or loss	25	(176)	15
(ii) Items that will be reclassified to profit or loss:			
Exchange differences in translating the financial statements of foreign operations		956	(1,168)
Income tax relating to items that will be reclassified to profit or loss		-	-
Total other comprehensive income/(loss) for the year, net of income tax		1,326	(1,051)
XV			
Total comprehensive income for the year attributable to owners of the Group (XIII+XIV):		(36)	2,878
From continuing operations		8,439	2,907
From discontinued operations		(8,475)	(29)
XVI			
Earnings per share from continuing and discontinued operations of the owners of the Group (expressed in Rs. 10 per share):	35		
1 For continuing operations		8,439	2,907
-Basic earnings per share		18.76	10.44
-Diluted earnings per share		18.76	10.44
2 For discontinued operations		(8,475)	(29)
-Basic earnings per share		(22.35)	(0.08)
-Diluted earnings per share		(22.35)	(0.08)
3 For continuing and discontinued operations		(36)	2,878
-Basic earnings per share		(3.59)	10.36
-Diluted earnings per share		(3.59)	10.36

The accompanying notes 1 to 48 are an integral part of these consolidated financial statements.

This is the Consolidated Statement of profit and loss referred to in our report of even date.

For BSR & Co. LLP
Firm Registration No. 101248W/W-100022

Abhishek
Partner
Membership No. 062343
Pune
22 February, 2023

Pune, February 22, 2022

For and on behalf of the Board of Directors of **MAHINDRA CIE AUTOMOTIVE LIMITED**

Ander Arenaza Alvarez
Executive Director
DIN : 07591785
Manoj Menon
Executive Director &
CEO-Business Division
DIN : 07642469

K. Jayaprakash
Chief Financial Officer

Pune 22 February, 2023

Dhananjay Mungale
Director
DIN : 00007563
Hari Krishnan
CEO-Business Division

Pankaj Goyal
Company Secretary & Compliance officer
ACS : A29614



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER, 2022

₹ in Million

A. Equity Share Capital

	Number of Shares	Equity share capital
Balance as at 1 January 2022	379,075,399	3,791
Exercise of stock options by employees	241,980	2
Balance as at 31 December, 2022	379,317,379	3,793
Balance as at 1 January 2021	379,010,682	3,790
Changes in equity share capital during the year	64,717	1
Balance as at 31 December, 2021	379,075,399	3,791

B. Other Equity

	Reserves and surplus						Other reserves		Total
	Capital Reserve	Securities Premium Reserve	Equity-settled employee benefits reserve	General Reserve	Capital Redemption Reserve	Remeasurement of post employment benefit obligation	Retained Earnings	Foreign Currency Translation Reserve	
As at 1 January, 2022	7,693	15,300	31	6,028	165	(85)	16,796	2,248	48,175
Profit for the year	-	-	-	-	-	-	(1,362)	-	(1,362)
Other comprehensive income (net of income tax)	-	-	-	-	-	370	-	923	1,293
Total Comprehensive Income for the year	-	-	-	-	-	370	(1,362)	923	(69)
Exercise of stock options by employees	-	60	(26)	-	-	-	-	-	33
Dividend paid during the year	-	-	-	-	-	-	(948)	-	(948)
As at 31 December, 2022	7,693	15,360	5	6,028	165	285	14,486	3,171	47,192
As at 1 January, 2021	7,693	15,285	38	6,028	165	(202)	12,867	3,416	45,290
Profit for the year	-	-	-	-	-	-	3,929	-	3,929
Other comprehensive income (net of income tax)	-	-	-	-	-	117	-	(1,168)	(1,051)
Total Comprehensive Income for the year	-	-	-	-	-	117	3,929	(1,168)	2,878
Exercise/ (Forfeiture) of employee stock options	-	-	-	-	-	-	-	-	-
Exercise of stock options by employees	-	15	(7)	-	-	-	-	-	7
As at 31 December, 2021	7,693	15,300	31	6,028	165	(85)	16,796	2,248	48,175

The accompanying notes 1 to 48 are an integral part of these consolidated financial statements.

This is the Consolidated Statement of Changes in Equity referred to in our report of even date.

For BSR & Co. LLP
Firm Registration No. 101248W/W-100022

Abhishek
Partner
Membership No. 062343
Pune
22 February, 2023

For and on behalf of the Board of Directors of **MAHINDRA CIE AUTOMOTIVE LIMITED**

Ander Arenaza Alvarez
Executive Director
DIN : 07591785

Manoj Menon
Executive Director &
CEO-Business Division
DIN : 07642469

K. Jayaprakash
Chief Financial Officer

Dhananjay Mungale
Director
DIN : 00007563

Hari Krishnan
CEO-Business Division

Pankaj Goyal
Company Secretary & Compliance officer
ACS : A29614

Pune, February 22, 2023

Pune 22 February, 2023



Consolidated Statement of Cash Flows for the year ended 31 December, 2022

	Year ended 31 December, 2022	₹ in Million Year ended 31 December, 2021
I Cash flows from operating activities		
Profit/(loss) before tax for the year		
from continuing operations	9,514	6,688
from discontinued operation	(8,403)	(39)
Adjustments for:		
Finance costs	454	533
Net Gain on sale of investments and change in fair value of investments held at FVTPL	(28)	(24)
Provision for voluntary retirement scheme	-	128
Other income	-	(9)
Provision for doubtful debts- (release)/charge	(8)	23
Provision for obsolescence of inventory	25	(29)
Interest income	(130)	(38)
Share in profits on associate companies	(22)	
Unrealised foreign exchange gain	(219)	
Loss on fair valuation of assets and liabilities of Discontinued operations	9,234	-
Grant income	(369)	(376)
Net Gain on disposal of Property, Plant and Equipment	(406)	(109)
Depreciation and amortisation	3,537	3,431
Employee Share based payment expenses	81	21
	13,260	10,200
Working capital adjustments :		
(Increase)/decrease in trade receivables	(2,841)	344
(Increase)/decrease in other financial assets	10	774
(Increase)/decrease in other assets	(148)	(298)
(Increase)/decrease in inventories	(1,801)	(3,396)
(Decrease)/Increase in Trade payables	4,270	4,795
(Decrease)/Increase in provisions	(72)	(368)
(Decrease)/Increase in other liabilities	485	(486)
	(97)	1,364
Income taxes paid (net of withholding tax)	(1,981)	(1,053)
Net cash flow from operating activities	11,182	10,511
II Cash flows from investing activities		
Proceeds from sale of investments (net)	(1,273)	(1,880)
Net Gain on investments held at FVTPL	-	24
Interest income received	130	38
Grant Received	300	-
Deposits placed during the year (net)	(146)	-
Investment in Associate companies	(53)	(146)
Dividend received from associates	-	3
Loans given (net)	(921)	(812)
Payments for Property, Plant and Equipment & Intangible assets	(5,014)	(5,267)
Proceeds from disposal of Property, Plant and Equipment & Intangible assets	582	489
Net cash used in investing activities	(6,395)	(7,551)
III Cash flows from financing activities		
Proceeds from issue of equity instruments of the Group	36	10
Repayment of lease liabilities	(531)	(385)
Dividend paid	(948)	-
Repayment of long term borrowings	(3,937)	(2,787)
Proceeds from short term borrowings (net)	881	-
Interest paid	(378)	(464)
Net cash used in financing activities	(4,877)	(3,626)



	Year ended 31 December, 2022	₹ in Million Year ended 31 December, 2021
IV Net decrease in cash and cash equivalents	(90)	(666)
Cash and cash equivalents at the beginning of the year (Note 15)	1,646	2,386
Effects of exchange rate changes (on cash held in foreign currencies)	28	(74)
V Cash and cash equivalents at the end of the year (Note 15)	1,584	1,646
Reconciliation of cash and cash equivalents		
Total cash and cash equivalents as per Balance Sheet (Note 15)	713	1,444
Cash and cash equivalents in discontinued operations (Note 15)	871	51
Bank balances (Note 15)	-	151
Total cash and cash equivalents as per Statement of cash flow	1,584	1,646

Consolidated Statement of Cash Flows includes cash flows of disposal group. For details of cash flows of disposal group, refer note 23.

The accompanying notes 1 to 48 are an integral part of these consolidated financial statements.

This is the Consolidated Statement of Cash Flow referred to in our report of even date

For BSR & Co. LLP

Firm Registration No. 101248W/W-100022

Abhishek

Partner
Membership No. 062343
Pune
22 February, 2023

Pune, February 22, 2023

For and on behalf of the Board of Directors of **MAHINDRA CIE AUTOMOTIVE LIMITED**

Ander Arenaza Alvarez

Executive Director
DIN : 07591785

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Executive Director &
CEO-Business Division
DIN : 07642469

K. Jayaprakash

Chief Financial Officer

Pune 22 February, 2023

Dhananjay Mungale

Director
DIN : 00007563

Hari Krishnan

CEO-Business Division

Pankaj Goyal

Company Secretary & Compliance officer

ACS : A29614



Notes to the Consolidated Financial Statements as at and for the year ended 31 December, 2022

(₹ in Million)

1 General information Mahindra CIE Automotive Group and Background**Mahindra CIE Automotive Limited and activities**

Mahindra CIE Automotive Limited (MCIE) is a company incorporated in India having its registered office at Suite F9D, Grand Hyatt Plaza, Off Western Express Highway, Santacruz (E) Mumbai. The Company has been incorporated under the provisions of the Indian Companies Act and its equity shares are listed on the Bombay Stock Exchange (BSE) and National Stock Exchange (NSE) in India. The company and its subsidiaries (collectively referred to as "the Group") are engaged in the business of production and sale of automotive components to original equipment manufacturers and other customers (including leading suppliers of components) in India and overseas.

The Group has manufacturing facilities in India, Germany, Spain, Lithuania, Italy, and Mexico. The group has an established presence in each of these locations and supply automotive components to its customers based there and export products to customers based in other countries as well. The group's manufacturing locations are generally located close to major automotive manufacturing hubs in order to facilitate supplies to the customers.

MCIE is a subsidiary of CIE Automotive S.A based in Spain. The Mahindra Group based in India is a significant shareholder in MCIE. Pursuant to a global alliance between the two companies Mahindra's automotive components businesses across various product segments in India and Europe were brought together with the forgings business of CIE in Spain.

The subsidiaries and associates included in these consolidated financial statements along with the proportion of ownership and beneficial interest of the Group in such subsidiaries is included in the details on Interest in other entities mentioned below.

These consolidated financial statements for the year ended December 31, 2022 were approved for issue by the Board of Directors in accordance with their resolution dated February 22, 2023.

Interest in other entities

Sr. No.	Name of the entity	% of Holding		Country of Incorporation
		31 December, 2022	31 December, 2021	
1	Stokes Group Limited (SGL) (subsidiary of MCIE)	100%	100%	U.K
2	CIE Forgings Germany GmbH (formerly know as Mahindra Forgings Europe AG) (CFG) (subsidiary of Galfor)	100%	100%	Germany
3	Jeco Jellinghaus GmbH (subsidiary of CFG)	100%	100%	Germany
4	Gesensschmiede Schneider GmbH (subsidiary of CFG)	100%	100%	Germany
5	Falkenroth Unformtechnik GmbH (subsidiary of CFG)	100%	100%	Germany
6	Schonoeweiss & Co GmbH (subsidiary of CFG)	100%	100%	Germany
7	Metalcastello S.p.A (MC) (subsidiary of Galfor)	99.96%	99.96%	Italy
8	CIE Galfor S.A.U. (Galfor) (subsidiary of MCIE)	100%	100%	Spain
9	CIE Legazpi SA (subsidiary of Galfor)	100%	100%	Spain
10	UAB CIE LT Forge (subsidiary of Galfor)	100%	100%	Lithuania
11	Galfor Eólica, S.L (Associate of Galfor)	25%	25%	Spain
12	Aurangabad Electricals Limited (AEL) (subsidiary of MCIE)	100%	100%	India
13	BF Precision Private Limited (subsidiary of MCIE)	100%	100%	India
14	Bill Forge Mexico S. A. de.C V (subsidiary of MCIE)	99.99%	99.99%	Mexico
15	AE Deutschland GmbH (Subsidiary of AEL) (dissolved on August 12, 2021)	-	100%	Germany



Notes to the Consolidated Financial Statements as at and for the year ended 31 December, 2022

(₹ in Million)

Sr. No.	Name of the entity	% of Holding		Country of Incorporation
		31 December, 2022	31 December, 2021	
16	Gescrap India Private Limited (Associate of MCIE)	30%	30%	India
17	Clean Max Deneb Power LLP (Associate of MCIE)	26%	26%	India
18	Sunbarn Renewables Private Limited (Associate of MCIE)	26.12%	27.16%	India
19	Renew Surya Alok Private Limited (Associate of MCIE)	31.20%	31.20%	India
20	Strongsun Solar Private Limited (Associate of MCIE) (w. e. f. December 21, 2022)	27.35%	-	India
21	CIE Hosur Limited (Subsidiary of MCIE)	100%	100%	India

2. Summary of significant accounting policies

2.1 Basis of presentation

The consolidated financial statements of the Group have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Companies Act, 2013. The consolidated financial statement have been prepared on a historical cost basis, except for share based payment, assets held for sale, derivative financial instrument and certain financial assets and liabilities measured at fair value.

The consolidated financial statements are presented in Million ₹ and all values are rounded to the nearest Million except when otherwise indicated.

2.2 Consolidation principles and equity accounting

Subsidiaries

The consolidated financial statements comprise the financial statements of the company and its subsidiaries as at 31st December 2022. Subsidiaries are all entities over which the Group has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights
- The size of the Group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's financial statements in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent Group, i.e., year ended on 31st December 2022.



Notes to the Consolidated Financial Statements as at and for the year ended 31 December, 2022

(₹ in Million)

Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

Consolidation procedure:

- (a) Combine like items of assets, liabilities, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.
- (b) Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.
- (c) Eliminate in full intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group (profits or losses resulting from intra-group transactions that are recognised in assets, such as inventory and Property, Plant and equipment, are eliminated in full). Ind AS12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intra-group transactions.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-Group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interests
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

2.3 Segment information

Information regarding the results of each reportable segment is shown in Note 5 below. Performance is measured based on segment results (profit before tax) as included in internal reporting which is reviewed by Group CEO. Segment profit is used to measure performance as management believes that such information is most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arm's length basis.

2.4 Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

At the acquisition date, the identifiable assets acquired, and the liability assumed are recognised at their acquisition date fair value. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of



Notes to the Consolidated Financial Statements as at and for the year ended 31 December, 2022

(₹ in Million)

resources embodying economic benefits is not probable. However, the following assets and liabilities acquired in a business combination are measured at the basis indicated below:

- Deferred tax assets or liabilities, and the assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with Ind AS 12 Income Tax and Ind AS 19 Employee Benefits respectively.
- Liabilities or equity instruments related to share based payment arrangements of the acquiree or share – based payments arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with Ind AS 102 Share-based Payments at the acquisition date.
- Assets (or disposal Groups) that are classified as held for sale in accordance with Ind AS 105 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard.
- Reacquired rights are measured at a value determined on the basis of the remaining contractual term of the related contract. Such valuation does not consider potential renewal of the reacquired right.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognized in profit or loss or OCI, as appropriate.

Any contingent consideration to be transferred by the acquirer is recognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of Ind AS 109 Financial Instruments, is measured at fair value with changes in fair value recognized in profit or loss. If the contingent consideration is not within the scope of Ind AS 109, it is measured in accordance with the appropriate Ind AS. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and subsequent its settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in OCI and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognizes the gain directly in equity as capital reserve, without routing the same through OCI.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized in profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted through goodwill during the measurement period, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date. These adjustments are called as measurement period adjustments. The measurement period does not exceed one year from the acquisition date.



Notes to the Consolidated Financial Statements as at and for the year ended 31 December, 2022

(₹ in Million)

2.5 Current and non-current classification

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

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

All other assets are classified as non-current.

A liability is current when:

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

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets or liabilities.

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

2.6 Foreign currencies

The Group's consolidated financial statements are presented in ₹, which is also the Group's functional currency. For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. However, for practical reasons, the Group uses an average rate if the average approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognized in profit or loss with the exception of the following:

- Exchange differences arising on monetary items that forms part of a reporting entity's net investment in a foreign operation are recognized in profit or loss in the separate financial statements of the reporting entity or the individual financial statements of the foreign operation, as appropriate. In the financial statements that include the foreign operation and the reporting entity (e.g., consolidated financial statements when the foreign operation is a subsidiary), such exchange differences are recognized initially in OCI. These exchange differences are reclassified from equity to profit or loss on disposal of the net investment.
- Exchange differences arising on monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognized in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss.
- Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign



Notes to the Consolidated Financial Statements as at and for the year ended 31 December, 2022

(₹ in Million)

currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item.

Group companies

On consolidation, the assets and liabilities of foreign operations are translated into ₹ at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognized in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognized in profit or loss.

2.7 Revenue recognition

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has concluded that it is principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer. The policy of recognising the revenue is determined by the five-stage model proposed by Ind AS 115 "Revenue from contract with customers".

Sale of goods

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer generally on date of bill of lading for export sales and generally on delivery for domestic sales. The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of goods, the Group considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer, if any.

Other Operating Revenue

Export incentives

Revenue from export incentives are accounted for on export of goods if the entitlements can be estimated with reasonable assurance and condition precedent to claim are fulfilled.

Interest income

For all debt instruments measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in other income in the statement of profit and loss.

Dividends

Income is recognized when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.

2.8 Government grants

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

When the Group receives grants of non-monetary assets, the asset and the grant are recorded at fair value amounts and recognised in profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset i.e. by equal annual instalments. When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant. The loan or assistance is initially recognized and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received.



