Mahindra CIE

Mahindra CIE Automotive Ltd
Mahindra Towers, 1st Floor,
Dr. G. M. Bhosale Marg, Worli,
Mumbai 400 018, India
Tel: +91 22 24931449
Fax: +91 22 24915890
www.mahindracie.com
mcie.investors@mahindracie.com

April 24, 2018

BSE Limited Corporate Relationship Department, P. J. Towers, Dalal Street, Fort, Mumbai - 400 001. **BSE Scrip Code: 532756**	**National Stock Exchange of India Limited** Corporate Relationship Department, Exchange Plaza, 5th Floor, Plot No. C/1, G Block, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051. **NSE Scrip Code: MAHINDCIE**

Subject: Submission of Annual Report for the year ended 31st December 2017

Dear Sir/Madam,

Pursuant to Regulation 34 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 we are submitting herewith Annual Report for the year ended 31st December 2017 which was considered and adopted at the 19th Annual General Meeting held on Thursday 19th April 2018.

Kindly take the same on the record.

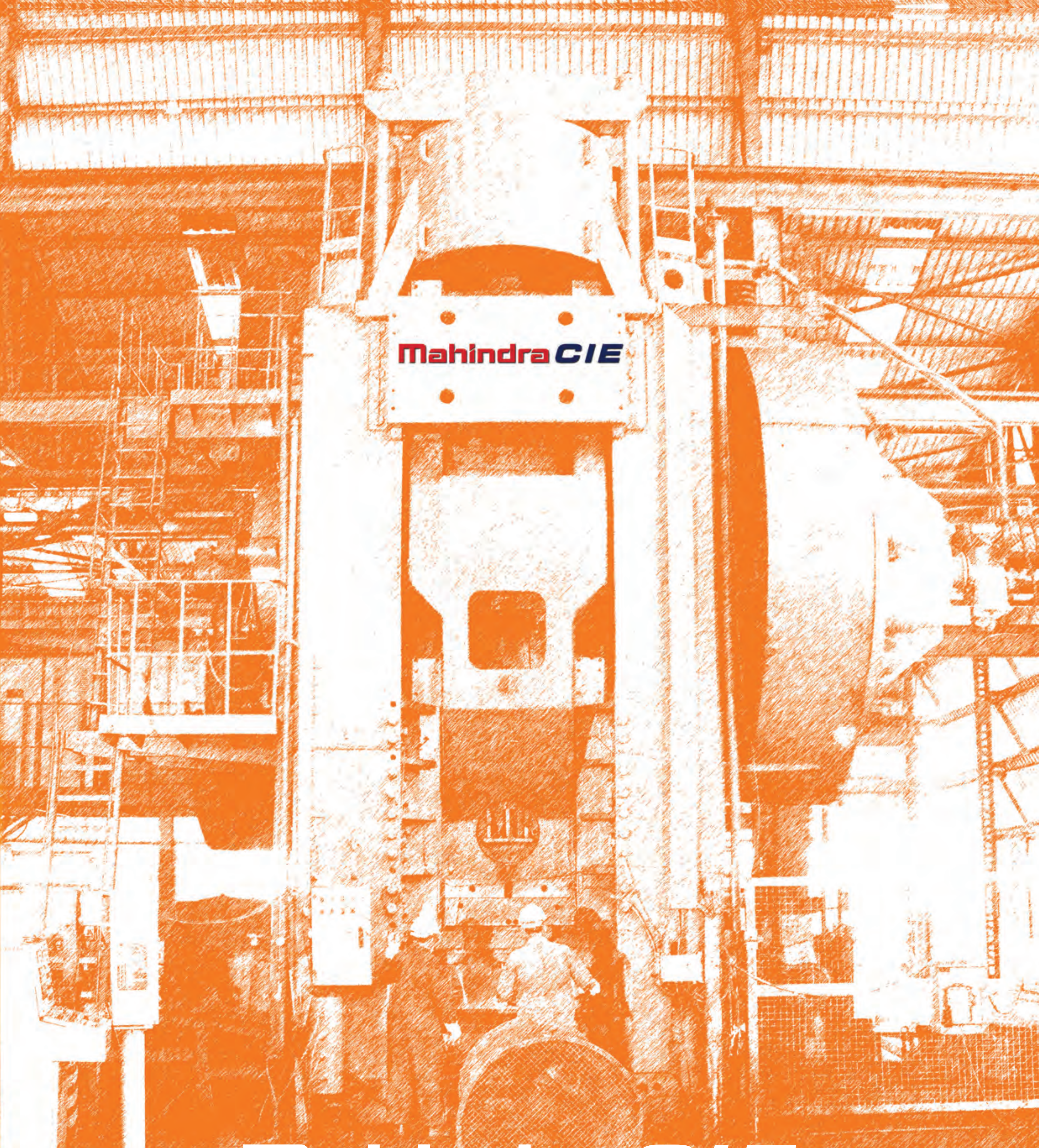
Thanking you,

Yours faithfully,
For Mahindra CIE Automotive Limited

S. Krishna

Krishnan Shankar
Company Secretary & Head - Legal

MAHINDRA CIE AUTOMOTIVE LTD. MUMBAI

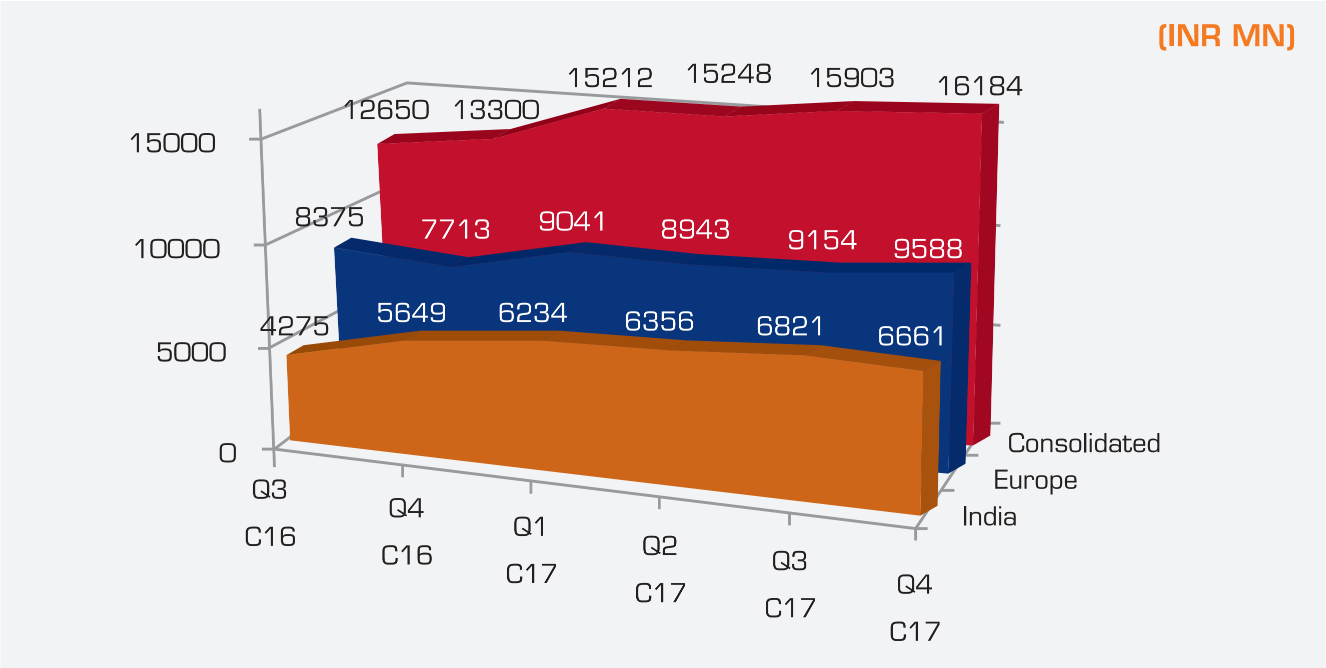


Mahindra CIE

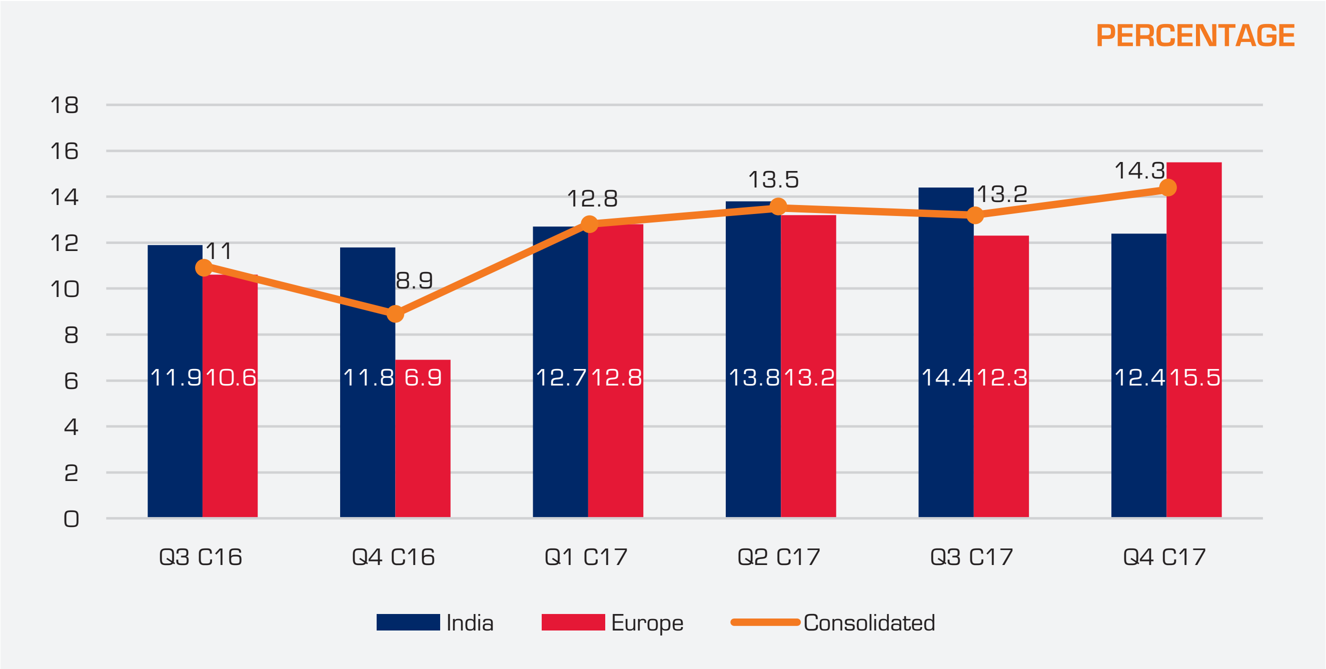
Annual Report

2017

REVENUE EVOLUTION



EBITDA EVOLUTION



Annual Report 2017

Contents

Board of Directors

Mr. Hemant Luthra - Executive Chairman

Mr. Ander Arenaza Alvarez - Executive Director

Mr. Antonio Maria Pradera Jauregui

Mr. Daljit Mirchandani

Mr. Dhananjay Mungale

Mr. Jesus Maria Herrera Barandiaran

Mr. Juan Maria Bilbao Ugarriza

Mr. Manoj Maheshwari

Mrs. Neelam Deo

Mr. Shriprakash Shukla

Mr. Suhail A. Nathani

Mr. Zhooben Dosabhoy Bhiwandiwala

Chief Financial Officer

Mr. K. Jayaprakash

Company Secretary & Head-Legal

Mr. Krishnan Shankar

Committees of the Board

Audit Committee

Mr. Daljit Mirchandani - Chairman

Mr. Dhananjay Mungale

Mr. Manoj Maheshwari

Mr. Juan Maria Bilbao Ugarriza

Nomination and Remuneration Committee

Mr. Manoj Maheshwari - Chairman

Mr. Daljit Mirchandani

Mr. Hemant Luthra

Mr. Jesus Maria Herrera Barandiaran

Stakeholders' Relationship Committee

Mr. Dhananjay Mungale - Chairman

Mr. Daljit Mirchandani

Corporate Social Responsibility Committee

Mr. Daljit Mirchandani – Chairman

Mr. Dhananjay Mungale

Mr. Hemant Luthra

- **Auditors**

  Price Waterhouse Chartered Accountants LLP