Notes to the Consolidated Financial Statements as at and for the year ended 31 December, 2022

(₹ in Million)

2.9 Taxes**Current income tax**

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized either in other comprehensive income or in equity. Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognized subsequently if new information about facts and circumstances change. Acquired deferred tax benefits recognized within the measurement period reduce goodwill related to that acquisition if they result from new information obtained about facts and circumstances existing at the acquisition date. If the carrying amount of goodwill is zero, any remaining deferred tax benefits are recognized in OCI/ capital reserve



Notes to the Consolidated Financial Statements as at and for the year ended 31 December, 2022

(₹ in Million)

depending on the principle explained for bargain purchase gains. All other acquired tax benefits realised are recognized in profit or loss.

Goods and Services Tax paid on acquisition of assets or on incurring expenses

Expenses and assets are recognized net of the amount of Goods & Service taxes paid, except:

- When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of tax included

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

2.10 Property, plant and equipment

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of items.

Subsequent costs are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit and loss during the reporting period in which they are incurred.

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

- Building 30 / 60 years
- Furniture & Fixtures 5 to 10 years
- Office equipment's 5 to 10 years
- Vehicles 3 to 8 years
- Computers 3 to 6 years

The depreciation policy historically applied by the MCIE to productive assets (plant, machinery and tools) is to systematically apply depreciation based on the useful lives of the assets concerned. These useful lives were estimated in accordance with the actual production capacity of the assets and their residual value, as well as a maximum useful life for each asset.

For certain plants and machineries, the Management applies unit of production method for depreciation. By using the units of production method, annual depreciation charges adapt to changes in production levels, on the understanding that this best reflects the expected pattern of consumption of the future economic benefits embodied by the assets. Units of production method of depreciation is calculated for these categories of plant, machinery, based on the actual production levels attained by the assets and their residual value.

For other plant and machinery, where usage and efflux of time is primary determinant, the Group continues to depreciate assets using straight-line basis over the estimated useful lives of the assets as follows:

- Plant and machinery (other than those stated above) 5 to 25 years

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

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

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



Notes to the Consolidated Financial Statements as at and for the year ended 31 December, 2022

(₹ in Million)

2.11 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognized in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

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

Research and development expenses

Research expenditure is recognised as an expense as incurred. The costs incurred in development projects (associated with the design and testing of new products or product upgrades) are recognised as an intangible asset when the success of the development is deemed probable taking into account its technical and commercial feasibility, management intends to complete the project and has the technical and financial resources to do so, has the ability to use or sell the asset and generate potential economic benefits and the costs involved may be reliably estimated. Other development expenditures are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Development costs with a finite useful life that have been capitalised are amortised from the start of commercial production of the product on a straight-line basis over the period in which it is expected to generate economic benefits, which does not exceed five years.

Licences

Trademarks and licences have a finite useful life and are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method to allocate the cost of trademarks and licences over their estimated useful lives.

2.12 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

2.13 Leases**As a lessee**

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Lease payments are allocated between the principal (liability) and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- amounts expected to be payable by the lessee under residual value guarantees
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option



Notes to the Consolidated Financial Statements as at and for the year ended 31 December, 2022

(₹ in Million)

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss.

Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office equipments.

As a Lessor

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. The respective leased assets are included in the balance sheet based on their nature.

2.14 Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition is accounted for as follows:

- Raw materials: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average cost.
- Finished goods, semi-finished goods and work in progress: cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs. Cost is determined on weighted average cost.
- Traded goods: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average.

Initial cost of inventories includes the transfer of gains and losses on qualifying cash flow hedges, recognized in OCI, in respect of the purchases of raw materials.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2.15 Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating units (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicator.



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(₹ in Million)

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Group extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

Impairment losses of continuing operations, including impairment on inventories, are recognized in the statement of profit and loss, except for properties previously revalued with the revaluation surplus taken to OCI. For such properties, the impairment is recognized in OCI up to the amount of any previous revaluation surplus.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior year. Such reversal is recognized in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually as at 31st December.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU to which the goodwill relates. In assessing the recoverable amount of the CGU, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful lives are tested for impairment annually as at each reporting period at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

2.16 Provisions**General**

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

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

Restructuring provisions

Restructuring provisions are recognized only when the Group has a constructive obligation, which is when a detailed formal plan identifies the business or part of the business concerned, the location and number of employees affected, a detailed estimate of the associated costs, and an appropriate timeline, and the employees affected have been notified of the plan's main features.

2.17 Retirement and other employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The Group has no obligation, other than the contribution payable to the provident fund. The Group recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.



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(₹ in Million)

The Group operates a defined benefit gratuity plan in India, which requires contributions to be made to a separately administered fund.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Pension provisions are for operations in Germany and are entirely internally funded. These benefits are in the nature of long term service awards and lifetime pension and retirement plans. Liabilities are determined using projected unit credit method together with mortality tables. Obligation is measured at the present value of estimated future cash flow using the discount rate that is determined by reference to average market yields of ten years.

Past service costs are recognized in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Group recognizes related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation as an expense in the consolidated statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

2.18 Share based payments

Share based compensation benefits are provided to employees via the Employee Stock Options Scheme and Stock Appreciation Rights.

The fair value of options granted under the above scheme is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

- Including any market performance conditions;
- Excluding the impact of any service vesting conditions (for example, remaining an employee of the entity over a specified time period)

Non-market performance and service conditions are included in the assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period during which all the specified vesting conditions are to be satisfied.

At the end of each reporting period, the Group revised the estimates of the number of options that are expected. It recognises the impact of the revision of original estimates, if any, in the income statement, with corresponding adjustment to equity.

The total cost of the services rendered by the beneficiaries is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied (continued service at the Group).

Liabilities for the Company's share appreciation rights are recognised as employee benefit expense over the relevant service period. The liabilities are remeasured to fair value at each reporting date.

2.19 Earnings Per Share

(i) Basic Earnings per share

Basic earnings per share is calculated by dividing

- the profit attributable to owners of the Group
- by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year and excluding treasury shares, if any.



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(₹ in Million)

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of the additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

2.20 Financial Assets and Financial liabilities

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets**Initial recognition and measurement**

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

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 profit or 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 profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income under the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or 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 profit or loss.

Financial liabilities**Initial recognition and measurement**

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, 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 profit or 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 profit or loss. Any gain or loss on derecognition is also recognised in profit or loss. Other Financial Liabilities: These are measured at amortised cost using the effective interest method. The Group's financial liabilities include trade and other payable, loan, lease liabilities and borrowings including bank overdrafts.



Notes to the Consolidated Financial Statements as at and for the year ended 31 December, 2022

(₹ in Million)

Subsequent measurement**Loans and borrowings**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

Offsetting:

Financial assets and liabilities are offset and the net amount presented in balance sheet when and only when the Group currently has a legal 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.

Derecognition of financial assets and financial liabilities:

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expires or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received. Any gain or loss arising on derecognition is recognised in profit or loss. When a financial instrument is derecognised, the cumulative gain or loss in equity is transferred to the statement of profit and loss unless it was an equity instrument electively held at fair value through other comprehensive income.

In this case, any cumulative gain or loss in equity is transferred to retained earnings. Financial assets are written off when there is no reasonable expectation of recovery. The Company reviews the facts and circumstances around each asset before making a determination. Financial assets that are written off could still be subject to enforcement activities. Financial liabilities are derecognised when these are extinguished, that is when the obligation is discharged, cancelled or has expired.

2.21 Share Capital

Ordinary equity shares are classified as equity.

Incremental cost directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.22 Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

2.23 Dividend

The Group recognizes a liability to make cash or non-cash distributions to equity holders of the parent when the distribution is authorised and the distribution is no longer at the discretion of the Group. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognized directly in equity.

2.24 Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If the receivable is expected to be collected within a period of 12 months or less from the reporting date, they are classified as current assets otherwise as non-current assets.

Trade receivables are measured at their transaction price unless it contains a significant financing component or pricing adjustments embedded in the contract.

Loss allowance for trade receivable are always measured at an amount equal to life time expected credit losses.



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(₹ in Million)

2.25 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payable is classified as current liabilities if payment is due within one year or less.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.26 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest rate method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer their settlement for at least 12 months after the end of the reporting period.

Fees paid on for availing the loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facilities will be drawn down. In this case, the fees are deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

2.27 Disposal groups and discontinued operations

An operation is classified as discontinued operations when component of the entity that has been disposed of or is classified as held for sale and that represent a separate major line of business or geographical area of operations and is a part of a single coordinated plan to dispose off. The result of discontinued operation is presented separately, in statement of profit and loss. Assets of disposal group classified as held for sale are presented separately from other assets in balance sheet. The liabilities of disposal group classified as held for sale are presented separately from other liabilities in the balance sheet. Once classified as held-for-sale, intangible assets, property, plant and equipment and investment properties are no longer amortised or depreciated, and any equity-accounted investee is no longer equity accounted.

2.28 Recent Accounting Pronouncements:

Ministry of Corporate Affairs (MCA), vide its notification dated March 24, 2021, amended Schedule III of the Companies Act, 2013 with effect from 1 April 2021. There are key amendments relating to Division II, which relate to companies whose financial statements are required to comply with Companies (Indian Accounting Standards) Rules 2015. The aforesaid notification is applicable for the financial year commencing from April 1, 2021.

3. Financial risk management

3.1. Financial risk factors

The Group's activities expose it to a variety of financial risks viz. market risk (including currency risk, interest rate risk and price risk), liquidity risk and credit risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

a. Market risk

(i) Foreign Currency Risk:-

The overriding objective is to reduce the adverse impact on its activities in general and on the income statement in particular of the variation in exchange rates so that it is possible to hedge against adverse movements and, if appropriate, leverage favourable trends.

In order to arrange such a policy, the Group uses the management scope concept. This concept encompasses all collection/ payment flows in a currency other than the Indian Rupees expected to materialise over a specific time period. The management scope includes assets and liabilities denominated in foreign currency and firm or highly probable commitments for purchases or sales in a currency other than the Indian Rupees. Assets and liabilities denominated in foreign currency are subject to management, irrespective of timing, while firm commitments for purchases or sales that form part of the Management Scope are also subject to management if they are expected to be recognised on the balance sheet within a period of no more than 18 months. Once defined the Management Scope, the Group may use financial instruments for risk management.



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(₹ in Million)

The Group has investments in foreign operations whose net assets are denominated in EURO, exposing it to only foreign exchange translation risk. The exchange risk on the net assets of the Group's foreign operations is managed through natural hedges by denominating liabilities including borrowings (loans) in the corresponding foreign currency.

If at 31st December, 2022, the Rupee had depreciated/ appreciated by 10% with respect to all other functional currencies other than the Rupee, all other variables remaining constant, equity would have increased/decreased by ₹ 460 Million (2021 increased/ decreased by ₹ 344 Million), due to the impact of the net assets contributed by the subsidiaries operating in a functional currency different from Rupee.

If the average rate of exchange of the Euro had depreciated/ appreciated by 10% in 2022 with respect to all other functional currencies other than Euro, all other variables remaining constant, profit after tax for the year would have been higher/ lower by ₹ 310 Million, (2021 ₹ 208 Million), mainly as a result of the exchange gain/ losses on the translation of accounts of subsidiaries denominated in currencies other than Rupee.

(ii) Interest rate risk

The Group's borrowings are benchmarked to variable rates. The expectation of any change in the benchmark rate is monitored regularly and hedging is initiated as and when required. During the year the impact of such expected change was not material.

Out of total Borrowings, ₹ 8,267 Million (2021 ₹ 12,328 Million) are at variable interest rate.

If the average rate of interest had increased/ decreased by 10 bps p.a. in 2022, all other variables remaining constant, interest costs for the year would have been higher/ lower by ₹ 8 Million, (2021 ₹ 12 Million).

b. Liquidity risk

The prudent management of liquidity risk entails maintaining enough cash and available financing through sufficient credit facilities. In this respect, the MCIE Automotive Group strategy, articulated by its Treasury Department, is to maintain the necessary financing flexibility through the availability of committed credit lines. Additionally, and on the basis of its liquidity needs, the Group uses liquidity facilities (non-recourse factoring and the sale of financial assets representing receivable debts, transferring the related risks and rewards). Management monitors the Group's forecast liquidity requirements together with the trend in net debt. The calculation of liquidity and net debt at 31st December 2022 and 31st December 2021 is as follow:

	Note	31 December, 2022	31 December, 2021
Cash, cash equivalents and bank balances	Note 15	859	1,595
Current and Non-current financial Assets – Loans	Note 12	1,742	820
Current financial assets- Investments	Note 9	5,435	4,134
Current and non- current financial assets- Others	Note 10	1,135	1,095
Total Cash and financial assets		<u>9,171</u>	<u>7,644</u>
Borrowings	Note 18	9,234	12,816
Current and non- current Financial Liabilities- Others	Note 20	1,387	2,645
Cash and cash equivalent and bank balances	Note 15	(859)	(1,595)
Current and non-current financial assets – Loans	Note 12	(1,742)	(820)
Current and non-current financial assets – investments	Note 9	(5,435)	(4,134)
Current and non- current financial assets- Others	Note 10	(1,135)	(1,095)
Net financial debt		<u>1,449</u>	<u>7,816</u>



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(₹ in Million)

The Group believes that the on-going initiatives will prevent liquidity shortfalls. In this respect, management expects that the cash generated will be sufficient to service payment obligations for the next twelve months.

The Group monitors the Group's forecast liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining enough headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities.

Noteworthy is the existence at 31st December 2022 of ₹ 3,843 Million in unused loans and credit lines (31st December 2021 of ₹ 3,499 Million).

One of the Group's strategies is to ensure the optimisation and maximum saturation of the resources assigned to the business. The Group therefore pays special attention to the net operating working capital invested in the business. In this regard, as in previous years, considerable work has been performed to control and reduce collection periods for trade and other receivables, as well as to optimise accounts payable with the support of banking arrangements to mobilise funds and minimise inventories through logistic and industrial management, allowing JIT (just in time) supplies to our customers.

As a result of the above, it may be confirmed that there is no liquidity risk for the group.

c. Credit Risk

Credit risk from cash and cash equivalents and bank deposits is considered immaterial in view of the creditworthiness of the banks the Group works with. If management detects liquidity risk in respect of its banks under certain specific circumstances, it recognises impairment provisions as warranted.

In addition, each segment has specific policies for managing customer credit risk; these policies factor in the customers' financial position, past experience and other customer specific factors.

With respect to customer credit limits, it should be noted that Group policy is to spread its volumes across customers or manufacturing platforms.

Given the characteristics, of the Group's customers, management has historically deemed that receivables due within 60 days present no credit risk. The Group continues to consider the credit quality of these outstanding balances to be strong. Based on past trends, expected credit loss is provided. Details of such provision and analysis of the age of assets that are past due but are not impaired is provided in note 11.

Top 28 customers make for 75% of Group's sale, thus reflecting limited credit risk.

i. Trade receivables

The Group uses Expected Credit Loss (ECL) model to assess the impairment gain or loss. As per ECL simplified approach, the Group uses a provision matrix to compute the expected credit loss allowance for trade receivables. The provision matrix takes into account a continuing credit evaluation of Group's customers financial condition; aging of trade accounts receivable; the value and adequacy of collateral received from the customers in certain circumstances (if any); the Group's historical loss experience; and adjustment based on forward looking information. The Group defines default as an event when there is no reasonable expectation of recovery.

Movement of Loss allowance:

	Amount
Loss allowance as on 31 December, 2021	115
Additions/ (reversal) during the year (net)	(8)
Less- reclassified as part of Disposal Group	(33)
Loss allowance as on 31 December, 2022	<u>74</u>

3.2 Fair Value estimation

Fair value measurement

The Group measures financial instruments, such as, derivatives at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:



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₹ in Million)

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period

Refer Note 26

3.3 Capital risk management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for the other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group can adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the leverage ratio. This ratio is calculated as net debt divided by total capital employed. Net debt is calculated as total borrowings plus current financial liabilities less cash, cash equivalents and current financial assets, all of which are shown in the consolidated annual accounts. Total capital employed is calculated as 'equity', as shown in the consolidated annual accounts, plus net debt.

Calculation of Gearing ratio.

	31 December, 2022	31 December, 2021
Net Financial Debt (Refer Note 3.1.(b))	1,449	7,816
Equity	50,985	51,965
Total Capital Employed	52,435	59,782
Gearing Ratio	0.03	0.13



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(₹ in Million)

4. Accounting estimates and judgements

The preparation of financial statements requires management to make judgments, estimates and assumptions affecting the application of accounting policies and the amounts presented under assets and liabilities, income and expenses. Actual results may differ from these estimates.

Assumptions and estimation uncertainties:**a) Estimated impairment loss on goodwill [Refer note 7]**

The Group tests whether goodwill has suffered any impairment on an annual basis. Impairment exists when the carrying value of an asset or cash generating unit (CGU) exceeds its recoverable amount. The recoverable amount of a CGU is determined based on value in use calculations. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include any activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash inflows and the growth rate. The key assumptions used to determine the recoverable amount for goodwill including a sensitivity analysis are disclosed and further explained in note 7.

b) Estimated fair value of assets, liabilities and contingent liabilities associated with a business combination, discontinued operations. [Refer note 23]

In business combinations, the Group classifies or designates, at the acquisition date, the identifiable assets acquired, and liabilities assumed as necessary, based on contractual agreements, financial conditions, accounting policies and operating conditions or other pertinent circumstances that exist at the acquisition date.

In accounting of business combination, judgement is required for valuation of assets and identifying whether an intangible asset is to be recognised separately from goodwill.

In relation to the discontinued operations, judgement is required for valuation of assets and liabilities considering the changes in EBITDA margins, maintainability of EBITDA margins.