  7th Floor, Tower A, Business Bay, Air Port Road,

  Yerwada, Pune - 411 006

- **Bankers**

  State Bank of India

  Barclays Bank

  ICICI Bank Limited

- **Registrar and Share Transfer Agents**

  Karvy Computershare Private Limited

  Karvy Selenium, Tower B, Plot 31 & 32,

  Financial District, Gachibowli,

  Hyderabad, 500032

  Website : www.karvy.com

  E-mail : support@karvy.com

  einward.ris@karvy.com

Dear Shareholders,

Congratulations to us all; first of all, on the excellent performance of Mahindra CIE in terms of all round profitability and growth. It reinforces in my mind the continued pleasure to serving as the Chairman of this exciting company. We had previously stated that we would like to build on our excellent base of last year and embark on our growth journey and margin improvement. I am happy to report, that on both parameters we have done well.

This year due to Ander's presence we have seen a lot of movement on the integration with CIE. We have seen the benefits of tighter integration with CIE Experts as well as Mahindra CIE employees going to each other's plants and learning about how to adopt and leverage on the technical expertise to improve processes and productivity.

The European operations have in the past faced some difficulties and as reported last year have been turned around. This year we are seeing the realizations from those past actions. The Indian operations have grown both top line and bottom line thus improving the performance levels despite challenging market conditions.

We intend to build on this base we have set for ourselves and embark on our growth journey with a view of maximizing every opportunity that comes our way. At the same time we are building our capabilities by fine tuning our processes to improve overall ability to deliver on our promises.

All that we can say is that with the combined reputation of Mahindra and CIE from the point of view of corporate governance and CIE's track record and performance, we should be able to continue this growth trajectory.

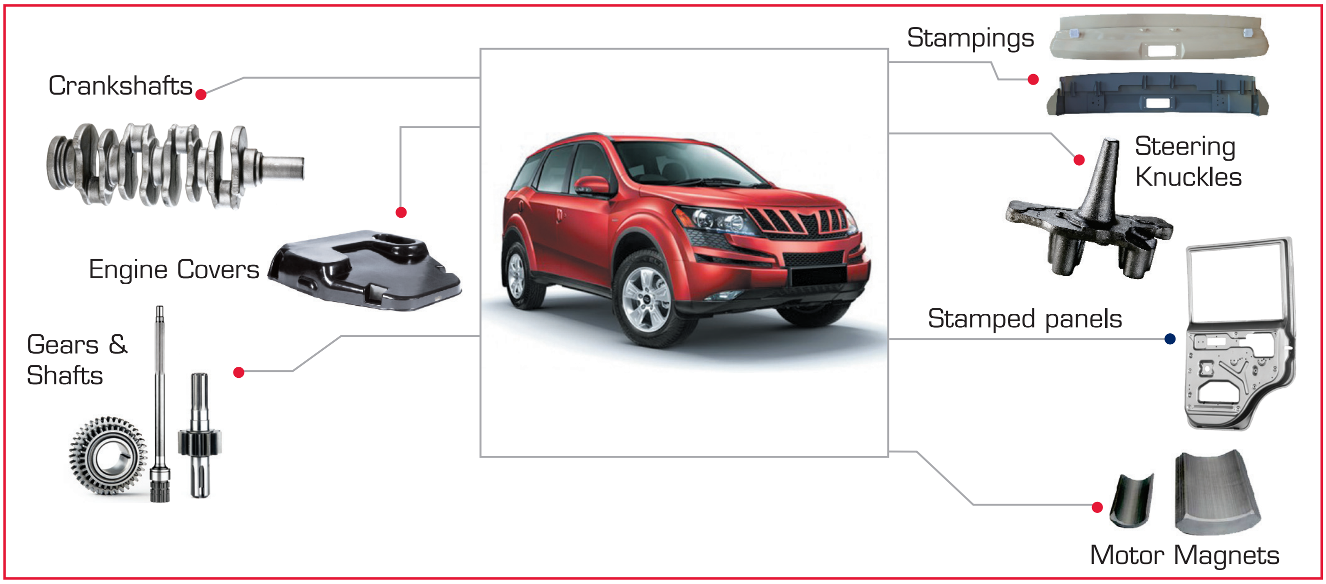
The management will continue to push for operating results and we will continue to work towards realizing your dreams and aspirations of generating better returns on the capital employed.

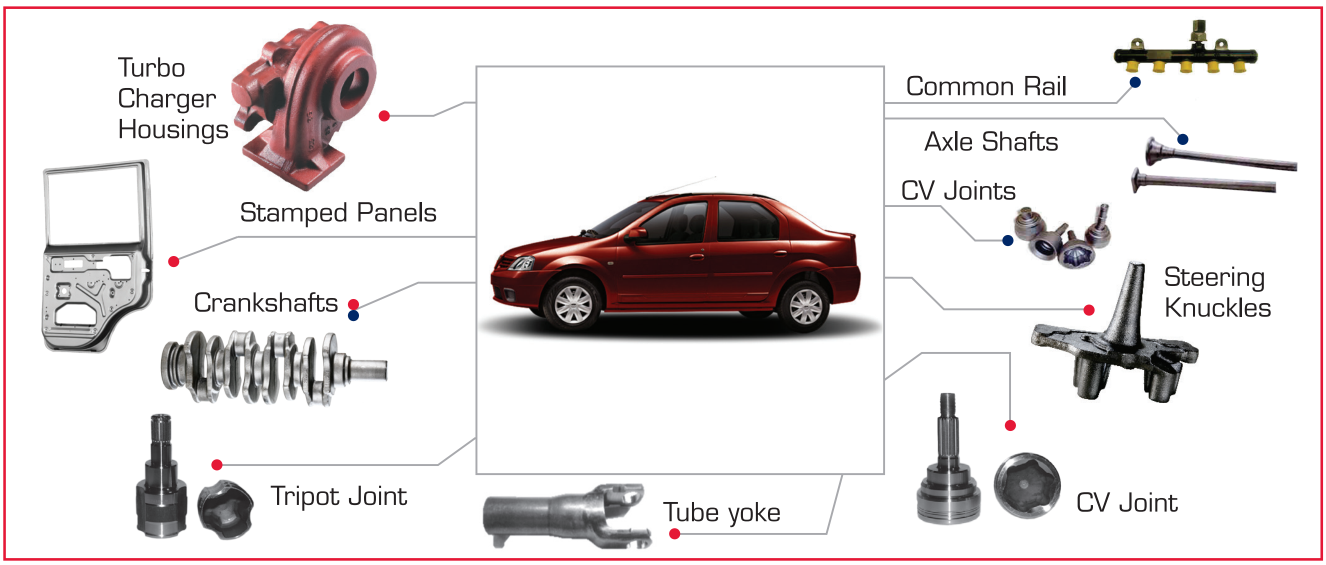
Thank you for the trust reposed in us and for being invested in Mahindra CIE.