The measurement of the assets acquired and liabilities assumed at fair value requires the use of estimates that depend on the nature of those assets and liabilities in accordance with their prior classification and which, in general, are based on generally accepted measurement methods that take into consideration discounted cash flows associated with those assets and liabilities, comparable quoted prices on active markets and other procedures, as disclosed in the relevant notes to the annual financial statements, broken down by nature. In the case of the fair value of property, plant and equipment the Group uses appraisals prepared by independent experts.

c) Income tax and deferred tax [Refer note 24 and 25]

Income tax expense for the period ended 31st December 2022 has been estimated based on profit before taxes, as adjusted for any deductible temporary differences envisaged in tax legislation governing the corporate income tax base calculation. The tax is recognized in the income statement, except insofar as it relates to items recognized directly in equity, in which case, it is also recognized in equity.

Tax credits and deductions and the tax effect of applying tax-loss carry forwards that have not been capitalised are treated as a reduction in the corporate income tax expense for the year in which they are applied or offset.

The calculation of income tax expense did not require the use of significant estimates except in tax credits recognized in the year, which was at all times consistent with the annual financial statements.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated annual accounts. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled.

Deferred taxes on temporary differences are recognized when arising on investments in subsidiaries, associates and joint ventures, except in those cases where the Group can control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.



Notes to the Consolidated Financial Statements as at and for the year ended 31 December, 2022

(₹ in Million)

Deferred tax assets deriving from the carry forward of unused tax credits and unused tax losses are recognised to the extent that it is probable that future taxable profit will be available against which the tax assets can be utilised. In the case of investment tax credits, the counterpart of the amounts recognized is the deferred income account. The tax credit is accrued as a decrease in expense over the period during which the items of property, plant and equipment that generated the tax credit are depreciated, recognizing the right with a credit to deferred income.

d) Employee benefits [Refer note 32]

The present value of the Group's employee benefit obligations depends on a series of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of these obligations.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle these obligations. In determining the appropriate discount rate, the Group considers the interest rates of Government bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related obligation. Other key assumptions for employee benefits are based in part on current market conditions.

The present value of defined benefit obligation denominated in INR is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period government bonds that have terms approximating to the terms of the related obligation. The estimated future payments which are denominated in currency other than INR, are discounted using market yields determined by reference to high quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation.

e) Legal Contingencies [Refer note 33]

The Group has received orders and notices from tax authorities in respect of direct taxes, indirect taxes and other litigations. The outcome of these matters may have a material effect on the financial position, results of operations or cash flows. Management regularly analyzes current information about these matters and provides provisions for probable contingent losses including the estimate of legal expense to resolve the matters. In making the decision regarding the need for loss provisions, management considers the degree of probability of an unfavourable outcome and the ability to make a sufficiently reliable estimate of the amount of loss. The filing of a suit or formal assertion of a claim against the Group or the disclosure of any such suit or assertions, does not automatically indicate that a provision of a loss may be appropriate.



Notes to the Consolidated Financial Statements as at and for the year ended 31 December, 2022

(₹ in Million)

5. Segment Information

One of the Executive Director is the Group's Chief Operating Decision Maker (CoDM). An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components, and for which discrete financial information is available. CEO reviews the Group's internal financial information for the purposes of evaluating performance and assigning resources to segments. The Group has determined the operating segments based on the structure of the reports reviewed by the CEO.

All companies within the Mahindra CIE Group belong to the same business segment (Automotive) and to two geographical areas, India and Europe.

31 December, 2022*	India #	Europe	Total	Inter-segment transactions	Total Segment	Discontinued operations	Consolidated
Revenue*	56,326	51,343	107,669	(448)	107,221	19,690	87,530
Income/ (Expenses) [^]	(47,946)	(45,387)	(93,333)	448	(92,885)	(18,058)	(74,827)
Depreciation, amortization and Impairment	(2,031)	(1,506)	(3,537)	-	(3,537)	(575)	(2,962)
Segment profit (EBIT) [^]	6,349	4,450	10,799	-	10,799	1,058	9,741
Interest	(74)	(380)	(454)	-	(454)	(227)	(227)
PBT	6,275	4,070	10,345	-	10,345	831	9,514
EBIDTA	8,380	5,956	14,336	-	14,336	1,633	12,703
Total assets	59,478	39,806	99,284	-	99,284	9,788	89,496
Total liabilities	21,895	26,402	48,297	-	48,297	7,180	41,117
Addition to Property, Plant and Equipment and Intangible assets	3,570	1,411	4,981	-	4,981	342	4,639

31 December, 2021*	India #	Europe	Total Segments	Inter-segment transactions	Consolidated	Discontinued operations	Consolidated
Revenue *	43,945	40,590	84,535	(668)	83,867	16,215	67,652
Income/ (Expenses)	(38,212)	(35,710)	(73,922)	668	(73,254)	(15,371)	(57,883)
Depreciation, amortization and Impairment	(1,816)	(1,615)	(3,431)	-	(3,431)	698	(4,129)
Segment profit (EBIT)	3,917	3,265	7,182	-	7,182	146	7,036
Interest	(221)	(299)	(532)	-	(532)	(185)	(347)
PBT	3,684	2,966	6,650	-	6,650	(39)	6,690
EBIDTA	5,733	4,880	10,613	-	10,613	844	9,769
Total assets	54,786	44,718	99,504	-	99,504		99,504
Total liabilities	20,933	26,606	47,539	-	47,539		47,539
Property, Plant and Equipment Addition	3,979	1,288	5,267	-	5,267		5,267

* One of the customer group exceeds 10% of the Group's turnover for the years 2022 and 2021. Sales to this customer in 2022 are ₹ 15,560 million (2021: ₹ 10,975 million).

[^] - For Europe, excludes Loss on fair valuation of assets and liabilities of disposal group in quarter and year ended December 31, 2022 of ₹ 9,233.70 million.

Inter-segment transactions between segments are carried out under market terms and conditions as usual commercial transactions with third parties.

India includes Mexico.

Segment assets includes goodwill, property, plant and equipment, intangible assets, inventories, accounts receivable and cash, excluding intra Group assets eliminated on consolidation.

Segment liabilities include operating liabilities and long-term financing, excluding intra Group liabilities eliminated on consolidation.

*Segment information is exclusive of discontinued operation Refer Note 23.



Notes to the Consolidated Financial Statements as at and for the year ended 31 December, 2022

(₹ in Million)

6. Property, Plant and Equipment and capital work-in-progress
For the year 2022

Description of Assets	Land	Buildings	Plant and Equipment	Furniture and Fixtures, tools and furnishings	Office Equipment	Total	Capital work-in-progress
I. Gross Carrying Amount							
Balance as at 1 January, 2022	2,999	6,431	32,418	4,960	587	47,395	1,247
Additions	18	912	2,991	904	104	4,929	1,250
Disposals	(10)	(5)	(343)	(122)	(39)	(518)	(106)
Capitalization	-	-	-	-	-	-	(1,198)
Reclassified as part of disposal group (Note No. 23)	(301)	(496)	(2,914)	(1,553)	-	(5,263)	(13)
Foreign currency translation differences	13	82	147	131	10	381	15
Balance as at 31 December, 2022	2,719	6,924	32,299	4,320	662	46,924	1,195
II. Accumulated depreciation and impairment							
Balance as at 1 January, 2022	-	(1,981)	(15,723)	(2,706)	(134)	(20,544)	-
Depreciation expense for the year	-	(319)	(2,123)	(678)	(41)	(3,161)	-
Disposals	-	3	312	108	25	448	-
Transfer	-	-	(318)	318	-	-	-
Reclassified as part of disposal group (Note No. 23)	-	83	1,069	1,085	-	2,237	-
Foreign currency translation differences	-	16	128	(40)	(4)	99	-
Balance as at 31 December, 2022	-	(2,198)	(16,657)	(1,913)	(153)	(20,921)	-
Impairment	-	-	-	-	-	-	-
III. Net carrying amount	2,719	4,726	15,642	2,407	509	26,003	1,195
Total	2,719	4,726	15,642	2,407	509	26,003	1,195



Notes to the Consolidated Financial Statements as at and for the year ended 31 December, 2022

(₹ in Million)

For the year 2021

Description of Assets	Land	Building	Plant and Equipment	Furniture and Fixtures, tools and furnishings	Office Equipment	Total	Capital work-in-progress
I. Gross Carrying Amount							
Balance as at 1 January, 2021	3,068	6,191	34,447	5,416	596	49,718	123
Additions	9	611	1,764	1,054	496	3,934	1,360
Transfer	-	-	(316)	953	(468)	169	(273)
Disposals / Capitalization	(10)	(68)	(1,581)	(1,970)	(26)	(3,655)	(38)
Foreign currency translation differences	(68)	(303)	(1,896)	(492)	(11)	(2,770)	75
Balance as at 31 December, 2021	2,999	6,431	32,418	4,960	587	47,395	1,247
II. Accumulated depreciation and impairment							
Balance as at 1 January, 2021	-	(1,971)	(17,427)	(3,523)	(179)	(23,100)	-
Depreciation expense for the year	-	(272)	(2,010)	(718)	(27)	(3,027)	-
Additions on account of business combination	-	-	802	(842)	37	(3)	-
Disposals	-	63	1,466	1,970	28	3,527	-
Foreign currency translation differences	-	198	1,445	407	7	2,056	-
Balance as at 31 December, 2021	-	(1,982)	(15,724)	(2,706)	(135)	(20,546)	-
Impairment	-	-	(78)	-	-	(78)	-
III. Net carrying amount	2,999	4,450	16,616	2,254	453	26,771	1,247
Total	2,999	4,450	16,616	2,254	453	26,771	1,247

For contractual commitments with respect to the acquisition of Property, plant and equipments, refer note 33
Capital work in progress mainly comprises of new facilities being constructed in India and upgradation of existing facilities



Notes to the Consolidated Financial Statements as at and for the year ended 31 December, 2022

(₹ in Million)

Capital work-in-progress ageing schedule

Dec 31, 2022	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
Projects in progress	1,136	59	-	-	1,195
Projects temporarily suspended	-	-	-	-	-
Total	1,136	59	-	-	1,195

Capital work-in-progress completion schedule

Dec 31, 2021	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
Projects in progress	1,099	148	-	-	1,247
Projects temporarily suspended	-	-	-	-	-
Total	1,099	148	-	-	1,247

ii) Leases

This note provides the information for leases where the Group is a lessee. The Group leases various offices, buildings, leasehold land, and vehicles. Rental contracts are typically made for fixed periods of 6 months to 13 years.

i) Amounts recognised in the balance sheet

Property, plant and equipment includes the below amounts recognised as Right of use of assets:

	31 December, 2022	31 December, 2021
Right of use of assets		
Leasehold Land	611	584
Property and plant	390	1,817
Other assets	133	166
Total	1,134	2,567

The corresponding lease liability as per Ind AS 116 is below:

	31 December, 2022	31 December, 2021
Lease liabilities		
Current	187	316
Non - Current	425	1,737
Total	612	2,053

Additions to the right-of-use assets during the current financial year were ₹ 4 Million (31 December 2021, ₹ 192 Million).



Notes to the Consolidated Financial Statements as at and for the year ended 31 December, 2022

(₹ in Million)

ii) Amounts recognised in the statement of profit and loss

The statement of profit or loss shows the amounts relating to leases:

	31 December, 2022	31 December, 2021
Depreciation/ Amortisation charge of right of use of assets		
Leasehold Land **	20	12
Property and plant	90	207
Other assets	71	127
Total	181	346
	31 December, 2022	31 December, 2021
Interest expense (included in finance costs)	44	67
Expense relating to short term leases (included in other expenses)	34	50
Expense relating to leases of low - value assets that are not shown above as short term leases (included in other expenses)	55	3

The total cash outflow for leases for the year ended 31 December 2022 was ₹ 354 Million. (31 December 2021 ₹ 385 Million)

Maturity analysis - contractual undiscounted cash flows of leases under the purview of Ind AS 116

Particulars	31 December, 2022	31 December, 2021
Less than one year	198	332
More than one year	518	1,985
Total undiscounted lease liabilities	716	2,316

Particulars	Lease liabilities
As on April 1, 2020	2,519
Repayment of lease obligation net off new leases.	466
As on March 31, 2021	2,053
Repayment of lease obligation net off new leases.	1,441
As on March 31, 2022	612

** This pertains to amortisation of lease premium paid in advance on leasehold land.

7. Goodwill

	As at 31 December, 2022	As at 31 December, 2021
Cost		
Balance at beginning of the year	38,319	39,740
Foreign exchange fluctuation	1,033	(1,421)
Balance at end of the year	39,352	38,319
Accumulated impairment losses at beginning of the year	(2,054)	(2,054)
Addition during the year	(9,162)	-
Foreign exchange fluctuation	(96)	-
Balance at the end of the year	(11,312)	(2,054)
Net carrying amount	28,040	36,265



Notes to the Consolidated Financial Statements as at and for the year ended 31 December, 2022

(₹ in Million)

Impairment testing of goodwill

Goodwill is tested for impairment on an annual basis. Goodwill is monitored by management at the level of cash generating units, which is India and Europe in this case. For the current and previous financial year, the recoverable amount of Cash Generating Unit (CGU) was determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by management covering a five year period.

The net carrying amount breakup of goodwill at the resulting CGU level is as below:

Cash Generating units	31 December, 2022	31 December, 2021
India	16,244	16,244
Europe	11,796	20,021
Total	28,040	36,265

Key assumptions used in the calculation of value in use:

The following table sets out the key assumptions for the CGU:

Particulars	31 December, 2022	31 December, 2022	31 December, 2021	31 December, 2021
	(India)	(Europe)	(India)	(Europe)
Discount rate (pre tax)	10.38% to 11.65%	6.11% to 7.47%	10.09% to 10.58%	4.65% to 5.63%
EBIDTA Margins (range)	12.55% to 26.7%	6.3% to 22%	12.55% to 25.81%	4.96% to 20.49%
Annual sales growth rate	0% to 41.5%	-6.27% to 15.61%	-1.9% to 22.83%	-5.88% to 4.48%
Terminal sales growth rate	2.5% to 7.5%	2.25%	2% to 7.5%	1.50%

Management has determined the values assigned to each of the above key assumptions as follows:

Assumptions	Approach used to determine values
Discount rate	Discount rate represents the current market assessment of the risks specific to the CGU, taking into consideration the time value of money and individual risks of the underlying assets that have been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the CGU and is derived from the CGU's weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the investors. The cost of debt is based on the interest-bearing borrowings the Company is obliged to service. CGU specific risk is incorporated by applying individual beta factor. The beta factor is evaluated annually based on publicly available market data.
EBITDA Margins	EBITDA margins are based on the actual EBITDA of respective CGU based on the past trend and future expectations.
Annual sales growth rate	Annual growth rate over the five-year forecast period; based on past performance, current industry trends including long-term inflation forecast and management's expectation of market development.
Terminal sales growth rate	The Company has considered growth rate to extrapolate cash flows beyond the forecast period, consistent with the industry forecasts, based on GDP growth estimates and the inflation rate in each market, and evaluating the level of investment required to achieve such growth.

Sensitivity to changes in assumptions of CGU

The management believes that no reasonably possible change (say 10%) in any of the key assumptions used in the value in use calculation would cause the carrying value of the CGU to materially exceed its value in use.

Results of the analysis

Based on the above assessment, the Company concluded that in both current year as well as previous year, goodwill has not suffered any impairment. Further, the result of using before-tax cash flows and discount rates does not differ significantly from the outcome of using after-tax cash flows and discount rates.



Notes to the Consolidated Financial Statements as at and for the year ended 31 December, 2022

(₹ in Million)

8. Other Intangible assets

The details and movements of the main classes of intangible assets are shown below:

For the year 2022

Description of Assets	Development expenditure	Customer relationships	Computer software	Total
I. Gross Carrying Amount				
Balance as at 1 January, 2022	55	202	287	544
Additions	-	-	96	96
Disposals	-	-	(74)	(74)
Reclassified as part of disposal group (Note No. 23)	-	-	(206)	(206)
Exchange difference	-	-	21	21
Balance as at 31 December, 2022	55	202	124	381
II. Accumulated amortization and impairment				
Balance as at 1 January, 2022	(55)	(55)	(171)	(281)
Amortization expense for the year	-	(20)	(47)	(67)
Eliminated on disposal of assets	-	-	74	74
Reclassified as part of disposal group (Note No. 23)	-	-	199	199
Foreign currency translation differences	-	-	(17)	(17)
Balance as at 31 December, 2022	(55)	(75)	38	(91)
III. Net carrying amount	-	127	162	290

For the year 2021

Description of Assets	Development expenditure	Customer relationships	Computer software	Total
I. Gross Carrying Amount				
Balance as at 1 January, 2021	55	202	438	695
Additions	-	-	64	64
Disposals	-	-	(168)	(168)
Exchange differences	-	-	(47)	(47)
Balance as at 31 December, 2021	55	202	287	544
II. Accumulated amortization and impairment				
Balance as at 1 January, 2021	(55)	(35)	(332)	(422)
Amortisation expense for the year	-	(20)	(38)	(58)
Eliminated on disposal of assets	-	-	153	153
Foreign currency translation differences	-	-	46	46
Balance as at 31 December, 2021	(55)	(55)	(171)	(281)
III. Net carrying amount	-	147	116	263



Notes to the Consolidated Financial Statements as at and for the year ended 31 December, 2022

(₹ in Million)

9. Investments

	As at 31 December, 2022			As at 31 December, 2021		
	No. of Shares/ Units	Amounts Current	Amounts Non Current	No. of Shares/ Units	Amounts Current	Amounts Non Current
A Investment in equity instruments at Amortised costs (unquoted-fully paid up)						
Associate Companies (Investment accounted for using the equity method) ^						
Gescrap India Private Limited (30% share)	3,720,000	-	75	3,720,000	-	37
Galfor Eolica, S.L. (25% share)	68,000	-	5	68,000	-	5
Clean Max Deneb Power LLP (26% share)	-	-	38	-	-	32
Sunbarn Renewables Private Limited (26.16% share)	1,112,813	-	89	872,813	-	70
Strongsun Solar Private Limited (27.35% share)	303,250	-	24			
Renew Surya Alok Private Limited (31.20% share)	8,260,000	-	79	8,260,000	-	83
Others						
The Saraswat Cooperative Bank Limited	2,550	-	-*	2,550	-	-*
Clean Wind Power (Manvi) Private Limited	420,000	-	4	420,000	-	4
Clean Wind Power (Pratapgarh) Private Limited	27,600	-	2	27,600	-	2
B Investments in Mutual Funds (unquoted)						
Axis Liquid Fund - Direct Growth	460,328	1,223	-	352,415	826	-
ICICI Prudential Liquid Plan - Direct Growth	3,840,327	1,223	-	2,642,551	826	-
Axis ultra short term fund - Direct Growth	-	-	-	16,370,106	202	-
Axis Money Market - Direct Growth	1,022,944	1,132	-	184,596	210	-
ICICI Money Market - Direct Growth	3,454,904	1,132	-	692,375	210	-
ICICI Overnight Fund DP Growth	260,774	310	-	7,657,549	870	-
Axis Overnight Fund - Direct Growth	265,837	310	-	780,992	870	-
Nippon India Low duration-Growth	4,791	15				
HDFC ultra short term fund Regular- Direct Growth	3,360,423	43				
Nippon India Quarterly Interval Fund- Series III- Growth	-	-	-	539,940	15	-
Nippon India Overnight Fund-Regular- Growth	-	-	-	239,545	27	-



Notes to the Consolidated Financial Statements as at and for the year ended 31 December, 2022

(₹ in Million)

	As at 31 December, 2022			As at 31 December, 2021		
	No. of Shares/Units	Amounts Current	Amounts Non Current	No. of Shares/Units	Amounts Current	Amounts Non Current
C Investment in Commercial Papers & Bonds (unquoted) at FVTPL						
8.15% SBI Perpetual Bond	-	36	-	-	20	-
8.65% BOB Perpetual Bond	-	-	-	-	50	-
C Others at amortised costs	-	11	5	-	8	13
Total quoted investments	-	-	-	-	-	-
Less: Provision for impairment	-	-	-	-	-	-
Total unquoted investments	-	5,435	321	-	4,134	246
Total investments	-	5,435	321	-	4,134	246

* Amount is below the rounding off norm adopted by the Company.

^ includes share in profit of ₹ 34 million (December 2021: ₹ 12 million)

10. Other Financial Assets

	As at 31 December, 2022		As at 31 December, 2021	
	Current	Non-Current	Current	Non-Current
Security deposits	-	219	-	228
Grant Receivable from government authorities	-	-	21	-
Incentive receivable (Refer Note 27)	917	-	846	-
Total	917	219	867	228

11. Trade Receivables

	As at 31 December, 2022	As at 31 December, 2021
(a) Unsecured, considered good	8,608	6,687
(b) Unsecured, considered doubtful	74	115
Less: Allowance for doubtful debt	(74)	(115)
Total	8,608	6,687
Current portion	8,608	6,687
Non-Current portion	-	-
Of the above, trade receivables from:		
- Related Parties Refer Note 34	1,537	3,013
- Others	7,071	3,674
	8,608	6,687

Transferred Receivables

The carrying amount of the trade receivable includes receivables which are subject to factoring arrangement. Under this arrangement, the Group has transferred the relevant receivables to the factor in exchange for Cash and is prevented from selling or pledging the receivables. However, the Group has retained late payment and credit risk. The Group therefore continues to recognize the transferred assets in their entirety in its balance sheet. The amount repayable under the factoring agreement is presented as borrowing. The Group considers the held to collect business model to remain appropriate for these receivables and hence continues measuring them at amortized cost.



Notes to the Consolidated Financial Statements as at and for the year ended 31 December, 2022

(₹ in Million)

The relevant carrying amounts are as follows:

	As at 31 December, 2022	As at 31 December, 2021
Transferred trade receivables	914	137
Associated short term borrowings Note 18	914	137

Trade Receivables outstanding Ageing

As at Dec 31, 2022	Unbilled	Less than 6 months	6 months - 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
Undisputed Trade receivables - considered good	270	8,271	74	3	-	-	8,618
Undisputed Trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed Trade receivables - credit impaired	-	-	-	-	-	34	34
Disputed Trade receivables - considered good	-	-	-	-	-	-	-
Disputed Trade receivables - which have significant increase in credit risk	-	-	-	-	11	-	11
Disputed Trade receivables - credit impaired	-	-	-	-	-	19	19
Total	270	8271	74	3	11	53	8682
Less: Loss allowance	-	-	(13)	-	(8)	(53)	(74)
Net trade receivables	270	8271	61	3	2	-	8608
Weighted - average loss rate	0%	0%	18%	0%	77%	99%	1%

As at Dec 31, 2021	Unbilled	Less than 6 months	6 months - 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
Undisputed Trade receivables - considered good	25	5,336	1,382	0	3	-	6,746
Undisputed Trade receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed Trade receivables - credit impaired	-	-	-	-	2	24	26
Disputed Trade receivables - considered good	-	-	-	-	-	-	-
Disputed Trade receivables - which have significant increase in credit risk	-	-	-	-	-	10	10
Disputed Trade receivables - credit impaired	-	-	-	-	-	20	20
Total	25	5,336	1,382	0	4	54	6,802
Less: Loss allowance	-	(23)	-	-	(4)	(88)	(115)
Net trade receivables	25	5,313	1,382	0	-	(34)	6,686
Weighted - average loss rate	0%	0%	0%	0%	100%	162%	2%



Notes to the Consolidated Financial Statements as at and for the year ended 31 December, 2022

(₹ in Million)

12. Loans

	As at 31 December, 2022		As at 31 December, 2021	
	Current	Non-Current	Current	Non-Current
Loans to related parties				
-unsecured, considered good	55	1,687	-	820
	55	1,687	-	820

The loans are repayable on demand

13. Other Assets

	As at 31 December, 2022		As at 31 December, 2021	
	Current	Non-Current	Current	Non-Current
(a) Capital advances	-	360	-	240
(b) Other assets				
Other Deposits - Majorly Water deposits	-	264	-	268
Prepaid expenses	201	16	252	54
Balances with government authorities	919	-	724	47
Advance to suppliers	123	-	120	-
Incentive receivable (grants)	135	-	169	-
Other advances - in regular course of business	75	53	195	-
Total	1,453	693	1,459	609

14. Inventories

	As at 31 December, 2022	As at 31 December, 2021
(a) Raw materials	3,436	3,687
(b) Work-in-progress	4,460	5,041
(c) Finished and semi-finished goods	2,795	2,972
(d) Stores and spares	566	1,268
(e) Loose Tools	851	518
Total	12,108	13,486

Refer note 2.15 for mode of valuation of inventories

Included above, goods-in-transit:

(i) Raw materials	-	31
(ii) Finished and semi-finished goods	198	248
Total	198	279

Provision for Non-moving and slow moving inventories.

Write-downs in inventories of finished goods, work-in-progress & raw materials amounted to ₹ 532 million (31st December 2021: ₹ 790 million) as at the period end. Accordingly, an amount of ₹ 258 million was reversed during the year. The write down and reversals are included in cost of material consumed.



Notes to the Consolidated Financial Statements as at and for the year ended 31 December, 2022

(₹ in Million)

15. Cash and Cash Equivalents

	As at 31 December, 2022	As at 31 December, 2021
Cash and cash equivalents		
(a) Balances with banks		
i) Current Accounts	688	900
ii) EEFC Accounts	23	-
(b) Cheques, drafts on hand	1	14
(c) Cash in hand	1	1
(d) Fixed deposits with maturity less than 3 months	-	529
Total Cash and cash equivalents	713	1,444
Bank Balances other than above		
(a) Earmarked balances with banks	4	1
(b) Balances with Banks:		
(i) On margin accounts	14	13
(ii) Fixed Deposits with maturity greater than 3 months but less than 12 months	128	137
Total Other Bank balances	146	151

Earmarked balance indicates EEFC account.

16. Equity Share capital

	As at 31 December, 2022		As at 31 December, 2021	
	No. of shares	Amount	No. of shares	Amount
Authorised:				
Equity shares of ₹ 10/- each with voting rights	516,592,621	5,166	516,592,621	5,166
4% non-cumulative redeemable preference shares of ₹ 31/- each	5	-*	5	-*
Compulsory convertible Preference share of ₹ 10/- each	250,000	2	250,000	2
Issued:				
Equity shares of ₹ 10/- each with voting rights	379,318,324	3,793	379,076,344	3,791
Subscribed and Paid Up:				
Equity shares of ₹ 10/- each with voting rights [^]	379,317,379	3,793	379,075,399	3,791

Terms and rights attached to Equity Shares

Equity shares have a par value of ₹ 10/-. They entitle the holder to participate in dividends, and to share in the proceeds of winding up the company in proportion to the number of and amounts paid on the shares held.

Every holder of equity shares present at a meeting in person or by proxy is entitled to one vote, and upon a poll each share is entitled to one vote.



Notes to the Consolidated Financial Statements as at and for the year ended 31 December, 2022

(₹ in Million)

Reconciliation of the number of shares outstanding at the beginning and at the end of the year.

		Opening Balance	Issue of Equity Shares on account of Employee Stock Option Scheme	Closing Balance
Equity Shares with voting rights				
Year Ended 31 December, 2022				
	No. of Shares	379,075,399	241,980	379,317,379
	Amount	3,791	2	3,793
Year Ended 31 December, 2021				
	No. of Shares	379,010,682	64,717	379,075,399
	Amount	3,790	1	3,791

*Shareholders of the Company had approved reclassification of authorised preference share capital vide Extra Ordinary General Meeting held on 13th Oct 2016. Amount is below the rounding off norm adopted by the Company.

^Mahindra Composites Limited which was merged with the company in the year 2013 had issued 1,050 equity shares and not allotted the same to the shareholders. Based on the swap ratio the Company has issued 945 equity shares and not allotted the same and the same has been kept in abeyance.

Shares reserved for issue under options

Information relating to Mahindra CIE Automotive Limited Employee Option Plan, including details of options issued, exercised and lapsed during the financial year and options outstanding at the end of the reporting period, is set out in note 37.

Details of shares held by the holding Company, the ultimate holding Company, their subsidiaries and associates:

	Equity Shares with Voting rights
As at 31 December, 2022	
Participaciones Internacionales Autometal, Dos S.L. (PIA2), the holding Company	249,239,013
As at 31 December, 2021	
Participaciones Internacionales Autometal, Dos S.L. (PIA2), the holding Company	230,282,773

Details of shares held by Promoters**As at 31 December, 2022**

S. No.	Promoter Name	No. of shares at the beginning of the year	Change during the year	No. of shares at the end of the year	% of Total Shares	% Change during the year
	Equity shares of Participaciones Internacionales INR 10 each fully paid	230,282,773	18,956,240	249,239,013	65.71%	8.23%
	Equity shares of Mahindra & Mahindra Limited INR 10 each fully paid	43,344,512	(8,242,444)	35,102,068	9.25%	-19.02%
	Total	273,627,285	10,713,796	284,341,081	74.96%	-



Notes to the Consolidated Financial Statements as at and for the year ended 31 December, 2022

₹ in Million)

As at 31 December, 2021

S. No.	Promoter Name	No. of shares at the beginning of the year	Change during the year	No. of shares at the end of the year	% of Total Shares	% Change during the year
	Equity shares of Participaciones Internacionales Autometal, Dos S.L. (PIA2) INR 10 each fully paid	228,082,332	2,200,441	230,282,773	60.75%	0.96%
	Equity shares of Mahindra & Mahindra Limited (M&M Limited) INR 10 each fully paid	43,344,512	-	43,344,512	11.44%	0.00%
	Total	271,426,844	2,200,441	273,627,285	72.19%	-

Mahindra Vehicle Manufacturing Limited (MVML) merged in Mahindra & Mahindra Limited (M&M) during the year

Details of shares held by Promotor shareholder and each shareholder holding more than 5% shares:

Class of shares / Name of shareholder	31 December, 2022		31 December, 2021	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Equity shares with voting rights				
Participaciones Internacionales Autometal, Dos S.L. (PIA2)	249,239,013	65.71%	230,282,773	60.75%
Mahindra Vehicle Manufacturing Limited (MVML)	-	-	-	-
Mahindra & Mahindra Limited (M&M)	35,102,068	9.25%	43,344,512	11.4%

17. Other Equity

	As at 31 December, 2022	As at 31 December, 2021
(i) Securities premium		
Opening balance	15,300	15,285
Addition on Exercise of options- Proceeds Received	60	15
Closing balance	15,360	15,300
(ii) Equity settled employees' benefits reserve		
Opening balance	31	38
Employee stock option expenses	-	-
Less: -		
Options exercised during the year	(26)	(7)
Closing Balance	5	31
(iii) Retained earnings		
Opening Balance	16,795	12,867
Add: -		
Profit for the year	(1,362)	3,929
Dividend distributed	(948)	-
Others	-	-
Closing balance	14,486	16,796



Notes to the Consolidated Financial Statements as at and for the year ended 31 December, 2022

(₹ in Million)

	As at 31 December, 2022	As at 31 December, 2021
(iv) Remeasurement of post employment benefit obligation		
Opening Balance	(85)	(202)
Add: -		
Items of Other Comprehensive income (net of income tax)	370	117
Closing balance	285	(85)
(v) Capital reserves		
Balance as at beginning and end of the year	7,693	7,693
(vi) Capital Redemption reserve		
Balance as at beginning and end of the year	165	165
(vii) General Reserve		
Balance as at beginning and end of the year	6,028	6,028
(viii) Foreign currency translation reserve		
Opening balance	2,248	3,416
Other Comprehensive income	923	(1,168)
Closing balance	3,171	2,248
Grand Total	47,192	48,176

Nature and purpose of Reserves**Securities premium reserve**

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

Equities settled employees' benefits reserve

The Equities settled employees benefits reserve is used to recognize the grant date fair value of options issued to employees under the MCIE Stock Options Scheme.

Retained Earnings

Retained earnings are the profits that the Company has earned till date.

Capital reserve

Capital reserve is reserves generated on account of:

a. Merger under The Integrated Scheme of Amalgamation and the Composite Scheme of Amalgamation (Sections 391-395 of the Companies Act, 1956) for the merger of Mahindra UGINE Steel Group Limited (MUSCO), Mahindra Hinoday Industries Limited (MHIL), Mahindra Gears International Limited (MGIL), Mahindra Investment India Private Limited (MIPL), Participaciones Internacionales Autometal Tres S.L. (PIA3) and Mahindra Composites Limited (MCL). The merger was approved by the Honorable High Court of Judicature at Bombay on 31st October, 2014. The Schemes came into effect on 10th December, 2014, the day on which the order was delivered to the Registrar of Companies. The reserve is capital in nature and is not available for distribution as dividend.

b. Merger under the Scheme of Amalgamation (Sections 230-234 and other applicable provisions of the Companies Act, 2013) of Mahindra Gears and Transmission Pvt Ltd, Mahindra Forging Global Limited, Mahindra Forging International



Notes to the Consolidated Financial Statements as at and for the year ended 31 December, 2022

(₹ in Million)

Limited and Crest Geartech Pvt Ltd. The merger was approved by the Honourable National Company Law Tribunal (NCLT) at Mumbai on December 13, 2017. The reserve is capital in nature and is not available for distribution as dividend.

General reserve

General reserve created by virtue of merger of Mahindra Stokes Holding Company Limited, Mahindra Forgings Overseas Limited and Mahindra Forgings Mauritius Limited into the Group vide High Court Order dated December 27, 2007. The reserve is available for distribution as dividend.

Capital redemption reserve

Capital redemption reserve is transferred by virtue of the merger referred to above which was in the books of MUSCO and was created to redeem preference shares issued by MUSCO before merger. These shares have since been redeemed and is available for use as per the relevant provisions of Companies Act, 2013.

Other reserves – Foreign currency translation reserve

Exchange differences arising on translation of the foreign operations are recognized in other comprehensive income and accumulated in a separate reserve with equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed off.

18. Borrowings

	Rate of interest % p.a.	Maturity	As at 31 December, 2022	As at 31 December, 2021
Non-current borrowings				
Measured at amortised cost				
A. Secured borrowings:*				
Term loans				
From banks	0.4% to 3.01%	2024 to 2025	961	2,291
Total secured borrowings			961	2,291
B. Unsecured borrowings				
Loans from related parties (Refer Note 34)	1.5% to 3.5%	2023 to 2024	227	4,231
Total unsecured borrowings			227	4,231
Total non-current borrowings			1,188	6,522
Current borrowings				
A. Secured Borrowings:*				
Loans repayable on demand				
From Banks	0.4% to 3.01%		2,931	1,737
Total Secured Borrowings			2,931	1,737
B. Unsecured Borrowings:				
Loans from related parties (Refer Note 34)	1.55% to 5.56%		4,200	3,737
Loans repayable on demand				
From Banks	4.5% to 7.5%		914	820
Total Unsecured Borrowings			5,114	4,557
Total Current Borrowings			8,045	6,294
Total borrowings			9,234	12,816

The Group's policy is to diversify its financing sources. There is no concentration risk in respect of its bank borrowings as it works with multiple entities.

Current borrowings includes current maturities of long term borrowings.

*Secured borrowings includes borrowings secured by mortgage of land and building and hypothecation of other fixed assets and current assets.