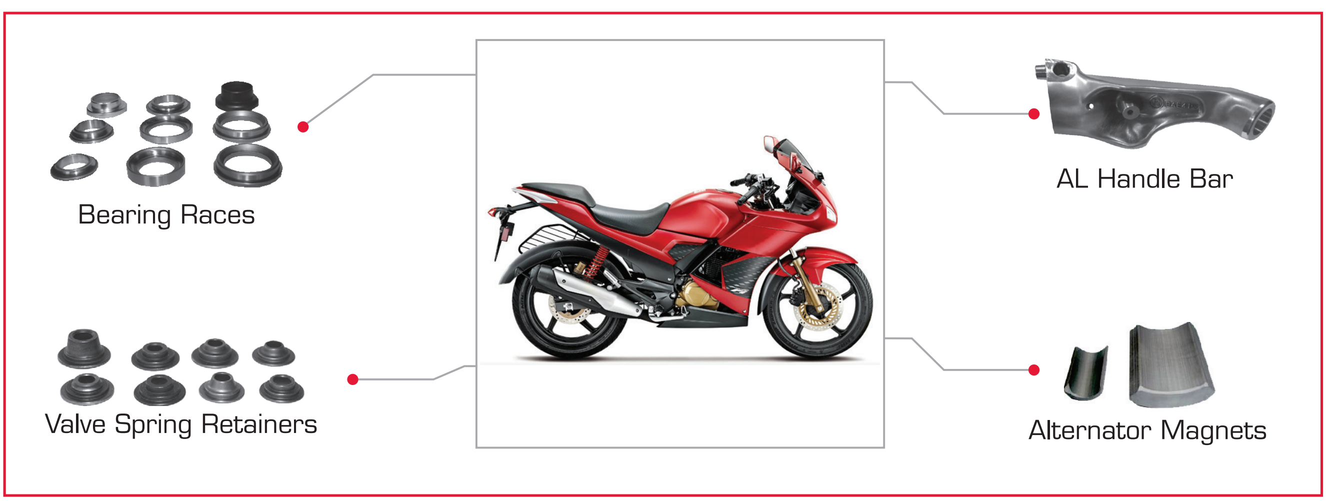
Yours Sincerely,

Hemant Luthra

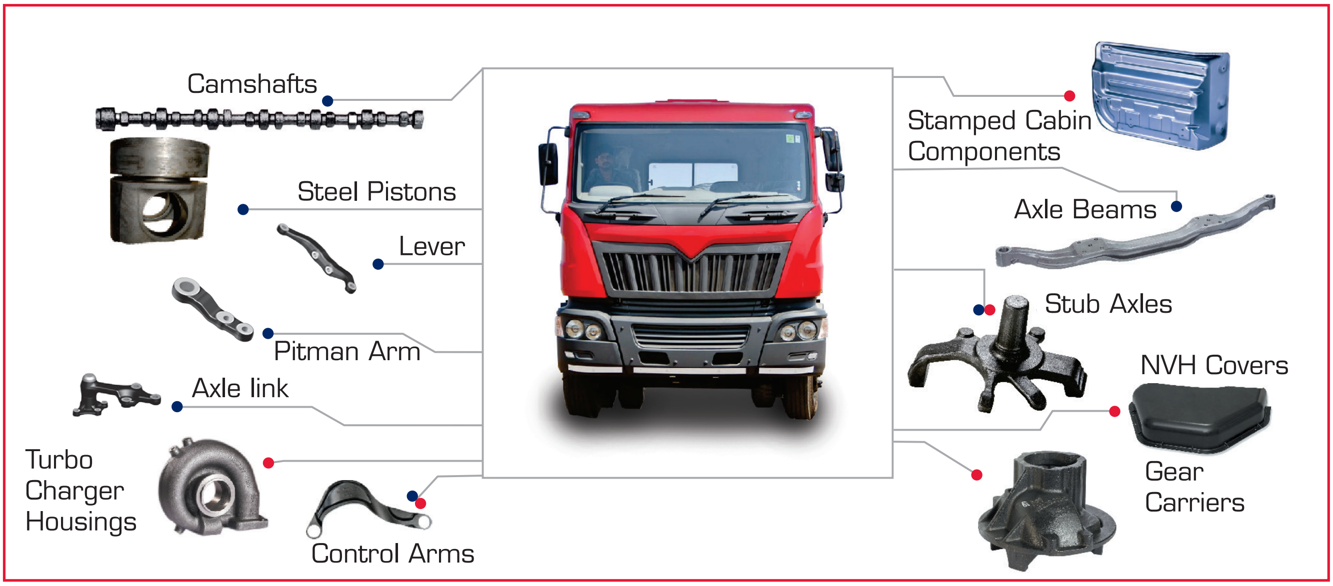
Chairman, Mahindra CIE







● INDIA ● EUROPE



● INDIA ● EUROPE

NEW ADDITIONS THIS YEAR AT MCIE

Bill Forge Mexico Plant

Heavy Duty Flange Automated line at Bill Forge, Bengaluru

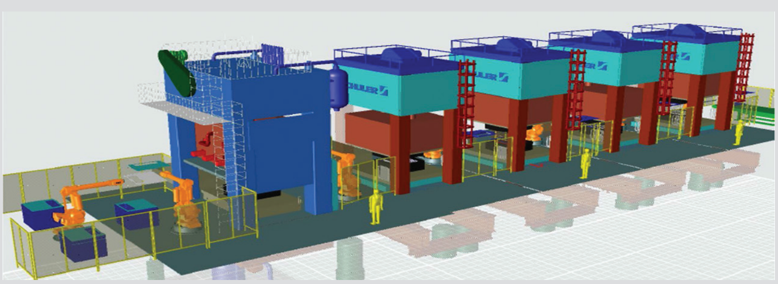
SYNERGIES REALISED

PROJECT OBJECTIVE: Develop capability to manufacture Welded Assembly and complex machined components in MCIE India - **Gears Division**

BENEFITS:

- **Business retention** within MCIE worth **INR 340 Mn**
- Technology transfer and capability building within group company
- A WIN –WIN proposition:
  - MCIE Gears :
    - Revenue growth & **capability improvement**
    - Market opportunity to develop similar programs
  - Metalcastello: Additional programs awarded to Metalcastello
  - Caterpillar: Smooth migration of the program with desired cost reduction

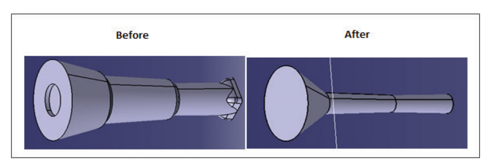
PROJECT OBJECTIVE: In-house Engineering for commissioning of fully automated tandem press line at MCIE India – **Stampings Division**

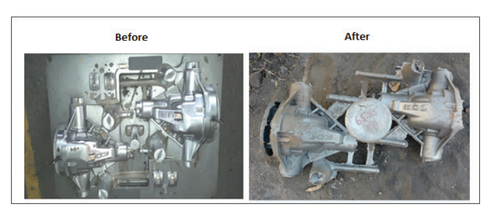


BENEFITS:

- Enhance ability to attract new global customers
- Robust engineering to ensure flawless execution
- Increase in the potential to supply value added parts with improved productivity and better profitability

PROJECT OBJECTIVE: To Launch a Quality and Efficiency improvement plan through collaboration with CIE Experts at MCIE India – **Foundry Division**





BENEFITS:

- **Rejection levels reduced** in complex Si-Mo parts **by 50%**
- **Total Savings** accrued by **Rs 1 million/month**
- Yield Improvement actions have saved Rs 1 million/month
- Design optimization and Standard Operating Process defined for New Product Development.

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, 2017.

A. FINANCIAL HIGHLIGHTS (STANDALONE)#

(₹ in Million)

PARTICULARS	FY ended 31st December, 2017	FY ended 31st December, 2016
Total Revenue	20,760	18,086
Profit before Interest, Depreciation, Exceptional Items and Tax	2,074	1,660
Less: Depreciation	759	710
Profit before Interest, Exceptional Items and Tax	1,315	950
Less: Interest and Finance cost	98	71
Profit before Exceptional Items and Tax	1,217	879
Less: Exceptional items	69	90
Profit before tax	1,148	789
Profit after tax	693	515
Other Comprehensive Income		
A) i. Items that will not be reclassified as profit or loss	(8)	(29)
ii. Income tax relating to items that will not be reclassified as profit or loss	3	10
B) i. Items that will be reclassified as profit or loss	-	-
ii. Income tax relating to items that will not be reclassified as profit or loss	-	-
Other Comprehensive income/ (loss)	(5)	(19)
Total Comprehensive income	688	496

Financials

During the Financial Year under review your Company registered a total Revenue of ₹ 20,760 Million as against ₹ 18,086 Million for previous year and Profit before Interest, Depreciation, Exceptional items and Tax of ₹ 2,074 Million as against ₹ 1,660 Million for the previous year. The net profit after tax for the current financial year stood at ₹ 693 Million as against a net profit of ₹ 515 Million over the previous financial year.

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.

Consequent to the effectiveness of the Scheme of Amalgamation for merger of Wholly Owned Subsidiaries with the Company, standalone results for the Financial Year ended 31st December 2017 include the results of the amalgamated companies and hence are not comparable to those of the previous year which do not include the results of the amalgamated companies.

Dividend

Your Directors do not recommend any dividend for the Financial Year 2017.

Transfer to Reserves

The Company has not transferred any amount of profits to reserves.

B. OPERATIONAL REVIEW

India

Your Company continue its focus on increasing plant efficiency and has improved margins through continuous improvements. The Company has endeavored to diversify its customer base by actively engaging with new customers and have seen some traction on this front. The integration between your Company and Parent CIE has become even tighter with full time operational experts from CIE being stationed at the plants in Pune. There is also a structured program to have MCIE employees go on plant visits to CIE plants to get first hand understanding of processes. There have already been visits from various verticals at operational levels. The integration of Bill Forge Private Limited (Bill Forge) has progressed smoothly and has resulted in good results and growth expectations. With the help of CIE, the different verticals of the Indian operations are continuing to develop new products and will pursue business with western OEMS in India, where CIE in Europe has a strong presence.

Thus, the approach has been to focus on improving plant operations, enhance margins through continuous improvements and strive for growth.

Europe

The operations in Germany have been largely on track after the setbacks from the previous year and the measures taken during the last few quarters have been focused on margin improvement.

Plants in Spain & Lithuania have been consistently profitable over the last few years. The focus is to maintain the good profitability levels while growing with the market.

The Italian operations are showing positive results accruing from the turnaround efforts in the past few years. Volumes are increasing with new orders as OEM's are outsourcing more.

C. Investor Relations (IR)

Your Company continuously strives for excellence in its Investor Relations ("IR") engagement 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. Your Company interacted in a number of investor meets organized by reputed Global and Domestic Broking Houses, during the year.

Your Company always believes in building a relationship of mutual understanding with investor/analysts. Your Company ensures that critical information about the Company is available to all the investors, by uploading all such information on the Company's website.

D. CONSOLIDATED FINANCIAL STATEMENTS

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 form a part of this Annual Report.

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

Subsidiary Companies

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

Mahindra Forgings Europe registered consolidated revenue from operations of ₹ 16,268 Million during the financial year ended 31st December, 2017 as compared to ₹ 14,861 Million in the previous year. The consolidated net profit after tax for the financial year under review was ₹ 200 Million as compared to net loss of ₹ 886 Million in the previous year.

CIE Galfor S.A. registered consolidated revenue from ₹ 16,874 Million during the financial year ended 31st December, 2017 as compared to ₹ 14,863 Million in the previous year. The consolidated net profit after tax for the financial year under review was ₹ 1,751 Million as compared to ₹ 1,735 Million in the previous year.

Metalcastello S.p.A. registered revenue from operations of ₹ 3,888 Million during the financial year ended 31st December, 2017 as compared to ₹ 3,637 Million in the previous year. The consolidated net profit after tax for the financial year under review was ₹ 315 Million as compared to ₹ 252 Million in the previous year.

Bill Forge Private Limited registered consolidated revenue from operations of ₹ 7,381 Million during the financial year ended 31st December 2017 against ₹ 1,752 Million during the previous period (1st October 2016 to 31st December, 2016) after acquisition. The consolidated net profit after tax for the year 2017 stood at ₹ 604 Million against ₹ 81 Million for previous period (1st October to 31st December, 2016).

The Company's consolidated total revenue from operations was ₹ 66,899 Million in the financial year ended 31st December, 2017, 69% of which was derived from the subsidiaries whereas 31% was derived from operations of the Company.

At the beginning of the Financial Year the Company had 21 subsidiaries namely Mahindra Forgings International Limited (Mauritius), Mahindra Forgings Global Limited (Mauritius), Stokes Group Limited (U.K.), Mahindra Gears & Transmissions Private Limited (India), Mahindra Gears Global Limited (Mauritius), CIE Galfor S.A. (Spain), Mahindra Forgings Europe AG (Germany), Jeco Jellinghaus GmbH (Germany), Stokes Forgings Ltd. (U.K.), Stokes Forgings Dudley Ltd. (U.K.), Gesenkschmiede Schneider GmbH (Germany), Falkenroth Umformtechnik GmbH (Germany), Schoneweiss & Co. GmbH (Germany), Metalcastello S.p.A. (Italy), CIE Legazpi S.A. (Spain), UAB CIE LT Forge (Lithuania), Crest Geartech Private Limited (India), Bill Forge Private Limited (India) [BFPL], BF Precision Private Limited (India), Bill Forge Global DMCC (Dubai) and Bill Forge de Mexico S de RL de CV (Mexico).

During the year, in a considerable simplification of the structure and with a view of reducing the number of entities of the group as a whole, the Company had taken specific steps and closed six subsidiaries. Keeping a separate structure was no longer profitable from an organization point of view and scarcely efficient in terms of costs, compliance and administrative charges to the group.

The Hon'ble National Company Law Tribunal, Mumbai Bench (Tribunal) vide its order dated 13th December, 2017 approved the Scheme of Amalgamation of Mahindra Forgings Global Limited ("MFGL"), Mahindra Forgings International Limited ("MFIL"), Mahindra Gears & Transmissions Private Limited ("MGTPL") and Crest Geartech Private Limited ("Crest") with Mahindra CIE Automotive Limited ("MCIE" or "Company") (the Scheme). The scheme became effective on 31st December, 2017. Accordingly, MGTPL and Crest dissolved without winding up and the names of MFIL and MFGL has been struck off from the registers by the concerned Registrar of Companies, Mauritius in accordance with its Law. Appointed date for the Scheme was 1st July, 2017.

Bill Forge Global DMCC (Dubai) de-registered during the year with effect from 25th September, 2017 and therefore cease to exist.

Further the plan of reverse merger of Mahindra Gears Global Limited (MGGL) into Metalcastello S.p.A. (the Plan) was approved by the Board of Directors and Shareholders of respective companies. The process of reverse merger has been completed in accordance with Laws of Italy and the Plan is effective from 1st June, 2017. Accordingly name of MGGL was struck off from the registers by the concerned Registrar of Companies, Mauritius in accordance with the Law.

In accordance with Italian Laws, post the merger of MGGL into Metalcastello, the entire share capital of Metalcastello could have eroded. Hence in order to avoid such situation, Metalcastello offered to issue new shares to shareholders of MGGL. Accordingly, MCIE received a right to subscribe in the new shares offered by Metalcastello, which right was renounced in favour of the wholly owned subsidiary Galfor S.A. In light of the above, for accounting purposes, the cost of investment of MCIE in Galfor is increased by the investment it had in MGGL and MCIE continue to hold 99.96% of the operating step down subsidiary i.e. Metalcastello S.p.A.

Bill Forge de Mexico S de RL de CV (Mexico) commenced its operation during FY 2017 though it was still in a ramp-up stage as on the end of the financial year.

Stokes Forgings Limited and Stokes Forgings Dudley Limited are dormant companies. Further Jeco Jellinghaus GmbH has been operationally closed. All other subsidiaries are operational.

As required under section 129(3) of the Companies Act, 2013 read with the Rules, a statement containing the salient features of the financial statement of the subsidiaries in prescribed form AOC-1 is attached to the Financial Statements. This statement reports the performance and financial position of each of the subsidiaries included in the consolidated financial statement.

The Company has formulated a Policy for determining Material Subsidiaries and the same has been uploaded on the website of the Company at http://www.mahindracie.com/images/pdf/resources/Governance/Policy_on_Material_Subsidiary.pdf

E. INTERNAL FINANCIAL CONTROLS

Your Company uses SAP ERP System as a business enabler and also to maintain its books of accounts. The transactional controls built in SAP ERP System provide segregation of duties, appropriate level of approval mechanism and maintenance of supporting records. The System, Standard Operating Procedures are reviewed by the management. These systems and controls are audited by the Internal Auditors and their findings and recommendations are reviewed by the Audit Committee which ensures its implementation.

Your Company has in place adequate internal financial controls commensurate with the size, scale and complexity of its operations. Such controls have been assessed during the year under review taking into consideration the essential components of 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. 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 ensure that such system are re-enforced on an ongoing basis. The internal financial controls with reference to the Financial Statements are commensurate with the size and nature of business of the Company.

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 which forms part of this Annual Report.

G. CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

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

During the year under review, your Company had entered into Material Related Party Transactions, i.e. transactions exceeding ten percent of the annual consolidated turnover as per the last audited financial statements of the Company with Mahindra & Mahindra Limited. These transactions were in the Ordinary Course of Business of your 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 at http://www.mahindracie.com/images/pdf/resources/Governance/Policy_on_Related_Party_Transaction.pdf

H. AUDITORS

Statutory Auditors and Auditor's report

The members of the Company at the last Annual General Meeting (AGM) had appointed Price Waterhouse Chartered Accountants LLP (Firm Registration No. 012754N/N500016) as Statutory Auditors of the Company to hold office from the conclusion of 18th AGM until the conclusion of the 23rd AGM of the Company to be held in the year 2022, subject to ratification by the Members at every AGM till the 22nd Annual General Meeting. Accordingly, ratification of appointment of Statutory Auditors is being sought from the Members of the Company at the ensuing AGM.

The Securities and Exchange Board of India ("SEBI") vide its order number WTM/GM/DRA 1/ 83 /2017-18 dated 10th January, 2018 banned the firms practicing as Chartered Accountants in India under the brand and banner of Price Waterhouse (PW), which shall not directly or indirectly issue any certificate of audit of listed companies, compliance of obligations of listed companies for the period of two years.

Against the said order PW has filed an appeal before the Hon'ble Securities Appellate Tribunal (Tribunal). The Tribunal in its interim order has clarified that audit assignments already undertaken by PW for clients whose Financial Year has commenced on 1st January, 2018 would not be impacted by the SEBI's order and accordingly PW can audit the accounts of the Company for Financial Year which commenced on 1st January, 2018 and end on 31st December, 2018. The eligibility of the audit of accounts of the Company for the remaining period of their appointment continues to be sub-judice in view of the appeal made by PW before the Tribunal. Price Waterhouse Chartered Accountants LLP, Chartered Accountants have, under Section 139(1) of the Act and the Rules framed thereunder furnished a certificate of their eligibility and consent for appointment.

The Auditors' Report on the Financial Statement for the year ended 31st December, 2017, is unmodified i.e. it does not contain any qualification, reservation or adverse remark and notes thereto are self-explanatory and do not require any explanations.

Secretarial Auditor

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 has appointed Mr. Sachin Bhagwat, Practicing Company Secretary (Certificate of Practice No. 6029), Pune as Secretarial Auditor to conduct the Secretarial Audit of the Company for the Financial Year ended 31st December, 2017. The Secretarial Audit Report for the Financial Year ended 31st December, 2017 is appended to this Report as ***Annexure II***.

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

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 Accounting Records of the Company for the last Financial year ended 31st December, 2017.

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 current Financial Year ending 31st December, 2018. 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) and proviso to section 148(3) read with section 141(4) of the Companies Act, 2013.

The Audit Committee has also received a Certificate from the Cost Auditor certifying their independence and arm's length relationship with the Company.

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 19th 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 loans given, investments made, guarantees given or securities provided and the purpose for which the loan or guarantee or security is proposed to be utilized by the recipient of the loan or guarantee or security are provided in the Note No. 8 of the Notes to the Standalone Financial Statements.

The Company has not made any loans and advances in the nature of loans to subsidiaries or to firms/companies in which directors are interested. Hence disclosure pursuant to Regulation 34(3) read with Part A of Schedule V of the Listing Regulations is not required.

J. PUBLIC DEPOSITS AND LOANS/ADVANCES

Your Company has not accepted any deposits from the public or its employees during the year under review.