Notes to the Consolidated Financial Statements as at and for the year ended 31 December, 2022

(₹ in Million)

Non-current borrowings have the following maturities:

	As at 31 December, 2022	As at 31 December, 2021
Between 1 and 2 years	580	587
Between 3 and 5 years	608	5,935
More than 5 years	-	-
	1,188	6,522

Reconciliation of movements of liabilities to cash flows arising from financing activities:

	Current borrowings	Non-current borrowings	Total borrowings
Borrowings as on 31 December, 2021	6,294	6,522	12,816
Cash flows	881	(3,939)	(3,058)
Foreign Exchange adjustments	420	(37)	383
Interest expense	183	215	398
Interest paid	(178)	(215)	(393)
Discontinued operations	(82)	(829)	(911)
Transfers	527	(528)	(1)
Borrowings as on 31 December, 2022	8,045	1,189	9,234

Secured borrowing and assets pledged as security

Working capital limits from Banks are secured by :

(i) Main security : Hypothecation of stocks less sundry creditors plus trade receivables.

Collateral security :

01. Registered equitable mortgage of factory land & building situated on Gut No.65 Village Chitegaon, Taluka Paithan.
02. Registered mortgage of factory land & building situated on Gut No. 120 Village pangra, taluka Paithan.
03. Registered equitable mortgage of factory land & building situated on Gut No. 122 Village Pangara, taluka paithan.

(ii) Primary first charge on the current assets of plant VI of the Company, situated at plot No. B-7, MIDC Chakan, Village - Mahalunge, Tal. Khed, Dist-Pune.

Collateral first charge on block of assets of plant VI of the Company, situated at plot No. B-7, MIDC chakan, Village-Mahlunge, Tal-Khed, Dist-Pune"

(iii) Primary security first exclusive charge on current assets of the plant situated at plot no.6, Sector 11, IIE SIDCUL, Pantnagar-263153, Uttarakhand Secondary collateral first and exclusive charge on moveable & immovable fixed assets (Both present & future) financed by HDFC Bank limited for Aurangabad Electricals limited plant located at Plot No. 6 Sector 11, IIE SIDCUL, pantnagar - 263153, Uttarakhand. 02. Equitable mortgage of property located at plant plot no. 6, Sector 11, IIE SIDCUL, Pantnagar-263153, Uttarakhand"



Notes to the Consolidated Financial Statements as at and for the year ended 31 December, 2022

(₹ in Million)

Term Loans

Name of Bank	Security
Saraswat Co-operative Bank Limited	01. additional equitable mortgage of Gut No. 1 20 Village pangara, taluka Paithan Dist Aurangabad and additional equitable mortgage of Gut No. 65 village chitegaon taluka Paithan, Dist Aurangabad 02. Hypothecation of plant & machinery. 03. Hypothecation of other plant & machinery (Utilities, Computer & others) 04. Dies & fixture
HDFC Bank Limited	First and exclusive charge on movable & immovable fixed assets (Both present & future) financed by HDFC Bank limited for Aurangabad Electricals limited plant located at Plot No.6 Sector 11, IIE SIDCUL, pantnagar - 263153, Uttarakhand Equitable mortgage of property located at plant plot no. 6, Sector 11, IIE SIDCUL, Pantnagar-263153, Uttarakhand Collateral first exclusive charge on current assets of the plant situated at plot no. 6, Sector 11, IIE SIDCUL, Pantnagar-263153, Uttarakhand

Term Loan Interest Rate

Particulars	Currency	Nominal interest rate
HDFC BANK	INR	1 Year MCLR +1.15%
Saraswat Co-operative Bank Limited	INR	PLR + Mark up Percentage

Additional disclosure required by Schedule III

As disclosed above, the Company has availed loans from banks on the basis of security of current assets. The Company file statement of current assets with the bank on periodical basis. There difference between the statements filed by the Company and the books of accounts of the Company are as below;

Quarter ended	Name of Bank	Particulars	Amount as per books of account	Amount as reported in the quarterly return /statement	Amount of difference	Reason for difference or discrepancies
31.03.2022	HDFC BANK	Inventories and Trade receivables	2,010	2,027	(17)	Difference is mainly on account of advance to suppliers amount included in stock statements.
30.06.2022	HDFC BANK		2,099	2,140	(41)	
30.09.2022	HDFC BANK		2,352	2,352	-	-
31.12.2022	HDFC BANK		2,094	2,094	-	-
31.03.2022	IDBI BANK LTD	Inventories and Trade receivables (Chakan Plant)	159	168	(9)	Difference is mainly on account of provision of non moveing inventory is not included in stock statement.
30.06.2022	IDBI BANK LTD		208	208	0	
30.09.2022	IDBI BANK LTD		222	222	(0)	
31.12.2022	IDBI BANK LTD		112	112	0	



Notes to the Consolidated Financial Statements as at and for the year ended 31 December, 2022

(₹ in Million)

Quarter ended	Name of Bank	Particulars	Amount as per books of account	Amount as reported in the quarterly return /statement	Amount of difference	Reason for difference or discrepancies
31.03.2022	ICICI BANK LTD	Inventories and Trade receivables	2,010	2,027	(17)	Difference is mainly on account of advance to suppliers amount included in stock statements.
30.06.2022	ICICI BANK LTD		2,099	2,140	(41)	
30.09.2022	ICICI BANK LTD		2,352	2,352	(0)	
31.12.2022	ICICI BANK LTD		2,094	2,094	(0)	-
31.03.2022	Saraswat Co-operative Bank Limited	Inventories and Trade receivables (specific customer-Chitegaon Plant)	766	779	(13)	Difference is mainly on account of provision for non moving inventory and subcontracting receivable from specific customer is not included in stock statements.
30.06.2022	Saraswat Co-operative Bank Limited		752	796	(45)	
30.09.2022	Saraswat Co-operative Bank Limited	Trade receivable (specific customer-Chitegaon Plant)	310	309	1	Difference is mainly on account of subcontracting receivable from specific customer is not included in stock statement.
31.12.2022	Saraswat Co-operative Bank Limited		283	283	(0)	
						-
Quarter ended	Name of Bank	Particulars	Amount as per books of account	Amount as reported in the quarterly return /statement	Amount of difference	Reason for difference or discrepancies
31.03.2021	HDFC BANK	Inventories and Trade receivables	1,980	1,985	(5)	Difference is mainly on account of advance to suppliers amount included in stock statements.
30.06.2021	HDFC BANK		1,856	1,889	(33)	
30.09.2021	HDFC BANK		2,042	2,049	(8)	
31.12.2021	HDFC BANK		1,554	1,561	(7)	
31.03.2021	IDBI BANK LTD	Inventories and Trade receivables (Chakan Plant)	164	168	(3)	Difference is mainly on account of provision of non moving inventory is not included in stock statements.
30.06.2021	IDBI BANK LTD		123	128	(4)	
30.09.2021	IDBI BANK LTD		128	136	(8)	
31.12.2021	IDBI BANK LTD		87	94	(7)	



Notes to the Consolidated Financial Statements as at and for the year ended 31 December, 2022

(₹ in Million)

Quarter ended	Name of Bank	Particulars	Amount as per books of account	Amount as reported in the quarterly return /statement	Amount of difference	Reason for difference or discrepancies
31.03.2021	Saraswat Co-operative Bank Limited	Inventories and Trade receivables (specific customer-Chitegaon Plant)	748	763	(15)	Difference is mainly on account of provision for non moving inventory and subcontracting receivable from specific customer is not included in stock statements.
30.06.2021	Saraswat Co-operative Bank Limited		738	775	(38)	
30.09.2021	Saraswat Co-operative Bank Limited		924	837	87	
31.12.2021	Saraswat Co-operative Bank Limited		637	649	(12)	

19. Trade Payables

	As at 31 December, 2022	As at 31 December, 2021
Outstanding dues of Micro enterprises and Small enterprises; and (Refer note 36)	393	394
Outstanding dues of creditors other than micro enterprises and small enterprises	20,073	18,189
Acceptances	883	802
Total	21,350	19,385

Of the above, trade payable from:

- Related Parties (Refer Note 34)	461	625
- Others	20,889	18,760
	21,350	19,385

Trade Payables aging schedule

Outstanding for following periods from transaction date

As at Dec 31, 2022	Not due	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
MSME	-	384	-	-	-	384
Others	911	20,032	2	2	3	20,950
Disputed dues - MSME	-	-	-	-	-	-
Disputed dues - Others	-	-	-	-	16	16
Total	911	20,416	2	2	19	21,350



Notes to the Consolidated Financial Statements as at and for the year ended 31 December, 2022

(₹ in Million)

As at Dec 31, 2021	Not due	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
MSME	-	395	-	0	-	395
Others	344	18,601	2	4	20	18,971
Disputed dues - MSME	-	-	-	-	-	-
Disputed dues - Others	-	-	-	-	19	19
Total	344	18,996	2	4	39	19,385

20. Other Financial Liabilities

	As at 31 December, 2022		As at 31 December, 2021	
	Current	Non- Current	Current	Non- Current
Creditors for capital supplies/services	776	-	592	-
Total	776	-	592	-

21. Provisions

	As at 31 December, 2022		As at 31 December, 2021	
	Current	Non- Current	Current	Non- Current
Provision for employee benefits				
Long term Employee Benefits (Note 32)^	224	510	327	2,474
Other provisions				
Provisions for Litigative Matters (Other than water charges)	232	-	245	-
Water Charges*	-	262	-	262
Other regulatory provisions #	89	236	320	348
Total provisions	545	1,008	892	3,084

* Provisions of ₹ 262 million (December 2021: ₹ 262 million) is towards an ongoing dispute with the Irrigation Department (Water Resource Department) in respect of levy of charge for use of water for the period July 1991 to May 2012 for an aggregate amount of ₹ 587 million including penal charge of ₹ 102 million and late fee charge of ₹ 223 million (December 2021: ₹ 587 million including penal charge of ₹ 102 million and late fee charge of ₹ 223 million). Presently the matter is being legally pursued. The group has provided ₹ 262 million towards arrears of water charges. Refer note 33 Contingent liabilities and commitments.

^ Provision of ₹ 120 million has been recognised for Provident Fund liability basis Supreme Court judgement in 'Regional provident fund commissioner (II) West Bengal vs Vivekananda Vidyamandir and Others' in accordance with Ind AS-37. The remaining amount pertains to provision against levy of cross subsidy charges and additional surcharge by Maharashtra State Electricity Distribution Company Limited during the year on account of power consumption from non-captive generating plant.

This represents provisions made for probable liabilities payable to regulatory authorities. Above provisions are affected by various uncertainties and management has taken all efforts to make a best estimate. It is not practicable for the Group to estimate the timing of cash outflows accurately, if any, in respect of the above.



Notes to the Consolidated Financial Statements as at and for the year ended 31 December, 2022

(₹ in Million)

Details of Provision for employee benefits Note 32

	As at 31 December, 2022		As at 31 December, 2021	
	Current	Non- Current	Current	Non- Current
Provision for Gratuity	179	98	161	99
Provision for pension fund- non- funded	-	-	128	1,982
Provision for employee termination benefits	-	131	-	148
Provision for compensated absences	45	281	39	245
Total	224	510	328	2,474

Details of movement in other provisions – non- current

	Other provisions
Balance at 1 January, 2021	360
Additional provisions recognised/(used)	(12)
Movement from non-current to current	-
Balance at 31 December, 2021	348
Additional provisions recognised/(used)	-
Movement from non-current to current	(112)
Balance at 31 December, 2022	236

Details of movement in other provisions current

	Other regulatory provision	Litigative Matters
Balance at 1 January, 2021	102	245
Movement from non-current to current	-	-
Additional provisions recognized/(used)	218	-
Balance at 31 December, 2021	320	245
Movement from non-current to current	-	-
Additional provisions recognized/(used)	(231)	(13)
Balance at 31 December, 2022	89	232

There is no movement during the year ended 31 December, 2022 in the provision for water charges.

22. Other Liabilities

	As at 31 December, 2022		As at 31 December, 2021	
	Current	Non- Current	Current	Non- Current
Advances received from customers	405	-	222	-
Taxes payable (other than income taxes)	588	-	576	-
Payable to employees	1,426	-	2,004	-
Consideration payable for acquisition of subsidiary*	-	-	20	-
Deferred Income ^	-	882	-	760
Other Payables-mainly amount received in advance against grants in foreign entities.	70	334	107	326
Total	2,489	1,216	2,929	1,086

* Amount comprises of consideration payable for acquisition of Aurangabad Electricals Limited towards incentive receivable under Package Scheme of Incentive (PSI scheme).



Notes to the Consolidated Financial Statements as at and for the year ended 31 December, 2022

(₹ in Million)

^ Refer note 27 for details

23. Discontinued operations

(See accounting policy in note 2.27)

I. United Kingdom operations

In September 2018, The Board of Directors of Mahindra CIE Automotive Limited has decided to dispose the forging business in United Kingdom, corresponding to the company Stokes Group Limited. Due to that decision, the Group has discontinued the operations of Stokes Group Limited, classifying them as disposal group, and reclassifying the profit and loss account of the Company to results from discontinued operations.

	As at 31 December, 2022	As at 31 December, 2021
1. Carrying amount of assets and liabilities held for sale		
Cash and Cash Equivalents	50	51
Disposal group assets classified as held for sale	50	51
Current Provisions	50	50
Other Current Liabilities	-	-
Disposal group liabilities classified as held for sale	50	51
2. Financial performance and cash flow information		
Total Income	-	23
Total Expenses	-	23
Profit before tax	-	-
Tax expenses	-	-
Net Profit / (Loss) for the year from discontinuing operations	-	-
Cash flow from / (Used in) discontinued operation		
	31 December, 2022	31 December, 2021
Cash flow from / (used in) operating activities	-	46
Net Cash (outflow) / inflow from Investing activities	-	-
Net cash flows for the year	-	46

II. Germany operations

The Board, in its meeting held on 14th December, 2022, took note of the proposal approved by CIE Galfor S. A. U. (Galfor) - subsidiary company, to launch an active program to locate a buyer for the German Forging Operations comprising of CIE Forging Germany GmbH and its subsidiaries. In accordance with the applicable accounting standards, considering Galfor's decision to launch the program, all the German Forging Operation's "assets and liabilities" shall be categorised as "assets and liabilities held for sale". The comparative consolidated statement of profit and loss has been re-presented to show the discontinued operation separately from continuing operations".

	31 December, 2022	31 December, 2021
1. Carrying amount of assets and liabilities held for sale		
Property, Plant and Equipment	3,080	3,242
Right-of-use-assets	1,082	1,425
Intangible assets	6	2
Investments	4	4
Deferred tax assets	456	599
Inventories	3,155	3,047
Trade receivables	928	666
Cash and Cash Equivalents	821	498
Income tax assets	1	4
Loans given	15	-
Other assets	190	149



Notes to the Consolidated Financial Statements as at and for the year ended 31 December, 2022

(₹ in Million)

	31 December, 2022	31 December, 2021
Dec 31, 2021	9,738	9,636
Borrowings	910	4,675
Lease liabilities	1,130	1,450
Trade payables	2,306	2,417
Provisions	1,805	2,321
Income tax liabilities	102	2
Other Liabilities	877	770
Disposal group liabilities classified as held for sale	7,130	11,635
2. Financial performance and cash flow information		
Total income	20,139	16,303
Total expenses	19,308	16,342
Profit/ (loss) before tax	831	(39)
Tax expense	72	(9)
Profit/ (loss) after tax	759	(30)
Other comprehensive income	380	159
Total comprehensive income	1,139	129
Cash flow from/ (Used in) discontinued operation		
Net cash flow for operating activities	702	
Net cash flow for investing activities	(286)	
Net cash flow for financing activities	(3,765)	
Net cash used in discontinued operations	(3,349)	

24. Deferred taxes

I. Deferred tax assets – Tax credits	Tax losses	Tax credits R&D, training	Total
Balance as at 1 January 2021	251	156	407
(Charged) against / credited to profit and loss	(266)	42	(224)
Transfers	65	9	74
Foreign currency translation differences	(3)	(11)	(14)
Balance at 31 December, 2021	47	196	243
(Charged) against / credited to profit and loss	(19)	(186)	(205)
Transfers	-	-	-
Foreign currency translation differences	(2)	(7)	(9)
Balance at 31 December, 2022	26	2	28
II. Deferred tax assets – Others	Provisions	Others	Total
Balance as at 1 January 2021	900	228	1,128
(Charged) against / credited to profit and loss	12	25	37
Charged against / (credited) to equity	(1)	19	18
Others	(73)	89	16
Foreign currency translation differences	(90)	(3)	(93)
Balance at 31 December, 2021	748	358	1,106
(Charged) against / credited to profit and loss	(36)	19	(17)
Charged against / (credited) to equity	(176)	-	(176)
Discontinued Operations	(421)	(6)	(427)
Foreign currency translation differences	91	-	91



Notes to the Consolidated Financial Statements as at and for the year ended 31 December, 2022

(₹ in Million)

Balance at 31 December, 2022	206	371	577	
III. Deferred tax liabilities	Depreciation and amortization	Grants	Others	Total
Balance as at 1 January 2021	1,344	103	1,324	2,771
Charged against / (credited) to profit and loss	(105)	(6)	1,144	1,033
Transfers	19	(4)	(2)	13
Foreign currency translation differences	(4)	-	(5)	(9)
Balance at 31 December, 2021	1,254	93	2,461	3,808
Charged against / (credited) to profit and loss	(38)	6	-	(32)
Transfers	(98)	-	98	-
Foreign currency translation differences	15	14	-	29
Balance at 31 December, 2022	1,133	114	2,559	3,805

Summary of net deferred tax assets / (liabilities):-

	31 December, 2022	31 December, 2021
I. Deferred tax assets – Tax credits	28	243
II. Deferred tax assets – Others	577	1,106
III. Deferred tax liabilities	(3,805)	(3,808)
Net Deferred tax liabilities	(3,200)	(2,459)

Deferred income tax assets are recognised for tax loss carry-forwards and unused tax credits to the extent that the realisation of the related tax benefit through future taxable profits is probable, being its estimated recoverability less than 10 years.