K. TRANSFER OF AMOUNTS TO INVESTOR EDUCATION AND PROTECTION FUND

The Company has not declared any dividend so far however, 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 in the Books of the Company.

During the year, pursuant to the provisions of section 124 of the Companies Act, 2013 and Companies (Declaration and Payment of Dividend) Rules, 2014, the Company has transferred ₹ 5,48,449/- to Investor Education and Protection Fund (IEPF) in respect of the dividend declared by MCL & MUSCO (Transferor Company amalgamated with MCIE) for Financial Year ended on 31st March, 2010. No claim lies against the Company in respect of these dividends.

The Company has uploaded the details of said unpaid and unclaimed amounts now lying with the Company on the website of the Company at http://www.mahindracie.com/investors/downloads/documents.html#unclaimed-amounts.

The Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on 27th April, 2017 (date of last Annual General Meeting) on the website of the Company (www.mahindracie.com) as also on the website of the Ministry of Corporate Affairs viz. http://www.iepf.gov.in.

L. EMPLOYEES

Key Managerial Personnel (KMP)

As on 31st December, 2017, following officers were designated as the Key Managerial Personnel of the Company in accordance with Section 2(51) and Section 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

1) Mr. Hemant Luthra – Chairman & Executive Director
2) Mr. Ander Arenaza – Executive Director
3) Mr. Romesh Kaul, Chief Executive – Stampings, Composites and Forgings Divisions

4) Mr. Manoj Menon, Chief Executive – Foundry, Magnetics and Gears Divisions (with effect from 14th December, 2017)

5) Mr. K. Jayaprakash – Chief Financial Officer

6) Mr. Krishnan Shankar – Company Secretary and Head-Legal

Mr. K. Ramaswami retired as Managing Director of the Company on expiry of his tenure on 3rd October, 2017.

Further, on the recommendation of the Nomination and Remuneration Committee the Board of Directors of the Company at its meeting held on 14th December, 2017 appointed Mr. Manoj Menon as Chief Executive Officer – Foundry, Magnetics and Gears divisions of the Company with effect from 14th December, 2017.

There has been no other change in the KMPs during the year under review.

Employees' Stock Option Scheme

The Company has in force the following Schemes which are covered under the provisions of SEBI (Share Based Employee Benefits) Regulations, 2014 ("SBEB Regulations"):

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. During the year no fresh stock options were granted by the Company under ESOS-2007 and ESOS-2015.

Both the schemes are in compliance with the SBEB Regulations. The Certificate issued by the Statutory Auditors 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 shareholders 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 Clause 14 of SBEB Regulations, 2014 is uploaded on the website of the Company at http://www.mahindracie.com/investors/investor-relations/governance.html

The said information is also provided in the Note No. 14 of the Notes to 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 III*** 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, 2017 or employee 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 IV*** to this report.

The Company do not have any employee who was employed throughout the Financial Year or part thereof and was in receipt of remuneration in that year which, in the aggregate, or as the case may be, at a rate which, in the aggregate, is in excess of remuneration 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 two percent of the equity shares of the company.

Industrial Relations

Employee Relations in the Pune region in general have been challenging, however 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

Directors

During the year under review, Mr. K. Ramaswami, retired from the services of the Company and ceased to be Managing Director of the Company on expiry of his term of appointment with effect from 3rd October, 2017. In accordance with Section 168(2) of the Companies Act, 2013 he ceased to be a Director of the Company with effect from 3rd October, 2017. The Board of Directors of the Company appreciated the role played by Mr. Ramaswami and for his contribution and wished him well in his future pursuits.

Mr. Shriprakash Shukla (DIN:00007418) and Mr. Hemant Luthra (DIN:00231420), Directors on the Board, are liable to retire by rotation at the 19th Annual General Meeting (AGM), pursuant to provisions of section 152 of the Act and the Articles of Association of the Company and offered themselves for re-appointment.

Detailed profile of the Directors seeking re-appointment alongwith other details as may be required are provided in the Corporate Governance Report which forms part of this Annual Report and in the Notice of 19th AGM.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed both under the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Directors' Responsibility Statement

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

a) in the preparation of the annual accounts for the Financial Year ended 31st December, 2017, the applicable accounting standards had been followed;

b) 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 31st December, 2017 and of the profit of the company for the 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 the Companies Act, 2013 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 adequate Internal Financial Controls to be followed by the company and that such Internal Financial Controls were operating effectively during the Financial Year ended 31st December 2017;

(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 throughout the financial year ended 31st December, 2017;

Meetings of Board of Directors

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, 2017, on 23rd February, 2017, 27th April, 2017, 20th July, 2017, 24th October, 2017 and 14th December, 2017.

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 met once during the financial year under review. The Meeting was conducted in an informal manner without the presence of the Chairman & Executive Director or other Non-Independent Directors or Chief Financial officer or any other Managerial Personnel.

Performance Evaluation of the Board

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has carried out an annual performance evaluation of its own performance and that of its Committees as well as performance of the Directors individually.

During the year under review the criteria for performance evaluation of the Board as a whole, individual Directors, Committees of the Board and of the Chairman was further strengthened in alignment with the Guidance Note on Board Evaluation issued by Securities and Exchange Board of India, vide its Circular dated 5th January, 2017.

Feedback was sought by way of a structured questionnaire, based on criteria approved by the Nomination and Remuneration Committee, for evaluation of performance of Board, Committees of Board and Individual Directors. The members were also able to give qualitative feedback apart from the standard questionnaire. The Board on recommendation of the Nomination and Remuneration Committee, approved to obtain the feedback of all the Directors on the said Questionnaire through electronic platform. An Independent Agency was appointed to provide the electronic platform. Web link of the electronic platform along- with username and passwords of the board members for accessing such platform was forwarded by the Independent Agency.

The Board Members provided their feedback on the standard questionnaire through the electronic platform.

The reports of feedback received from all Directors on performance evaluation of Individual Directors were shared with respective Directors and Chairman of the Nomination and Remuneration Committee. The Committee evaluated the performance of all individual directors based on the feedback so received.

The report of the feedback received from all the Directors on performance evaluation of Board and Committees of Board were shared with the Chairman of the Company. The Board on the basis of feedback so received evaluated performance of its own and Committees of Board. The Performance Evaluation of the Chairman of the Company was carried out by the Independent Directors of the Company, taking into account the views of all the Directors including the Executive and Non-Executive Directors.

Familiarisation Programme for Independent Directors

The details of programmes for familiarisation of Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company 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.mahindracie.com/investors/investor-relations/governance.html

Policy on Appointment and Remuneration

In line with the principles of transparency and consistency, your 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 and Senior Management and succession planning for orderly succession to the Board and the Senior Management;

ii) Policy for the remuneration of Directors, Key Managerial Personnel and other employees of the Company.

The Policies mentioned at (i) and (ii) above are attached as ***Annexure V & VI*** respectively and forms part of this Report.

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 five directors viz:

1) Mr. Daljit Mirchandani - Chairman,
2) Mr. Jose Sabino Velasco Ibanez,
3) Mr. Juan Maria Bilbao Ugarriza
4) Mr. Manoj Maheshwari
5) Mr. Dhananjay Mungale

All the Members of the Committee are Independent Directors and possess strong accounting and financial management knowledge. The Company Secretary of the Company 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's philosophy on Corporate Governance sets the goal of achieving the highest level of transparency, accountability in all its dealings with the stakeholders, employees and the government. The practice of responsible governance has enabled your Company to achieve sustainable growth. Your Company is committed to transparency in all its dealings and places high emphasis on business ethics. A Report on Corporate Governance along with a Certificate from the 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 under Schedule V of 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 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 at http://www.mahindracie.com/investors/investor-relations/governance.html

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. Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this Policy. The Policy is gender neutral.

During the year, there was no complaint of discrimination and harassment including sexual harassment received by the committee or by any of the senior executives.

Business Responsibility Report

The Business Responsibility Report (BRR) of your Company for the year 2017 forms part of this Annual Report as required under Regulation 34(2)(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Your Company strongly believes that sustainable and inclusive growth is possible by using the levers of environmental and social responsibility while setting aspirational targets and improving economic performance to ensure business continuity and rapid growth.

Risk Management

Your Company has a well-defined risk management framework in place. The risk management framework works at various levels. The Company has a robust organisational structure for managing and reporting on risks. In terms of the requirement of the Act, the Company has developed and implemented the Risk Management Framework and the Audit Committee of the Board as well as the Board reviews the same periodically. Your Company has also 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.

Brief of the Risk Management Framework is provided in corporate governance report. Important element of risk, including risk which may threaten the existence of the Company are provided in the Management Discussion and Analysis.

O. SUSTAINABILITY AND CORPORATE SOCIAL RESPONSIBILITY

Sustainability

Your Company's vision on sustainability is to continuously improve our capability by integrating environmental, social and economic aspects in operations for creating better tomorrow than today. In line with its vision the Company has identified and implemented various projects for reduction in waste, energy and GHG emissions, to achieve the targets set under its Sustainability Roadmap.

Awareness on sustainability

Awareness about the need and the ways to drive sustainable business practices among all stakeholders is key to perpetual growth. The Company continues its initiatives to generate this awareness among employees who are the most important internal stakeholders of the organisation. This awareness campaign was taken to the external stakeholders, suppliers, contractors and vendors.

Safety, Health and Environmental Performance

Your Company has a Safety, Occupational Health and Environmental (SH&E) policy through which every employee is made responsible for the observance of the measures designed to prevent accidents, damage to property, occupational ill-health and avoidable environmental pollutants.

Safety and Health

All our existing plants continued their EHSMS certification status through external assessment by renowned bodies like Bureau Veritas, TUV Nord, TUV SUD and DNV. For further enhancement in the performance, near miss incident reporting system, property damage incident investigations and behavioural based safety systems are being launched in each site in a phased manner. Stampings unit at Zaheerabad will complete its EHSMS certification along with the upgraded version of ISO 14001 during this year.

The Safety Committee of each plant meets periodically to review the status of safety issues and reporting of accidents, if any. Your Company's plant continues to improve their wellbeing of all its personnel by organising Occupational Health Examination Camps, Periodic Health Check-ups etc.

Environmental Initiatives

Since the last few years, your Company has been focusing external certifications for achieving world class environmental standards. All the plants will be upgrading their EMS to include the requirements of the revised international standard before September 2018.

All plants of the Company except Zaheerabad Plant are certified for EHSMS certification using ISO 14001 and BS OHSAS 18001 standards. The OHSAS system aims to eliminate or minimize risk to employees and other interested parties who may be exposed to Occupational Safety risks in the Company. Sustainable development is promoted through sharing of best practices in the fields of Safety, Occupational Health & Environment. The Company has already started preparations for upgrading its OHSMS using the forthcoming standard ISO 45001.

Your Company considers safety as a value and not just a priority. The Company has taken all possible safety measures to prevent injuries. In the year FY 2017, your company has improved its safety performance with respect to reportable incidents which reduced over 50%. In FY 2017, 10 out of 12 plants worked with zero reportable injuries which is a significant achievement.

The highlights of different initiatives taken by your Company at its various plants for environment and sustainability are as under:

1) **Water:** On the whole, all plants have continued their efforts for water conservation. The major water consuming plants like Forging, Paint shop in Stampings, Rudrapur and Magnetic products division have taken good initiatives. Due to such initiatives your Company has recycled about 82,595 cubic meters of water used in process and also has re-used about 66,189 cubic meters of water for alternative applications like Gardening / Die washing.

   Rain water harvesting is done at Foundry, Urse and Forging, Chakan which resulted in saving use of 11522 Cubic meters of fresh water.

2) **Energy:** While each plant continued their focused programs for energy conservation like increase output of furnace, VFD installations, LED lighting, Arresting air leakages, A.C. Energy saver etc. these projects have helped achieving specific energy consumption targets in most of the plants. In absolute terms, we have saved about 12.57 Lakh units of electricity & 85,500 cubic mtr of gas. This has resulted in reduction of GHG emissions equivalent to 1218 Tons of Co2. The Gear plants in Pune, are also exploring possibilities for using solar energy on a large scale. Heat recovery projects are implemented at Magnetic products division. Forgings division participated in the annual contests organized by state level energy development agency. Fuel change over from Diesel to LPG project is completed at Composite, Pimpri plant.

   During the year, your Company used 6.80 % of its total energy consumption as renewable energy, mainly wind and solar.

3) **Waste Management:** Waste reduction efforts have been continued across all the plants. Commendable efforts have been made by Forgings, Foundry and Stampings for waste reduction. One of the projects for hazardous waste reduction at Forging Division has resulted in reduction of about 40% waste. All the plants are now looking at waste management as waste to wealth opportunities.

4) **Green Supply Chain Management (GSCM):** The Company continued its interactions with the suppliers, transporters and contractors on GSCM primarily to ensure safety, occupational health, human rights and resource conservation.

5) **EHS Legal Compliances:** All the plants have robust systems for ongoing EHS legal compliance monitoring, evaluation and corrective actions. The fire NOC, fire hydrant systems development projects have been undertaken at Stampings, Kanhe and Foundry divisions.

Corporate Social Responsibility (CSR)

Your Company has constituted a CSR Committee in accordance with section 135 of the Companies Act, 2013; it has developed and implemented the policy on Corporate Social Responsibility. The CSR Committee comprises of Mr. Daljit Mirchandani (Chairman), Mr. Dhananjay Mungale and Mr. Hemant Luthra. The Committee, inter alia, monitors the CSR activities. The CSR thrust areas have been identified where the Company wish to create equity and also laid down guiding criteria for selecting projects which includes sustainability, social impact etc.

The Company was required to spend an amount of ₹ 28.04 Million (including ₹ 12.83 Million unspent amount of last year carried forward). The Company could spend an amount of ₹ 10.23 Million during the year. Further, Mahindra Gears and Transmissions Private Limited, which was amalgamated with the Company during the year, was required to spend an amount of ₹ 2.69 million (including ₹ 1.41 million unspent amount of last year carried forward).

During the year the Company had approved to undertake various CSR projects including in the areas of Education and Skill Development, Rural Development and Sanitation. The Budgeted Expenditure of these projects is ₹ 49.64 Million over three years. Given the challenges and associated learnings seen during the implementation, including obtaining certain legal clearances, changes in members of CSR teams, the implementation of the projects was delayed and related expenditure is deferred to next year. The implementation of these approved projects is now on track, although with some delays, the Company is confident of achieving its social objective.

During the year your Company continued to implement following CSR Projects in the areas of education and skill development through its implementing partner 'Naandi Foundation':

a) Pathway to Excellence – BM Pawar High School & Junior College, Birdawadi, Chakan

b) Enhancing Employability Quotient (EmQ) of Babasaheb Ambedkar Technological University (BATU) students in Mangaon.

c) Open "N Star – Life skills Center for Girls"

All the above projects will require a long-term engagement from Company's side.

During the year the Company initiated following new projects:

a) Enhancing Road Safety by providing Street Lights at Village Kanhe, Maval, Pune

b) Building Community Toilet Blocks at Village Urse, Pune thereby contributing to 'Swachh Bharat Abhiyan'

For the above projects the Company has selected implementing partners depending upon the relevant competencies needed.

Further, your Company encourages its employees to participate in the Employee Social Options Program (ESOPs), to drive positive change in society, through Health checkup camps, tree plantation, vocational guidance to school children in the nearby schools etc. During the year under review, the employees of your Company participated in various education, health and environment related programs in local communities.

For addressing community needs in a structured manner, the Company has set up CSR Working Committee at every plant of the Company which meets every month to discuss the social needs of the communities around such plant and solutions required to address the same. These projects are evaluated by CSR co-ordination Committee and are finally approved by the CSR Committee of Board. While the Company is taking some time to define and articulate internally generated CSR Projects better, seeking help from external experts and incorporating the key suggestions of the Committee, the Company is satisfied with the progress that it made in CSR efforts. The Company is in the process of procuring an IT enabled tool for effective monitoring and accounting of various CSR projects and activities. The Company is confident that, the CSR governance structure will deliver an accelerated level of progress in times to come. What the Company is experiencing today is initial learning and ramp-up.

The Company, in order to give a boost to efforts and pinpoint those to the needs of the Society, has engaged an NGO for carrying out 'Social Need Assessment Survey' to identify the needs of the communities around the plant locations of the Company, from social, economic and environmental aspect. The survey report is expected to be received by the Company in first half of FY 2018. This will help Company in addressing the community specific needs by directing its resources towards CSR Projects which will provide practical and sustainable solutions to the identified issues.

With this, the Company will have enough opportunities to spend the money carried forward, for the chosen Projects in areas more efficiently and effectively.

The CSR Policy of the Company is hosted on the Company's website at http://www.mahindracie.com/images/pdf/resources/Governance/csr-policy-mcie.pdf and a brief outline of the CSR Policy and the CSR initiatives undertaken by the Company during the year as prescribed under the Companies (Corporate Social Responsibility Policy) Rules, 2014 is annexed herewith as ***Annexure VII***.

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 VIII*** to this Report.

P. SECRETARIAL

Issue of Shares and change in Promoters shareholding

During the year under review, the Company has issued and allotted 278,977 equity shares of face value of ₹ 10/- each, were issued and allotted due to exercise of options by the employees under the Company's Employee Stock Option Scheme - 2007 and Employee Stock Option Scheme - 2015.

Pursuant to the above, as on 31st December, 2017 the issued capital of the Company was increased to ₹ 3,783,681,870/- and subscribed and paid-up equity capital increased to ₹ 3,783,672,420/-.

Increase in Authorised Share Capital pursuant to scheme of Amalgamation

During the year, Mahindra Gears & Transmissions Private Limited and Crest Geartech Private Limited were merged with the Company and the Authorised share capital of these Transferor Companies was also merged with the Authorised Share Capital of the Company. Accordingly the Authorised Share Capital of the Company was increased to ₹ 5,131,926,365 (Rupees Five Thousand One Hundred Thirty One Million Nine Lakh Twenty Six Thousand Three Hundred and Sixty Five only) divided into 513,192,621 (Five Hundred Thirteen Million One Lakh Ninety Two Thousand Six Hundred and Twenty One) Equity Shares of ₹ 10 (Rupees ten only) each aggregating ₹ 5,131,926,210 (Rupees Five Thousand One Hundred Thirty One Million Nine Lakh Twenty Six Thousand Two Hundred and Ten only) and 5 (Five) 4% (four percent) Non-Cumulative Redeemable Non-Convertible Preference Shares of ₹ 31 (Rupees thirty one only) each aggregating ₹ 155 (Rupees One Hundred Fifty Five). Pursuant to the Scheme the relevant clauses of Memorandum and Articles of Association of the Company were also altered reflecting the above increased authorized share capital.

Extract of Annual Return

Pursuant to Section 134 (3)(a) and Section 92(3) of the Companies Act, 2013, read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return as at 31st December, 2017 in Form No. MGT -9 is attached herewith as ***Annexure IX*** and forms part of this report.

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 at http://www.mahindracie.com/images/pdf/resources/Governance/policy-on-criteria-for-determining-materiality-of-events.pdf

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 which forms part of this report as ***Annexure X***.

The same has also been hosted on the website of the Company at http://www.mahindracie.com/images/pdf/resources/Governance/dividend-distribution-policy.pdf

Further the Company has also framed i) Policy for preservation of documents ii) Archival Policy for disclosures hosted on the website, beyond five years.

Q. GENERAL

None of the Executive Directors (Whole-time Director or Managing Director) were in receipt of any commission from the Company or any remuneration from the Subsidiaries of the Company.

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. 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 Bankers of the Company, Company's customers, vendors and investors for their continued support during the year.