Deferred tax assets that were recognised by the Group at 31st December 2022 and 2021 are as follows: -

	31 December, 2022		31 December, 2021	
	Tax losses	Others	Tax losses	Others
Germany	-	-	-	599
Spain	2	32	3	214
Italy	-	4	-	44
Mexico	-	55	44	60
India	26	486	-	385
	28	577	47	1,302

Certain subsidiaries of the group have undistributed earnings of INR 7,717 Million (INR 14,271 Million in Dec 2021) which, if paid out as dividends, would be subject to tax in the hands of recipients. An assessable temporary difference exists, but no deferred tax liability has been recognised as the parent entity is able to control the timings of distributions by these subsidiaries.

25. Tax expense**(i) Income Tax recognised in Profit or loss**

	Year ended 31 December, 2022	Year ended 31 December, 2021
Current Tax:		
Continuing operations	2,190	1,435
Discontinued operations	92	(4)
Deferred Tax:		
Continuing operations	211	1,296
Discontinued operations	(20)	(6)



Notes to the Consolidated Financial Statements as at and for the year ended 31 December, 2022

(₹ in Million)

Total income tax expense on continuing and discontinued operations	2,473	2,721
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(ii) Income tax recognised on Other comprehensive income

	Year ended 31 December, 2022	Year ended 31 December, 2021
Income taxes related to items that will not be reclassified to profit or loss	(176)	15

(iii) Reconciliation of income tax expense and the accounting profit multiplied by Group's domestic tax rate:

	Year ended 31 December, 2022	Year ended 31 December, 2021
Profit before tax	9,514	6,688
for continuing operations	831	(39)
for discontinued operations		
Income tax expense for the year calculated at 25.168% (Dec 2021: 25.168%)	2,603	1,674
Effect of tax rates in foreign jurisdictions	(30)	(111)
Deferred tax liability created on unamortised goodwill*	-	1,426
Deferred tax assets created on 43B diallowances for earlier fiscal periods	(84)	-
Effect of tax rate reduction during the year	-	(17)
Reversal of provision for tax of earlier years	(20)	(292)
Effect of expenses that are non-deductible in determining taxable profit	51	21
Profit on sale of land	(95)	
Effect of MAT credit written off on account of transition to lower corporate tax rate	-	(9)
Effect of current year losses for which no deferred tax asset is recognized	-	39
Other Items- BF Mexico DTA reversed	48	(10)
Effective tax	2,473	2,721
Tax expenses reported in profit or loss for continuing operations	2,401	2,730
Tax expenses reported in profit or loss for discontinued operations	72	(9)

*The Indian Finance Act, 2021 has introduced an amendment to section 32 of the Income Tax Act, 1961, whereby Goodwill of a business will not be considered as a depreciable asset and depreciation on goodwill will not be allowed as deductible expenditure effective April 1, 2020.

In accordance with the requirements of Ind AS 12 - Income Taxes, the Group has recognised tax expense amounting to ₹ 1,426 million as the outcome on the difference between Goodwill in standalone entity as per the books of account and its updated tax base of NIL resulting from the aforementioned amendment, in addition to the current tax expense debited to the statement of profit and loss. This deferred tax liability is not expected to be a cash outflow in the future and its reversal is deemed unlikely as the value of its associated goodwill is expected by value in use.



Notes to the Consolidated Financial Statements as at and for the year ended 31 December, 2022

(₹ in Million)

There is an unused tax loss pertaining to Long term capital loss of ₹ 9156 Million. (31 December, 2021 , 9156 Million.). This can be carried forward and utilised until fiscal year 2027-2028.

26. Fair value measurements

Financial instruments by category	31 December, 2022			31 December, 2021		
	FVPL	FVOCI	Amortised Cost	FVPL	FVOCI	Amortised Cost
Financial assets						
1. Non- Current Assets						
Investments	-	-	11	-	-	19
Loans	-	-	1,687	-	-	820
Other Financial Assets	-	-	219	-	-	228
2. Current Assets						
Investments	5,388	-	47	4,056	-	78
Trade Receivables	-	-	8,608	-	-	6,687
Incentive receivable	-	-	917	-	-	846
Loans	-	-	54	-	-	-
Cash and Cash Equivalents	-	-	713	-	-	1,444
Bank balances other than above	-	-	146	-	-	151
Other financial assets	-	-	-	-	-	21
Total financial assets	5,388	-	12,401	4,056	-	10,293
Financial liabilities						
1. Non-current Liabilities						
Borrowings	-	-	1,188	-	-	6,522
2. Current Liabilities						
Borrowings	-	-	8,045	-	-	6,294
Trade Payables	-	-	21,349	-	-	19,385
Other financial liabilities	-	-	776	-	-	592
Total financial liabilities	-	-	31,359	-	-	32,793

Financial instrument carried at amortized cost

Fair value of current financial assets and current financial liabilities carried at amortized cost is not materially different from the carrying amount.

This disclosure is not applicable for lease liabilities

Fair Value Hierarchy

Financial assets	31 December, 2022			31 December, 2021		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Mutual Funds – Growth	5,388	-	-	4,056	-	-
Total	5,388	-	-	4,056	-	-

27A. Revenue from operation

	Year ended 31 December, 2022	Year ended 31 December, 2021
Revenue from contracts with customers		
Sale of Products	82,283	64,085
Other Operating Revenue (Including Scrap Sales, Export incentives)	5,247	3,566
Total	87,530	67,651

Refer Note-5 for geographical segmentwise revenue details

Reconciliation of revenue with contract price :-

	Year ended 31 December, 2022	Year ended 31 December, 2021
Revenue as per Statement of Profit and loss	87,530	67,651



Notes to the Consolidated Financial Statements as at and for the year ended 31 December, 2022

(₹ in Million)

Add: Incentive/rebates	-	-
Contract Price	87,530	67,651
27B. Other Income		
	Year ended	Year ended
	31 December, 2022	31 December, 2021
Interest Income under the effective interest method on :		
On Financial Assets at amortised cost	130	38
Financial assets at FVTPL - net change in fair values -		
Mandatorily measured at FVTPL- net change in fair value	28	24
Net gain/(loss) on sale of property, plant and equipments	14	26
Grant income*	369	372
Miscellaneous income- Majorly includes discounts received	42	9
Total	583	468
* Grant income includes income recognized of ₹ 247 Million for the year ended 31 December, 2022 (₹ 221 Million in 2021) pursuant to receipt of eligibility certificate under Maharashtra Government Package Scheme of Incentives (PSI) 2013 by the Group's subsidiary Aurangabad Electricals Limited (AEL). This is in accordance with requirements of Ind AS 20 - Accounting for Government Grants and Disclosure of Government Assistance. This incentive is in the form of refund from the Government of Maharashtra on actual VAT / SGST paid by the Company from the period 1 February, 2016 to 31 March, 2023 (7 years) with a maximum limit of ₹ 2,522 Million.		
28. Cost of material consumed		
	Year ended	Year ended
	31 December, 2022	31 December, 2021
Opening stock of raw materials	3,687	2,493
Add: Purchases	48,356	36,388
	52,043	38,881
Less: Closing stock of raw materials	(3,436)	(3,687)
Cost of materials consumed	48,607	35,194
29. Employee benefit expenses		
	Year ended	Year ended
	31 December, 2022	31 December, 2021
Salaries and wages, including bonus	7,343	7,741
Contribution to provident and other funds [refer note 32]	149	246
Share based payments	81	21
Staff welfare expenses	1,449	1,255
Total	9,022	9,263
30. Finance costs		
	Year ended	Year ended
	31 December, 2022	31 December, 2021
Interest expense on financial liabilities measured at amortised costs	180	283
Interest on Lease Liabilities [Refer note 6 (ii)]	44	48



Notes to the Consolidated Financial Statements as at and for the year ended 31 December, 2022

(₹ in Million)

Other borrowing cost (Finance related charges, LC charges, etc.)	3	17
Total	227	348

31. Other expenses

	Year ended 31 December, 2022	Year ended 31 December, 2021
Tools & Stores consumed	3,724	3,249
Power & Fuel	4,769	3,729
Repairs and maintenance	1,532	1,346
Subcontracting, Hire and Service Charges	5,438	3,428
Freight outward	1,323	897
Professional services	322	349
Travelling expenses	146	53
Insurance, taxes, fees and commission	385	308
Expenditure on corporate social responsibility (CSR) under section 135 of the Companies Act, 2013. (Note 38)	60	60
Payments to the Auditor		
(i) Audit fee	11	10
(ii) Tax audit fee	-	-
(iii) Other services	2	2
(iv) For reimbursement of expenses*	-*	-
Miscellaneous expenses	1,317	2,194
Total	19,029	15,625

* Amount below rounding off norm adopted by the Company

32. Employee benefits**(a) Defined Contribution plan**

The Group's contribution to Provident Funds and other fund aggregating ₹ 244 Million (₹ 175 Million) has been recognised in the statement of Profit or Loss under the head Employee Benefit expenses.

(b) Defined benefit plans**(i) Gratuity**

The Group operates gratuity plan covering qualifying employees in India. The benefit payable is the greater of the amount calculated as per the Payment of Gratuity Act, 1972 or the Group scheme applicable to the employee. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting. The Group makes annual contribution to the Group gratuity scheme administered by the Life Insurance Corporation of India through its Gratuity Trust Fund.

(ii) Voluntary Retirement Scheme

Onetime expenses incurred towards voluntary retirement scheme are charged off in the statement of Profit or loss. [Refer note 40]

(iii) Compensated absences

Group's liability towards leave encashment are determined using the Projected Unit Credit method which considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. Past service costs are recognised on straight line basis over the statement of Profit or loss as income or expense. Obligation is measured at the present value of estimated future cash flow using a discount rate that is determined by reference to market yields at the Balance Sheet date on government bonds where the currency and terms of the government bonds are consistent with the currency and estimated terms of the defined benefit obligation.

(iv) Pension provisions are for operations in Germany and are entirely unfunded. These benefits are in the nature of long term service awards and lifetime pension and retirement plans. Liabilities are



Notes to the Consolidated Financial Statements as at and for the year ended 31 December, 2022

(₹ in Million)

determined using projected unit credit method together with mortality tables. Obligation is measured at the present value of estimated future cash flow using the discount rate that is determined by reference to average market yields of ten years.

(c) Risks

Through its defined benefit plans the Group is exposed to risks, the most significant of which are detailed below:

(i) Asset Volatility

The plan liabilities are calculated using a discount rate set with references to government bond yields; if plan assets under perform compared to the government bonds discount rate, this will create or increase a deficit.

(ii) Changes in Bond Yields

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

1. Provisions for Gratuity, Voluntary Retirement Scheme and Pension: -

	Funded Plan- Gratuity		Unfunded Plans- VRS		Unfunded Pension	
	31 December, 2022	31 December, 2021	31 December, 2022	31 December, 2021	31 December, 2022	31 December, 2021

Amounts recognised in comprehensive income in respect of these defined benefit plans are as follows:

Service Cost

Current Service Cost	76	66		128	26	31
- Past service cost and (gains)/losses from settlements	-	-	-	-	15	19
Net interest expense	19	15	-	-	20	12
Components of defined benefit costs recognised in profit or loss	95	81	-	128	61	62

Re-measurement on the net defined benefit liability

Actuarial gains and loss arising from changes in financial assumptions	(51)	38	-	-	555	(159)
Actuarial gains and loss arising from experience adjustments	36	17	-	-	-	-
Actuarial gains and loss arising from Demographic assumptions	-	5	-	-	-	-

Components of defined benefit costs recognised in other comprehensive income

Total	80	141	-	128	616	(97)
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I. Net Asset/(Liability) recognised in the Balance Sheet as at 31 December

1. Present value of defined benefit obligation as at 31 December	(974)	(941)	-	(128)	(1,552)	(2,110)
2. Fair value of plan assets as at 31 December	700	681	-	-	-	-
3. Surplus/(Deficit)	(274)	(260)	-	(128)	(1,552)	(2,110)
4. Current portion of the above	(156)	(161)	-	-	-	(128)
5. Non-current portion of the above	(118)	(99)	-	(128)	(1,552)	(1,982)

II. Change in the obligation during the year ended 31 December

1. Present value of defined benefit obligation at the beginning of the year	941	805	-	-	2,110	2,481
2. Expenses Recognised in Profit and Loss Account						
- Current Service Cost	76	66	-	-	26	31
- Past Service Cost	-	-	-	-	15	19
- Interest Expense (Income)	58	47	-	-	20	12
3. Recognised in Other Comprehensive Income						
Re-measurement (gains) / losses						
- Actuarial (Gain) / Loss arising from:						
i. Demographic Assumptions	-	5	-	-	-	-
ii. Financial Assumptions	(51)	38	-	-	(555)	(159)
iii. Experience Adjustments	36	17	-	-	-	-



Notes to the Consolidated Financial Statements as at and for the year ended 31 December, 2022

(₹ in Million)

	Funded Plan- Gratuity		Unfunded Plans- VRS		Unfunded Pension	
	31 December, 2022	31 December, 2021	31 December, 2022	31 December, 2021	31 December, 2022	31 December, 2021
4. Benefit payments	(86)	(37)	-	-	(122)	(133)
5. Others- Currency translation impact on opening	-	-	-	-	58	(141)
6. Present value of defined benefit obligation at the end of the year	974	941	-	-	1,552	2,110
III. Change in fair value of assets during the year ended 31 December						
1. Fair value of plan assets at the beginning of the year	681	614	-	-	-	-
2. Expenses Recognised in Profit and Loss Account						
- Expected return on plan assets	42	37	-	-	-	-
3. Recognised in Other Comprehensive Income						
Re-measurement gains / (losses)						
- Financial Assumptions	3	-	-	-	-	-
- Experience Adjustments	2	-	-	-	-	-
4. Contributions by employer (including benefit payments recoverable)	58	64	-	-	-	-
5. Benefit payments	(86)	(34)	-	-	-	-
6. Fair value of plan assets at the end of the year	700	681	-	-	-	-
IV. The Major categories of plan assets						
- List the plan assets by category here						
Funds managed by Insurer	620	681	-	-	-	-
% to total assets	100%	100%	-	-	-	-
V. Actuarial assumptions						
1. Discount rate	6.5% to 7.6%	6.00% to 6.90%	-	-	3.66%	1.03%
2. Expected rate of return on plan assets	6.5% to 6.9%	6.0% to 6.5%	-	-	-	-
3. Attrition rate	1% to 15.94%	1.75% to 17.75%	-	-	-	-
4. Salary Escalation	7% to 8%	5% to 8%	-	-	1% to 1.23%	1% to 1.75%
5. Mortality	India assured lives mortality (2012-14) Ultimate					
6. Life expectancy of person retiring at year end	9 to 17 years					

Sensitivity Analysis:

Percentage of variation of the defined benefit commitment to changes in the assumptions weighted is as follows:-

	Change	India
Decrease in Discount rate	1%	Increase by 8.1%
Increase in Discount rate	1%	Decrease by 9.2%
Decrease in Salary increment	1%	Decrease by 7.6%
Increase in Salary increment	1%	Increase by 8.2%

VII. The weighted average duration of the defined benefit obligation is 10.6 years (2021 – 10.3 years). The expected payment analysis of undiscounted gratuity is as follows:

	Less than a year	Between 1-2 years	Between 3-5 years	Over 5 years	Total
December 31, 2022					



Notes to the Consolidated Financial Statements as at and for the year ended 31 December, 2022

(₹ in Million)

Defined benefit obligation	82	108	309	905	1,405
December 31, 2021					
Defined benefit obligation	88	78	287	836	1,289

2. Provision for Employee Termination benefits:

	<u>31 December, 2022</u>	<u>31 December, 2021</u>
Balance at the beginning of the year	162	218
Add:-		
Interest Expense/(income)	(9)	(4)
Provided during the year	76	60
Less:-		
Benefits paid	(96)	(98)
Re-measurement (gains) / losses	(14)	(3)
Exchange differences	6	(11)
Balance at the end of the year	<u>125</u>	<u>162</u>

33. Contingent Liabilities and Commitments

	<u>Year ended 31 December, 2022</u>	<u>Year ended 31 December, 2021</u>
Contingent liabilities (to the extent not provided for):		
(a) Claims against the Company not acknowledged as debt		
Income tax claims against which the Company has preferred an appeal	562	515
Excise cases against the Company	152	124
Service Tax	62	69
Sales Tax and VAT	6	47
MSEDCL Related Litigations *	504	504
Stamp Duty, Government Cess and others	108	107
Water Charges	325	325
Labour matters	-	-
The Group had imported capital goods under the Export Promotion Capital Goods (EPCG), of the Government of India, at concessional rate of duty on an understanding to fulfill quantified exports against future obligation	5	5
(b) Commitment		
Capital expenditure net of capital advances contracted for at the end of the reporting period but not recognized as liabilities.	1,232	1,667

* Maharashtra State Electricity Distribution Company Limited (MSEDCL) has levied the Cross Subsidy Surcharge (CSS) and Additional Surcharge levied (ASC) on the units of power consumed by the Company from two Captive Generating Plant (CGP) Units of Sai Wardha Power Generation Limited (SWPGL) as a captive consumer. The Hon'ble Maharashtra Electricity Regulatory Commission (MERC) vide its separate orders dated October 22, 2020 and October 29, 2020 has rejected the captive status of the said two CGP units of SWPGL for the year 2016-17 and the year 2017-18 respectively. MSEDCL has raised supplementary invoices of ₹ 208 million (including interest) for the year 2016-17 and of ₹ 263 million (including interest) for the year 2017-18 towards alleged Cross Subsidy Surcharge and Additional Surcharge applicable for non-captive power consumption. The Company has challenged the impugned orders before Hon'ble Appellate Authority of Electricity (APTEL). Hon'ble APTEL vide its Order dated November 26, 2021 (APTEL Order) set aside the Orders of MERC and remanded the matter to MERC for fresh determination of captive status based on the opinion expressed in the APTEL Order. MERC vide its Order dated 16th March, 2022 (MERC Remand Order) held Unit 3 and Unit 4 of Sai Wardha Power Generating



Notes to the Consolidated Financial Statements as at and for the year ended 31 December, 2022

(₹ in Million)

Limited as captive generating plant for FY 2016-17 and FY 2017-18. MERC further held that 24.73 MUs and 53.53 MUs for FY 2016-17 and FY 2017-18 respectively were injected from the non-captive units and thus unscheduled power. Hence, the Distribution Licensees were directed to treat this unscheduled power in accordance with the applicable provisions of the Electricity Act, 2003 and the relevant Rules and Regulations. However, DISCOMs have filed an appeal against the APTEL Order before Hon'ble Supreme Court of India which is sub-judice. The Company has also filed appeal against the MERC Remand Order for limited issue of the units which were held as Unscheduled Power. Both the appeals are sub-judice.

The Hon'ble Maharashtra Electricity Regulatory Commission vide its dated February 09, 2018 in Case No.77 of 2015 for FY 2014-15 and order dated March 19, 2018 in Case No.159 of 2016 for FY 2015-16 (Original MERC Order) had upheld the captive status of the units of SWGPL for those years. However, it had treated the units supplied by SWGPL from other two non-CGP units of SWGPL, as non-contracted power for 2015-16. MSEDCL has accordingly raised a supplementary bill of ₹ 33 million for the year 2015-16 towards the units supplied by SWGPL from non-CGP units. Thereafter MERC had in its review order, allowed review of the said MERC orders and held that the captive status of SWPGL be redetermined for FY 2014-15 and FY 2015-16. APTEL vide the APTEL Order set aside the Review Order and upheld the Original MERC Orders holding SWPGL as captive for these two years as well. However, DISCOMs have filed an appeal against the APTEL Order before Hon'ble Supreme Court of India which is sub-judice. The Company is also contesting the issue of non-CGP units of 2015-16.

The Hon'ble Maharashtra Electricity Regulatory Commission (MERC) vide its Order dated March 19, 2018 had upheld the captive status of the units of SWGPL. However, it had treated the units supplied by SWGPL from other two non-CGP units of SWGPL, as non-contracted power. MSEDCL has accordingly raised a supplementary bill of ₹ 33 million for the year 2015-16 towards the units supplied by SWGPL from non-CGP units. The impugned order has been challenged to the extent it deals with the issue of treating the units supplied by SWGPL from non-CGP units as non-contracted energy by an appeal preferred before Hon'ble Appellate Authority of Electricity (APTEL) and is sub-judice.

34. Related Party Transactions

Names of Related Parties:

(a) Ultimate Holding Company – CIE Automotive S.A.

Principal Shareholder of the Holding Company – CIE Berriz, S.L

Holding Company – Participaciones Internacionales Autometal , DOS S.L

(b) Names of Fellow Subsidiaries where transactions have taken place during the year

1. CIE Praga Louny, a.s
2. Componentes de Automoción Recytec, S.L.U
3. Componentes de Dirección Recylan S.L.U.
4. Nova Recyd, S.A.U.
5. CIE Metal CZ, s.r.o.
6. Nanjing Automotive Forging Co., Ltd
7. Forjas de Celaya, S.A. de C.V.
8. Maquinados Automotrices y Talleres Industriales de Celaya, S.A. de C.V
9. Gameko Fabricación de Componentes, S.A.
10. Pintura y Ensamblajes de México, S.A. de C.V.
11. CIE Autometal de Mexico, S.A. de C.V
12. Leaz Valorización, S.L.U
13. Pintura, Estampado y Montaje, S.A. de C.V.
14. Servicat S. Cont., Adm. y Técnicos, S.A. de C.V



Notes to the Consolidated Financial Statements as at and for the year ended 31 December, 2022

(₹ in Million)

15. CIE Automotive Goain, S.L.U
16. Century Plastics LLC
17. Somaschini North America, LLC
18. Somaschini SRL
19. Somaschini S.p.A
20. Plasfil Plasticos da Figueira, S.A
21. Transformaciones Metalurgicas Norma, S.A
22. Egana 2, S.L
23. Maquinados de Precision Mexico

(c) Name of Associate Companies where transactions have taken place during the year

1. Gescrap India Private Limited
2. Galfor Eólica, S.L (Associate of Galfor)
3. Clean Max Deneb Power LLP
4. Sunbarn Renewables Private Limited (w.e.f. November 25, 2020)
5. Renew Surya Alok Private Limited (w.e.f. 23rd February, 2021)
6. Strongsun Solar Private Limited (w.e.f. 12.12.2022)

(d) Name of Associates of Ultimate Holding Company where transactions have taken place during the year

1. Gescrap GmbH
2. Dominion Digital S.L.U.
3. Fundacion CIE
4. Banca March

(e) Entities having joint control/ significant influence over group.

1. Mahindra Vehicle Manufacturers Limited (MVML) (investing company in respect of which the Company is an Associate)
(Merged with Mahindra and Mahindra Limited w.e.f. 1st July, 2021.)
2. Mahindra & Mahindra Limited (M&M) (Holding Company of the investing company in respect of which the Company is an Associate.)
(investing company in respect of which the Company is an Associate w.e.f. 1st July, 2021)

(f) Subsidiaries of entities having joint control/ significant influence over group.

1. Mahindra Intertrade Limited
2. Mahindra Steel Service Centre Limited
3. Mahindra Auto Steel Private Limited
4. Mahindra Electric Mobility Limited
5. Mahindra Heavy Engines Limited
6. Mahindra MiddleEast Electrical Steel Service Centre
7. Mahindra Two Wheelers Limited
8. Mahindra MSTC Recycling Private Limited
9. Mahindra Trucks & Buses Private Limited.



Notes to the Consolidated Financial Statements as at and for the year ended 31 December, 2022

(₹ in Million)

10. Gromax Agri Equipments Limited
11. Mahindra Integrated Business Solutions Private Limited
12. NBS International Limited
13. Mahindra Sanyo Special Steels Private Limited
14. Mahindra Consulting Engineers Limited
15. Mahindra Defence Naval Systems Limited
16. Mahindra Logistics Limited
17. Bristlecone Limited

(g) Key Managerial Personnel (KMP)

Sr. No.	Name	Designation
1	Mr. Shriprakash Shukla	Non-Executive Director
2	Mr. Ander Arenaza Alvarez	Executive Director
3	Mr. Manoj Mullassery Menon	Executive Director Chief Executive Officer - Stampings, Composites, Foundry, Magnetics and Gears Divisions
4	Mr. Anil Haridass	Executive Director & Chief Executive Officer - Forging and Bill Forge Divisions (upto 22 nd February 2022) Non-Executive Director (w.e.f. 23 rd February 2022)"
5	Mr. Jesus Maria Herrera Barandiaran	Non-Executive Director
6	Mr. Zhooben Dossabhoy Bhiwandiwala	Non-Executive Director (upto 22 nd February 2022)
7	Mr. Puneet Renjhen	Non-Executive Director (22 nd February 2022 to 19 th December 2022)
8	Mr. Manojkumar Maheshwari	Independent Director
9	Mr. Dhananjay Narendra Mungale	Independent Director
10	Mr. Kadambi Narahari	Independent Director
11	Mrs. Roxana Meda Inoriza	Independent Director
12	Mr. Alan Savio D'Silva Picardo	Independent Director
13	Mr. Suhail Amin Nathani	Independent Director



Notes to the Consolidated Financial Statements as at and for the year ended 31 December, 2022

(₹ in Million)

14	Mr. Hari Krishnan	Chief Executive Officer – Forgings and Bill Forge Divisions (From 22 nd February 2022)
15	Mr. K. Jayaprakash	Chief Financial Officer
16	Mr. Pankaj Vijay Goyal	Company Secretary and Compliance Officer

(h) Transactions with Related parties during the year

	For the year ended	Ultimate holding Company	Holding company	Entities having joint control/ significant influence over Group (Note 1)	Fellow subsidiaries of Ultimate Holding Company	Subsidiaries of Entities having joint control/ significant influence over Group	Associate companies	Associates of ultimate holding company
Nature of transactions with Related Parties								
Sale of goods	31 December, 2022	-	-	15,560	662	687	2,709	1,311
	31 December, 2021	-	-	10,975	472	442	1,580	898
Purchase of goods	31 December, 2022	-	-	-	140	1,857	-	-
	31 December, 2021	-	-	-	162	1,667	-	-
Sale of property and other assets	31 December, 2022	-	-	-	27	392	-	-
	31 December, 2021	-	-	-	-	-	-	-
Rendering of services	31 December, 2022	-	-	-	11	-	-	-
	31 December, 2021	-	-	-	19	-	-	-
Receiving of services (including Reimbursement of expense)	31 December, 2022	271	-	24	135	146	290	57
	31 December, 2021	217	21	1	217	100	73	62
Rent received	31 December, 2022	-	-	-	-	1	-	-
	31 December, 2021	-	-	-	-	1	-	-
Rent paid	31 December, 2022	-	-	34	-	-	-	-
	31 December, 2021	-	-	19	-	-	-	-
Interest received	31 December, 2022	59	-	-	-	-	-	-
	31 December, 2021	-	1	-	-	-	-	-
Interest paid	31 December, 2022	33	172	-	115	-	-	-
	31 December, 2021	41	141	-	120	-	-	-
Dividend received from Associate	31 December, 2022	-	-	-	-	-	-	-
	31 December, 2021	-	-	-	-	-	3	-
Dividend paid	31 December, 2022	-	576	104	-	-	-	-
	31 December, 2021	-	-	-	-	-	-	-
Investment in Associate	31 December, 2022	-	-	-	-	-	53	-
	31 December, 2021	-	-	-	-	-	146	-
Loan Taken	31 December, 2022	4,898	3,399	-	523	-	-	-
	31 December, 2021	-	-	-	-	-	-	-



Notes to the Consolidated Financial Statements as at and for the year ended 31 December, 2022

(₹ in Million)

Loan Given	31 December, 2022	11,042	392	-	-	-	-	-	-	-	-	-
	31 December, 2021	-	-	-	-	-	-	-	-	-	-	-

Note 1:

The transactions with Related parties during the period have been disclosed net off Goods and Services Tax.

(i) Balances with Related parties at the end of the year

Nature of Balances with Related Parties	Balance as on	Ultimate holding company	Holding company	Entities having joint control/ significant influence over Group (Note 1)	Subsidiaries of Ultimate Holding Company	Fellow Subsidiaries of Ultimate Holding Company	Subsidiaries of joint control/ significant influence over Group	Associate companies	Associates of ultimate holding company
Trade payables	31 December, 2022	-*	-	1	102	337	3	17	
	31 December, 2021	1	9	4	37	550	3	21	
Trade receivables	31 December, 2022	-	-	1,202	126	153	2	54	
	31 December, 2021	-	-	2,761	85	111	1	55	
Loans & advances taken	31 December, 2022	252	457	-	3,719	-	-	-	
	31 December, 2021	1,072	3,699	-	3,196	-	-	-	
Loans & advances given	31 December, 2022	529	1,212	-	-	-	-	-	
	31 December, 2021	-	820	-	-	-	-	-	
Advances received	31 December, 2022	-	-	-	-	-	-	-	
	31 December, 2021	-	-	-	-	-	6	-	
Other balances	31 December, 2022	-	-	-	-	-	-	-	
	31 December, 2021	-	-	9	-	-	-	-	
Interest Received	31 December, 2022	-	26	-	-	-	-	-	
	31 December, 2021	-	-	-	-	-	-	-	
Investments	31 December, 2022	-	-	-	-	-	275	-	
	31 December, 2021	-	-	-	-	-	-	-	

(i) Remuneration to Key Managerial Personnel

Details of Remuneration	31 December, 2022	31 December, 2021
Short term employment benefits	59	53
Share based payments	81	2
Professional fees paid	-	-
Director sitting fees	14	15
Total	154	70

As gratuity and compensated absences are computed for all the employees in aggregate, the amount relating to the key managerial personnel, cannot be individually identified.



Notes to the Consolidated Financial Statements as at and for the year ended 31 December, 2022

(₹ in Million)

35. Earnings per share

- a) Calculation of basic and diluted earnings per share

Basic earnings per share are calculated by dividing the profit attributable to the Group's shareholders by the weighted average number of ordinary shares in the year, excluding treasury shares acquired by the Group.

	31 December, 2022 ₹ Per Share	31 December, 2021 ₹ Per Share
Basic earnings per share	(3.59)	10.36
From continuing operations	18.76	10.44
From discontinuing operations	(22.35)	(0.08)
Diluted earnings per share	(3.59)	10.36
From continuing operations	18.76	10.44
From discontinuing operations	(22.35)	(0.08)

- b) The earnings and weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share are as follows:

- (i)
- Basic earnings per share

	31 December, 2022 ₹ Per Share	31 December, 2021 ₹ Per Share
Profit for the year attributable to owners of the Group	(1,362)	3,929
- from continuing operations	7,113	3,958
- from discontinuing operations	(8,475)	(29)
Weighted average number of equity shares	379,247,594	379,031,015
Earnings per share – Basic	(3.59)	10.36
- from continuing operations	18.76	10.44
- from discontinuing operations	(22.35)	(0.08)

- (ii)
- Diluted earnings per Share

The diluted earnings per share has been computed by dividing the Net profit after tax available for Equity shareholders by the weighted average number of equity shares, after giving dilutive effect of the outstanding Warrants and Stock options for the respective periods. Since, the effect of the conversion of Preference shares was anti-dilutive, it has been ignored.

	31 December, 2022 ₹ Per Share	31 December, 2021 ₹ Per Share
Profit for the year	(1,362)	3,929
- from continuing operations	7,113	3,958
- from discontinuing operations	(8,475)	(29)
Weighted average number of equity shares used in the calculation of Basic EPS	379,247,594	379,031,015
Add: Effect of Stock Options	17,466	89,322
Weighted average number of equity shares used in the calculation of Diluted EPS	379,265,060	379,120,337
Diluted EPS	(3.59)	10.36
- from continuing operations	18.76	10.44
- from discontinuing operations	(22.35)	(0.08)



Notes to the Consolidated Financial Statements as at and for the year ended 31 December, 2022

(₹ in Million)

36. Details of dues under Micro Small and Medium Enterprises Development Act 2006

The identification of suppliers as micro and small enterprises covered under the “Micro Small and Medium Enterprises Development Act 2006” was done on the basis of the information to the extent provided by the supplier to the Group. Total outstanding to Micro and Small Enterprises, which were outstanding are given below:

Particulars	31 December, 2022	<u>31 December, 2021</u>
The amounts remaining unpaid to micro and small suppliers at the end of the year		
Principal	393	385
Interest due thereon	-	-
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	133	52
– Interest paid in terms of Section 16 of the MSMED Act	-	-
Amount of interest due and payable for the period of delay on payments made beyond the appointed day during the year	1	-
The amount of interest accrued and remaining unpaid at the end of each accounting year	2	8
Further interest due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises	11	9

*Amount is below rounding off norm adopted by the Group.

37. Employees Stock Options Scheme

The Company instituted the Employees Stock Options Scheme 2015 (ESOS 2015) plan for employees in pursuance of a special resolution passed by the shareholders approving the scheme on September 15, 2015.

Pursuant to the schemes, the Company has granted options to eligible employees at various exercise prices per equity share of ₹ 10 each. Under the terms of scheme, the vesting period will be spread equally over 3 years (ESOS 2015). Options will vest at 33% (ESOS 2015) from the grant date. When exercisable, each option is convertible into one equity share of the Company.

Movement of share options are as under:

Date of the Tranche	Opening Balance		Forfeited during the year	Exercised during the year	Outstanding at the end of the year	Exercisable at the end of the year
	Number of Options	Weighted average exercise price	Number of Options	Number of Options	Number of Options	Number of Options
On 22 nd February, 2016	294,706	150	7,110	241,981	45,615	45,615
	294,706		7,110	241,981	45,615	45,615

The fair value of employee share options has been measure using Black and Scholes model.

Share options outstanding at the end of the year have the following expiry dates and exercise prices:

Grant Date	Expiry Date	Exercise price	Number of Options- 31 December, 2022	Number of Options- 31 December, 2021
22-Feb-16	24-Feb-24	150	45,615	294,706
Total			294,706	294,706
Weighted average remaining contractual life of options outstanding at end of period (years)			1.15	2.15

The total carrying amount of liabilities arising from employee stock options at the end of the period is ₹ 5 million.



Notes to the Consolidated Financial Statements as at and for the year ended 31 December, 2022

(₹ in Million)

Expense arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognized in profit and loss as part of employee benefit expense were as follows:

	As at 31 December, 2022	As at 31 December, 2021
Employee share-based payment expense	81	21
Total employee share-based payment expense	81	21

38. Corporate Social Responsibility (CSR)

Particulars	31 December, 2022	31 December, 2021
(a) Amount required to be spent by the Company during the year	60	60
(b) Amount of expenditure incurred on:		
(i) Construction/acquisition of any assets	-	3
(ii) On purposes other than (i) above	43	27
(c) Shortfall at the end of the year	16	29
Total		
(d) Total of previous year shortfall	46	54
(e) Reason for shortfall	Pertains to two ongoing project of Skill development and school construction	Pertains to three ongoing project of Sanitisation and hygiene and school construction
(f) Nature of CSR activities	Promoting Education, Rural Development, Promoting Healthcare etc.	Promoting Education, Rural Development, Promoting Healthcare etc.
(g) Movement in provision with respect to a liability incurred by entering into a contractual obligation		
Opening provision	47	-
Add: Provision during the year	25	47
Less: Utilisation during the year	(46)	-
Closing provision*	26	47

* The shortfall amount has been deposited in separate schedule bank account as per statutory requirement.