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

For and on behalf of the Board

Hemant Luthra
Chairman & Executive Director
DIN: 00231420

Date: 20th February 2018
Place: Mumbai

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, 2017, 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, 2017 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 (Holding Company of the Investing Company in respect of which the Company is an Associate)	Rent paid	57	Jan-Dec 17	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. Moreover, pursuant to provisions of Listing Agreement (now Listing Regulations) the shareholders of the Company by Special Resolution passed through Postal Ballot on 27th March, 2015, accorded their approval for the Material Related Party Transactions, entered into or to be entered into with Mahindra and Mahindra Limited upto ₹ 1200 Crores per annum with effect from 1st April, 2014 and every year thereafter.	Nil
		Payment for Service availed	2				
		Reimbursements Made	32				
		Sale of Goods	10,983				
		Reimbursements Received	-				
		Purchase of Property plant and Equipments	1				
		Total	**11,075**				

For and on behalf of the Board

Hemant Luthra
Chairman & Executive Director
DIN: 00231420

Date: 20th February, 2018
Place: Mumbai

Annexure II

SECRETARIAL AUDIT REPORT

For the financial year ended December 31, 2017

[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
Mahindra Towers, P. K. Kurne Chowk,
Worli, Mumbai 400 018

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.

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, 2017, 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, 2017 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;

(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, 2009; (Not applicable to the Company during the audit period)
- (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (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, 2009; (Not applicable to the Company during the audit period) and
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; (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 changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

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

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 the following event 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:

During the audit period, the wholly-owned subsidiaries of the Company, that is, Mahindra Forgings Global Ltd., Mahindra Forgings International Ltd., Mahindra Gears & Transmissions Private Ltd., and Crest Geartech Private Ltd. amalgamated with the Company.

Place: Pune
Date: 16th February, 2018

Sachin Bhagwat
ACS: 10189
CP: 6029

Annexure III

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. Hemant Luthra	Chairman & Executive Director	175.2
Mr. K. Ramaswami #	Managing Director	45.0
Mr. Ander Arenaza Álvarez ##	Executive Director	2.8
Mr. Antonio Maria Pradera Jauregui *	Director	0.0
Mr. Jesus Maria Herrera Barandiaran *	Director	0.0
Mr. Zhooben Dosabhoy Bhiwandiwala *	Director	0.0
Mr. Shriprakash Shukla *	Director	0.0
Mr. Daljit Mirchandani@	Independent Director	2.5
Mr. Dhananjay Mungale@	Independent Director	1.9
Mr. Manoj Maheshwari@	Independent Director	2.3
Mrs. Neelam Deo@	Independent Director	1.4
Mr. Juan Maria Bilbao Ugarriza@	Independent Director	2.0
Mr. Jose Sabino Velasco Ibanez@	Independent Director	2.0
Mr. Suhail A. Nathani@	Independent Director	1.4

\# *Retired from the services of the Company w.e.f. 3rd October, 2017, hence remuneration till October, 2017 is only considered*

\## *Remuneration payable w.e.f. 5th May, 2017, being the date on which approval of central government was received for appointment as 'Executive Director'*

* *Non-Executive Non-Independent Directors neither received any remuneration from the Company nor were paid any sitting fees for attending the meetings.*

@ *Independent Directors were not paid any remuneration except the sitting fees for attending meeting of Board and committees.*

<table>
<tr>
<td>The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year</td>
<td>
<table>
<tr><th>Name of Director/KMP</th><th>Designation</th><th>% increase in Remuneration</th></tr>
<tr><td>Mr. Hemant Luthra</td><td>Chairman & Executive Director</td><td>Nil</td></tr>
<tr><td>Mr. K. Ramaswami @</td><td>Managing Director</td><td>Nil</td></tr>
<tr><td>Mr. Ander Arenaza Alvarez#</td><td>Executive Director</td><td>N.A.</td></tr>
<tr><td>Mr. Romesh Kaul</td><td>Chief Executive officer</td><td>9%</td></tr>
<tr><td>Mr. Manoj Menon ^</td><td>Chief Executive officer</td><td>N.A.</td></tr>
<tr><td>Mr. K. Jayaprakash</td><td>Chief Financial Officer</td><td>9%</td></tr>
<tr><td>Mr. Krishnan Shankar</td><td>Company Secretary & Head – Legal</td><td>9%</td></tr>
</table>
Note:
1. Non-Executive Non-Independent Directors neither receive any remuneration from the Company nor paid any sitting fees for attending the meetings.
2. Independent Directors were not paid any remuneration except the sitting fees for attending meeting of the Board and committees thereof.
@ Retired w.e.f. 3rd October, 2017
# Appointment as Executive Director was effective from 5th May, 2017, hence not applicable
^ Appointed as CEO of the Foundry and MPD divisions w.e.f. 14th December, 2017
</td>
</tr>
<tr>
<td>The percentage increase in the median remuneration of employees in the financial year</td>
<td>8.86% increase in median employees remuneration
Note:
For calculating median employee remuneration, employees (excluding Directors) who were in employment for the whole of the Financial Year 31st December, 2016 and Financial Year ended 31st December, 2017 are only considered.</td>
</tr>
<tr>
<td>The number of permanent employees on the rolls of company as on 31st December, 2017</td>
<td>3,147</td>
</tr>
<tr>
<td>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</td>
<td>On an average, employees other than the managerial personnel received an annual increase of 9.53%.
Note:
No increase was made in the salaries of any of the Managerial Personnel's (i.e. Whole Time Director and Managing Directors) during the Financial Year under review.</td>
</tr>
<tr>
<td>Affirmation that the remuneration is as per the remuneration policy of the company</td>
<td>The remuneration paid / payable is as per the "Policy on Remuneration of Directors, Key Managerial Personnel and other Employees" of the Company.</td>
</tr>
</table>

For and on behalf of the Board

Hemant Luthra
Chairman & Executive Director
DIN: 00231420

Date: 20th February, 2018
Place: Mumbai

Annexure IV

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	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. Hemant Luthra	Chairman and Executive Director	51.34	13.16	IIT graduate, alumnus of the Advanced Management Programme, Harvard Business School.	41	68	1-04-2015	Mahindra & Mahindra Ltd.
2	Mr. K. Ramaswami	Managing Director (Upto 3rd October, 2017) Adviser (Fixed Term Employee) (w.e.f. 4th October, 2017 till 31st December, 2017)	17.51	3.94	BE, MBA	40	64	4-10-2011	Sundram Fasteners Ltd.
3	Mr. Pedro Echegaray	Corporate Manager (upto 31st August, 2017)	27.92	Nil	Mechanical Engineer and MBA	37	60	8-10-2013	Head of Forgings and Machining Autometal Brasil
4	Mr. Romesh Kaul	Chief Executive – Stampings, Composites & Forgings Division	15.82	Nil	M. Tech	37	60	12-12-2014	Mahindra & Mahindra Limited
5	Mr. Vikas Chandra Sinha	Sr. Vice President – Strategy	11.20	Nil	MBA, BE	24	44	10-12-2014	Mahindra & Mahindra Limited
6	Mr. Manoj Menon #	Chief Executive Officer – Foundry, Magnetics and Gears Divisions	8.52	Nil	B.Tech, MMS	28	50	01-09-2015	Anand Auto – Sr. VP & COO
7	Mr. Srinivasan T.	General Manager - Finance	5.45	2.21	CWA	33	59	10-12-2014	Mahindra & Mahindra Limited
8	Mr. K. Jayaprakash	Chief Financial Officer	8.19	Nil	CWA and CS	34	52	29-03-2007	Mahindra Hinoday Industries Limited@
9	Mr. Anup Mishra #	Business Controller	6.68	Nil	CA	28	50	12-01-2005	Karnavati Engineering Limited
10	Mr. Rekhiv Supekar (upto 31st December, 2017)	Sr. GM – Finance	6.46	Nil	CA	30	56	01-05-2010	Mahindra & Mahindra Limited

@ merged with the Company pursuant to integrated scheme of amalgamation sanctioned by the Hon'ble High Court of Judicature at Mumbai by its order dated 31st October, 2014. The Scheme became effective on 10th December, 2014.

Employee (s) of Mahindra Gears & Transmissions Private Limited (MGTPL), the wholly owned subsidiary of the Company, which was merged into the Company pursuant to Scheme of Amalgamation which came into effect from 31st December, 2017. The date of commencement of employment is the date of joining MGTPL and remuneration paid by MGTPL is considered in the total remuneration. Further, last employment refers to the employment before joining MGTPL

Notes:

i) All the employees are permanent employees of the Company. All appointments are / were non-contractual.

ii) None of the above employees is related to any Director of the Company.

iii) The Company has no employee who was in receipt of remuneration in that year 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.

iv) Remuneration included in column 4 above is calculated as per section 17(1) and 17(2) of the Income Tax Act, 1961. This excludes amount of performance pay paid during the period under review since the same relates to previous Financial Year and includes the amount provided in books of accounts towards the performance pay for the period under review.

v) There were no employees who were posted and working in a country outside India and drawing remuneration from the Company more than sixty lakh rupees per financial year or five lakh rupees per month.

For and on behalf of the Board

Hemant Luthra
Chairman & Executive Director
DIN: 00231420

Date: 20th February 2018
Place: Mumbai

Annexure V

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

Purpose

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

Policy Statement

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

In order to effectively implement this, we should also build our Compensation structure by regular benchmarking over the years with relevant players across the industry we operate in.

Non-Executive Including Independent Directors

The Nomination and Remuneration Committee (NRC) shall decide the basis for determining the compensation, both Fixed and Variable, to the Non-Executive Directors, including Independent Directors, whether as commission or otherwise and submit its recommendations to the Board. The NRC, while making its recommendation, shall take into consideration various factors such as director's participation in Board and Committee meetings during the year, other responsibilities undertaken, such as membership or Chairmanship of committees, time spent in carrying out their duties, role and functions as envisaged in Schedule IV of the Companies Act, 2013 and Clause 49 of the Listing Agreement with Stock Exchanges and such other factors as the NRC may consider deem fit. On recommendation of the NRC, the Board shall determine the compensation to Non-Executive Directors within the overall limits specified in the Shareholders resolution.