Notes to the Consolidated Financial Statements as at and for the year ended 31 December, 2022

(₹ in Million)

39. Additional information of subsidiaries as required by schedule III of Companies Act, 2013

Sr. No.	Name of the entity	Net assets		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
		Amount	As % of consolidated	Amount	As % of consolidated	Amount	As % of consolidated	Amount	As % of consolidated
1	Mahindra CIE Automotive Limited	44,733	87.7%	5,133	-376.8%	(7)	0%	5,126	-13898.4%
	Subsidiaries								
	Indian								
1	Aurangabad Electricals Limited (Subsidiary of MCIE)	2,962	5.8%	766	-56.2%	(4)	0%	762	-2066.2%
2	BF Precision Private Limited (Subsidiary of MCIE)	163	0.3%	36	-2.6%	-	0%	36	-97.6%
3	CIE Hosur Limited (Subsidiary of MCIE)	1,129	2.2%	(132)	9.7%	-	0%	(132)	357.1%
	Foreign								
1	Stokes Group Limited (SGL)	1	0.0%	-	0.0%	-	0%	-	0.0%
2	CIE Forgings Germany GmbH (formerly know as Mahindra Forgings Europe AG) (subsidiary of Galfor)	1,843	3.6%	(276)	20.3%	-	0%	(276)	749.5%
3	Jeco Jellinghaus GmbH (subsidiary of CFG)	580	1.1%	23	-1.7%	27	0%	50	-136.6%
4	Gesenkschmiede Schneider GmbH (subsidiary of CFG)	1,781	3.5%	476	-35.0%	137	0%	613	-1662.8%
5	Falkenroth Uniformtechnik GmbH (subsidiary of CFG)	208	0.4%	35	-2.6%	1	0%	36	-97.0%
6	Schonoeweiss& Co GmbH (subsidiary of CFG)	1,818	3.6%	496	-36.4%	205	0%	701	-1901.9%
7	Metalcastello S.p.A (MC) (subsidiary of Galfor)	2,096	4.1%	774	-56.8%	9	0%	784	-2125.4%
8	UAB CIE Galfor SA (Galfor)	5,731	11.2%	(6,442)	472.8%	-	0%	(6,442)	17465.2%
9	CIE Legazpi SA (subsidiary of Galfor)	56	0.1%	(280)	20.6%	-	0%	(280)	759.3%
10	UAB CIE LT Forge (subsidiary of Galfor)	1,700	3.3%	352	-25.8%	-	0%	352	-953.3%
11	AE Deutschland GmbH (subsidiary of AEL)	-	0.0%	-	0.0%	-	0%	-	0.0%
12	Bill Forge Mexico S.A de C.V (subsidiary of MCIE)	(1,138)	-2.2%	(65)	4.8%	-	0%	(65)	177.0%
	Adjustment on consolidation	(12,678)	-24.7%	(2,258)	165.8%	956	0%	(1,302)	3531.1%
	Associates (investment as per the equity method)								
	India								
1	Gescrap India Private Limited	237	0.5%	23	-1.7%	-	0%	23	-63%
2	Clean Max Deneb Power LLP	129	0.3%	(0)	0.0%	-	0%	(0)	1%
3	Sunbarn Renewables Private Limited	269	0.5%	2	-0.2%	-	0%	2	-6%
4	Renew Surya Alok Private Limited	252	0.5%	(3)	0.2%	-	0%	(3)	8%
5	Strongsun Solar Private Limited								
	Foreign								
1	Galfor Eólica, S.L (Associate of Galfor)		0.0%		0%	-	0%	-	0%



Notes to the Consolidated Financial Statements as at and for the year ended 31 December, 2022

(₹ in Million)

40. Exceptional Items

	<u>31 December, 2022</u>	<u>31 December, 2021</u>
a) Onetime payment made to employees opting for early retirement under the Voluntary Retirement Scheme declared in December 2021 in stamping division of the company.	-	(128)
b) Gain from sale of Kanhe freehold land	379	-
Total	379	(128)

41. Additional disclosures required by schedule III

- (i) The Company do not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.
- (ii) The Company do not have any transactions with companies struck off under section 248 of the Companies Act, 2013
- (iii) The Company do not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period,
- (iv) The Company have not traded or invested in Crypto currency or Virtual Currency during the financial year.
- (v) The Company does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961)
- (vi) The Company does not have any investments through more than two layer of investment companies as per section 2(87)(d) and section 186 of Companies Act, 2013
- (vii) The Company has not revalued any of its Property, Plant and Equipment (including Right-of-Use Assets) during the year.
- (viii) The Company is not declared as willful defaulter by any bank or financial institution (as defined under the Companies Act, 2013) or consortium thereof or other lender in accordance with the guidelines on willful defaulters issued by the Reserve Bank of India.
42. The Company have not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
- (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or
- (b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries
43. The Company have not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Group shall:
- (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
- (b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries
44. Secured Loan with only bank of Baroda for non fund base ₹ 110 Mio. The quarterly returns or statements filed by the Company for working capital limits with Bank of Baroda banks are in agreement with the books of account of the Company except for statements as below - These statements were subsequently rectified and submitted to the respective banks.

Quarter	Name of bank	Particulars of Securities Provided	Amount as per books of account	Amount as reported in the quarterly return/ statement	Amount of difference	Reason for material discrepancies
Mar-21	Bank of Baroda	Trade Payables	4,942	3,410	1,532	Refer note "a" and "d" below
Jun-21	Bank of Baroda	Trade Payables	4,320	2,941	1,379	
Sep-21	Bank of Baroda	Trade Payables	5,173	3,583	1,590	
Dec-21	Bank of Baroda	Trade Payables	5,780	4,175	1,605	
Mar-22	Bank of Baroda	Trade Payables	5,605	4,953	652	
Jun-22	Bank of Baroda	Trade Payables	6,076	5,394	682	
Sep-22	Bank of Baroda	Trade Payables	6,328	5,386	942	



Notes to the Consolidated Financial Statements as at and for the year ended 31 December, 2022

(₹ in Million)

Quarter	Name of bank	Particulars of Securities Provided	Amount as per books of account	Amount as reported in the quarterly return/ statement	Amount of difference	Reason for material discrepancies
Mar-21	Bank of Baroda	Trade Receivables	6,686	6,698	(12)	Refer note "b" and "d" below
Jun-21	Bank of Baroda	Trade Receivables	5,438	5,667	(229)	
Sep-21	Bank of Baroda	Trade Receivables	6,527	6,654	(127)	
Dec-21	Bank of Baroda	Trade Receivables	4,481	4,830	(349)	
Mar-22	Bank of Baroda	Trade Receivables	7,637	7,534	103	Refer note "c" and "d" below
Sep-21	Bank of Baroda	Inventory	4,628	4,589	39	
Dec-21	Bank of Baroda	Inventory	4,590	4,682	(92)	

Note a:	Items of Trade Payables like provisions and accruals are excluded while reporting to the bank on account of specified sanction terms and entries passed in the Books of Accounts post submission of quarterly statements do not form part of the information reported in the statements submitted.
Note b:	Certain Trade Receivables are excluded while reporting to the bank on account of specified sanction terms, entries considered in the Books of Accounts post submission of information and provisions accounted in the Financial Statements does not form part of the information submitted.
Note c:	Inventories reported to the Bank includes balances of closing GST input credit receivable, does not include inventories of consumables and entries considered in the Books of Accounts post submission of information.
Note d:	The statements have been subsequently rectified and submitted to the bank.

45. The following table summarises the transactions with the companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956 for the year ended / as at December 31, 2022:

Name of struck off Company	Nature of transactions with struck off Company	Amount of transactions	Balance Outstanding	Relationship with the Struck off company
Jain Hydraulics Pvt. Ltd.	Material Purchase	-	0	External Vendor
Nihar Plastic Industries Pvt. Ltd.	Material Purchase	4	4	External Vendor

*Amount is below rounding off norm adopted by the company.

The following table summarises the transactions with the companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956 for the year ended / as at December 31, 2021.

Name of struck off Company	Nature of transactions with struck off Company	Amount of transactions	Balance Outstanding	Relationship with the Struck off company
Nihar Plastic Industries Pvt. Ltd.	Material Purchase	2	4	External Vendor

46. The Board of Directors of company at their meeting held on February 22, 2023 recommended final dividend of ₹ 2.50 per Equity Share of ₹ 10 each fully paid up for financial year 2022 (₹ 2.50 per Equity Share of ₹ 10 each fully paid up for financial year 2021). During the year ended 31 December 2022, the company has declared and paid dividend of ₹ 949 Million for the financial year ended 31 December 2021.
47. The previous year's financial statements were audited by a firm other than B S R & Co. LLP.
48. Previous period figures have been regrouped/reclassified, wherever necessary to conform to the recent changes in Schedule III of the Companies Act 2013.

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

Abhishek
Partner
Membership No. 062343

Pune, February 22, 2023

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

Ander Arenaza Alvarez
Executive Director - DIN : 07591785

Manoj Menon
Executive Director &
CEO-Business Division - DIN : 07642469

K. Jayaprakash
Chief Financial Officer
Pune, February 22, 2023

Dhananjay Mungale
Director - DIN : 00007563

Hari Krishnan
CEO-Business Division

Pankaj Goyal
Company Secretary & Compliance officer
ACS : A29614



Notes to the Consolidated Financial Statements as at and for the year ended 31 December, 2022

(₹ in Million)

Form AOC-1
PART -A- Statement containing salient features of the financial statement of Subsidiaries

Name of Subsidiary	Date of acquisition	Reporting Currency	Exchange Rate	Share Capital	Reserves & Surplus (including equity)	Total Assets	Total Liabilities	Investment (Other than subsidiaries)	Gross Turnover	Profit before tax	Provision for Tax	Profit after tax	Proposed Dividend	Existing shareholding in%
Stokes Group Limited (SGL)	1 st April 2007	GBP	-	-	-	-	-	-	-	-	-	-	-	100%
CIE Forgings Germany GmbH (CFG) (subsidiary of Galfor)	1 st April 2007	EURO	88.17	441	1,843	4,766	2,482	-	114	357	(69)	288	-	100%
Jeco Jellinghaus GmbH (subsidiary of CFG)	1 st April 2007	EURO	88.17	452	562	699	(315)	-	-	37	-	37	-	100%
Gesenskschmiede Schneider GmbH (subsidiary of CFG)	1 st April 2007	EURO	88.17	1,082	1,715	3,833	1,036	4	9,812	513	(4)	509	-	100%
Falkenroth Uniformtechnik GmbH (subsidiary of CFG)	1 st April 2007	EURO	88.17	90	207	1,076	778	-	3,272	39	(2)	37	-	100%
Schoeneweiss & Co GmbH (subsidiary of CFG)	1 st April 2007	EURO	88.17	441	1,677	4,383	2,265	-	8,405	530	(16)	515	-	100%
Metalcastello S.p.A (MC) (subsidiary of Galfor)	1 st Oct 2013	EURO	88.17	882	1,214	5,834	3,739	-	6,931	1,114	(289)	826	-	99.96%
UAB CIE Galfor SA (Galfor)	1 st Oct 2013	EURO	88.17	221	5,511	15,315	9,583	6	15,317	(6,464)	(405)	(6,869)	-	100%
CIE Legazpi SA (subsidiary of Galfor)	1 st Oct 2013	EURO	88.17	220	(165)	4,395	4,339	-	5,505	(132)	(166)	(299)	-	100%
UAB CIE LT Forge (subsidiary of Galfor)	1 st Oct 2013	EURO	88.17	665	1,036	3,328	1,627	-	3,996	436	(61)	375	-	100%
Aurangabad Electricals Limited (AEL)	9 th April 2019	INR	1	29	2,932	6,679	3,717	-	9,906	993	(227)	766	840	100%
BF Precision Private Limited (subsidiary of BF)	1 st Oct 2016	INR	1	0	163	219	56	-	205	49	(12)	36	100	100%
Bill Forge Mexico S. DE R. L. DE C V (subsidiary of BF)	1 st Oct 2016	INR	82.67	8	(1,146)	3,041	4,179	-	2,577	(10)	(58)	(69)	-	99.99%
CIE Hosur Limited	6 th Aug 2021	INR	1	1,267	(138)	2,071	942	-	168	(150)	18	(132)	-	100%

*Amount is below the rounding off norm adopted by the Group.

1. Stokes Group Limited is under liquidation;
2. Stokes Forgings Limited dissolved on 1st August, 2020 and Stokes Forging Dudley Limited dissolved on 30th July, 2020;
3. AE Deutschland GmbH dissolved on 12th August, 2021;
4. Jeco Jellinghaus GmbH has been operationally closed;
5. CIE Hosur Limited incorporated on 6th August, 2021

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

Ander Avenaza Alvarez

Executive Director - DIN : 07591785

Manoj Menon

Executive Director & CEO-Business Division - DIN : 0764242469

K. Jayaprakash

Chief Financial Officer

Pune, February 22, 2023

Dhananjay Mungale

Director - DIN : 00007563

Hari Krishnan

CEO-Business Division

Pankaj GoyalCompany Secretary & Compliance officer
ACS : A29614

Notes to the Consolidated Financial Statements as at and for the year ended 31 December, 2022

(₹ in Million)

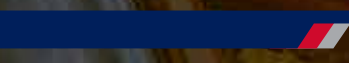
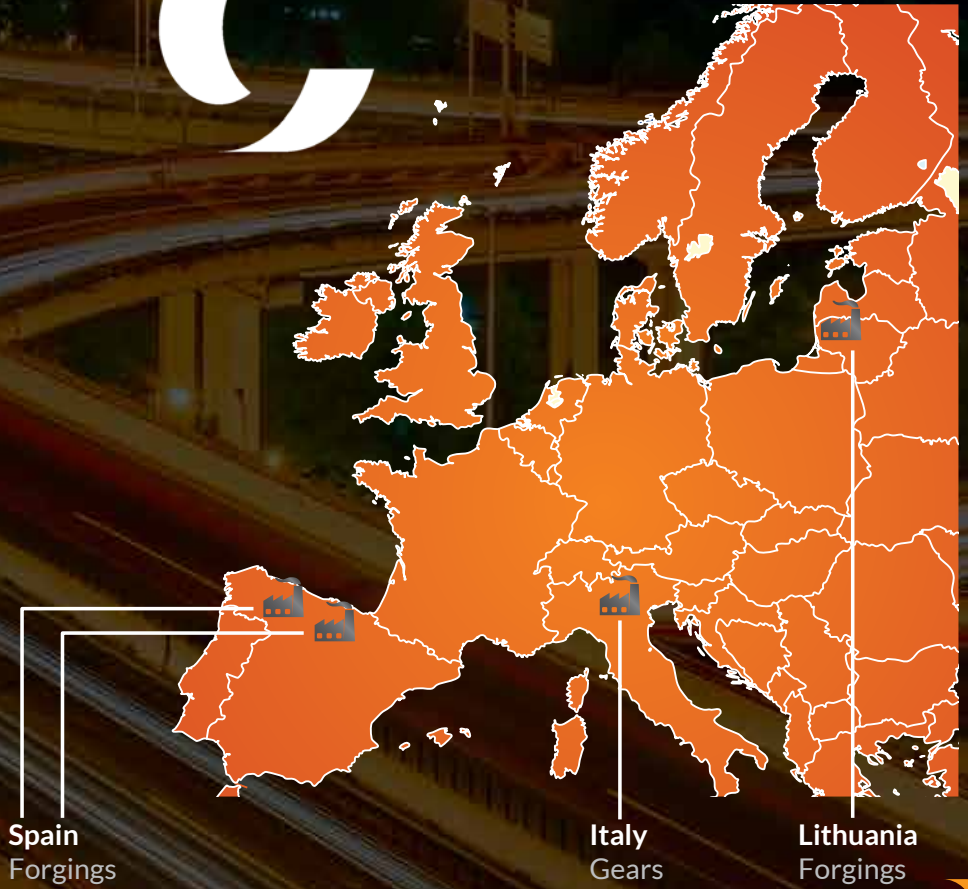
Form AOC-1
PART -B- Details of Associates/ Joint ventures [as per Section 2(6) of the Companies Act, 2013

Name of Associates	Audited Balance Sheet Date	No. of Equity shares held	Proportion of ownership interest	Cost of investments	Networth attributable to shareholding as per latest audited Balance Sheet	Profit/ (loss) for the year
Gescrap India Private Limited	31st Mar 2022	3,720,000	30%	37	75.4	23.1
Galfor Eólica, S.L (Associate of Galfor)	31st Dec 2022	68,000	25%	5	0*	0*
Clean Max Deneb Power LLP	31st Mar 2022	-	26%	32	38.4	0*
Sunbarn Renewables Private Limited	31st Dec 2022	872,813	26.16%	70	88.8	2.4
Renew Surya Alok Private Limited	31st Mar 2022	8,260,000	31.20%	83	25.2	(3.0)
Strongsun Solar Private Limited (w.e.f. 12. 12. 2022)	NA	303,250	27.35%	24	88.7	-

*Amount is below the rounding off norm adopted by the Group.

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

Ander Arenaza Alvairez
Executive Director - DIN : 07591785**Manoj Menon**
Executive Director &
CEO-Business Division - DIN : 07642469**K. Jayaprakash**
Chief Financial Officer
Pune, February 22, 2023**Dhananjay Mungale**
Director - DIN : 00007563**Hari Krishnan**
CEO-Business Division**Pankaj Goyal**
Company Secretary & Compliance officer
ACS : A29614



Annual Report 2022

Forgings



Castings



Stampings



Gears



Composites



Magnetics



Aluminium



Mahindra *CIE*

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