Executive Directors

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

Key Managerial Personnel (Excluding Managing Director and Executive Directors) (KMPs)

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

The remuneration shall be consistent with the competitive position of the salary for similar positions in the industry and their Qualifications, Experience, Roles and Responsibilities.

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

Annual increments and performance pay shall be given to Key Managerial Personnel's (except for Executive Directors) in accordance with policy of the Company and any Executive Director of the Company is authorized to approve the same.

Senior Management Personnel's and other Employees

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

a. For all employees from Operational to Executive Band, we should benchmark with a set of comparators from the same industry.

b. For Strategic band and above, we should have a position-based approach and the comparator basket may include benchmarks from across relevant industries.

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

- Performance
- Potential
- Criticality
- Longevity in grade

Remuneration for the new employees other than KMPs will be decided by the HR 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.

Components of CTC*:

A1	Basic Pay and /or Additional Basic Pay (Fixed Pay)
a	Contribution to PF (at the % as may be prescribed on the PF Base. Currently 12.00%)
b	Gratuity (at the % as may be prescribed on the PF Base. Currently 4.81%)
A2	Total (a + b)
A	Total (A1 + A2)
	Allowances
B1	House Rent Allowance
B2	Conveyance Allowance / Car Allowance
B3	Supplementary Allowance (not reckoned for PF)
B4	Education Allowance
B5	Medical Reimbursement / Allowance
B6	Company Leased Vehicle
B7	Car maintenance
B8	Drivers Salary
B9	Leave Travel Allowance
B	Total of (B1 to B9)
C	Statutory Bonus
D	Performance Pay**
	Total CTC (A+B+C+D)

* Allowances/perquisites payable to an employee and the categories of allowances / perquisites allowable, shall depend on the Position at which such employee is appointed (in particular the allowance/perquisites mentioned at B6 to B8), the established practices and procedures of each of the divisions and shall be approved by the Chief Executive of respective Divisions on recommendation of HR Head of respective division/plant, as the case may be.

**The performance pay money amount awarded to an Individual executive is a function of his own performance and the business performance of the Company/Division as per the weightage given in the table below. The amount of performance pay assumed in the CTC shall be at 60% of the maximum entitlement of an employee at 100% performance level. Actual payout will depend on Individuals performance and the years's business performance.

Band	PP % Business Share	PP % Individual Share
Strategic	50%	50%
Executive	40%	60%
Department Head	30%	70%
Managerial and Operational upto (Deputy/Assistant Manager)	20%	80%
Operational	Performance Pay not applicable but ex-gratia is paid	

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

For and on behalf of the Board

Hemant Luthra
Chairman & Executive Director
DIN: 00231420

Annexure VI

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

DEFINITIONS

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

"Board" means Board of Directors of the Company.

"Company" means Mahindra CIE Automotive Limited.

"Committee(s)" means Committees of the Board for the time being in force.

"Employee" means employee of the Company whether employed in India or outside India including employees in the Senior Management Team of the Company.

"HR" means the Human Resource department of respective divisions/plants the Company, as the context may require.

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

(i) Managing Director (MD), or Chief Executive Officer (CEO); or Manager; or Whole-time Director (WTD);

(ii) Chief Financial Officer (CFO); and

(iii) Company Secretary (CS).

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

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

I. APPOINTMENT OF DIRECTORS

- Subject to the provisions of Companies Act, 2013, Clause 49 of the Listing Agreement and Articles of Association of the Company, the NRC reviews and assesses Board composition and recommends the appointment of new Directors. In evaluating the suitability of individual Board member, the NRC shall take into account the following criteria regarding qualifications, positive attributes and independence of director:
  1. All Board appointments will be based on merit, in the context of the skills, experience, independence and knowledge, for the Board as a whole to be effective.
  2. Ability of the candidates to devote sufficient time and attention to his professional obligations as Independent Director for informed and balanced decision making.
  3. Adherence to the Code of Conduct and highest level of Corporate Governance in letter and in sprit by the Independent Directors.
- Based on recommendation of the NRC, the Board will evaluate the candidate(s) and decide on the selection of the appropriate member after obtaining his/her consent for joining the Board. Upon receipt of the consent, the new Director will be co-opted by the Board in accordance with the applicable provisions of the Companies Act, 2013 and Rules made thereunder.

REMOVAL OF DIRECTORS

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

SENIOR MANAGEMENT PERSONNEL

NRC has laid down the criteria for identification of persons who may be appointed in the Senior Management which includes the qualification, skills and experience of the candidate for the responsibility the position shall carry.

Senior Management personnel are appointed or promoted and removed/relieved with the authority of Chairman and/or Managing Director or Executive Director based on the business need and the suitability of the candidate in accordance with the criteria laid down. The details of the appointment made and the personnel removed shall be presented to the NRC.

II. SUCCESSION PLANNING

Purpose

The Talent Management Policy sets out the approach to the development and management of talent in the Company to ensure the implementation of the strategic business plans of the Company.

Board

The successors for the Independent Directors shall be identified by NRC through the sources as the NRC may deem fit. In case of separation of Independent Directors due to resignation or otherwise, successor will be appointed at the earliest but not later than the immediate next Board meeting or three months from the date of such vacancy, whichever is later, unless the Board decides not to fill-up the vacancy.

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

The NRC will review the proposed appointments giving due consideration for the expertise and other criteria required for the successor and submit its recommendations to the Board.

Senior Management Personnel

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

The Company should identify Hi-pots and critical positions. Successors should be mapped for these positions at the following levels :

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

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

Policy Statement

The Talent Management framework of MCIE should address three basic issues :

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

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

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

The Talent Management process is applicable to all employees.

For and on behalf of the Board

Hemant Luthra
Chairman & Executive Director
DIN: 00231420

Annexure VII

ANNUAL REPORT ON CSR ACTIVITIES

<table>
<tr><td>1)</td><td>Brief outline of the Company’s CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs</td><td>
Corporate Social Responsibility (CSR) has been an integral part of the way Mahindra CIE Automotive Limited, (MCIE or the Company) doing business since inception. MCIE is committed to its social responsibilities and takes initiatives to serve the society as a good corporate citizen.
The objective of the CSR policy is to -
• Promote a unified and strategic approach to CSR across the Company by incorporating under one umbrella the diverse range of activities, select constituencies and causes to work for, thereby ensuring a high social impact.
• Ensure an increased commitment at all levels in the organisation, by encouraging employees to participate in the Company’s CSR and give back to society in an organised manner through the employee volunteering programme called ESOPs.
The Company continues to focus its CSR activities on the surrounding communities in and around Company’s offices and factories in the domains of rural development, education, skill development, health and environment. The Company may also make contributions to Prime Minister's National Relief Fund or any other fund set up by the Central/State Government for socio economic development relief & welfare which qualifies the criteria as per CSR Rules and the relevant provisions of the Companies Act 2013.
During the year, the Company has undertaken the following CSR Projects:
i. Enhancing Employability Quotient (EmQ) of Babasaheb Ambedkar Technological University (BATU) students in Mangaon;
ii. Pathway to excellence – BM Pawar High School, Birdawadi, Chakan;
iii. “N Star – Life skills Center for Girls”;
iv. Enhancing Road Safety by providing Street Lights at Village Kanhe, Maval, Pune; and
v. Building Community Toilet Blocks at Village Urse, Pune thereby contributing to ‘Swachh Bharat Abhiyan’
Further, the Company also undertaken various CSR activities as a part of Employees Social options plan and other CSR activities as under:
i) Cleaning initiatives under Swacha Bharat Abhiyan
ii) Health Checkup and Blood Donation Camps
iii) Improvements of school infrastructure
iv) Value Education Class
v) Tree plantation at different places
Apart from above the Company is also considering various other projects are also in the pipeline like Projects for Skill development and enhancing the Employability of Students and Projects in the area of Health Care, etc. and the Company is reviewing these projects with the help of experts in relevant fields.
The CSR policy has been uploaded on the Company’s website at http://www.mahindracie.com/images/pdf/resources/Governance/csr-policy-mcie.pdf
</td></tr>
<tr><td>2)</td><td>The Composition of the CSR Committee</td><td>
<table>
<tr><th>Sr. No.</th><th>Name of the Director</th><th>Category</th><th>Designation</th></tr>
<tr><td>1</td><td>Mr. Daljit Mirchandani</td><td>Independent Director</td><td>Chairman</td></tr>
<tr><td>2</td><td>Mr. Dhananjay Mungale</td><td>Independent Director</td><td>Member</td></tr>
<tr><td>3</td><td>Mr. Hemant Luthra</td><td>Chairman and Executive Director</td><td>Member</td></tr>
</table>
</td></tr>
</table>

3)	Average net profit of the Company for last three financial	₹ 760.69 Million
4)	Prescribed CSR Expenditure (two percent of the amount as in item 3 above)	<table><tr><th>Particulars</th><th>Amount (₹ In Million)</th></tr><tr><td>Two percent of the amount as in item 3 above</td><td>15.21</td></tr><tr><td>Amount unspent last year</td><td>12.83</td></tr><tr><td>Total CSR expenditure required</td><td>28.04</td></tr></table>
5)	Details of CSR spent during the financial year	As under:
	• Total amount spent during the financial year	₹ 10.23 Million
	• Amount unspent, if any	₹ 17.81 Million
	• Manner in which the amount spent during the financial year is detailed below	CSR Activities as stated below

(₹ In Million)

Sr. No.	CSR Project or Activity Identified	Sector in which the Project is proposed	Projects or programs 1) Local areas or other 2) Specify the State and district where projects or programs was undertaken	Amount Outlay (budget) project / program wise	Amount spent on the project or programs Sub-heads: during Financial Year 1st January 2017 to 31st December, 2017 (1) Direct expenditure on projects or programs (2) Overheads	Cumulative expenditure up to the reporting period	Amount Spent: Direct or through implementing agency
1.	Enhancing Employability Quotient (EmQ) of students in Babasaheb Ambedkar Technological University (BATU)	Education and Skill Development	Local at - Lonere, District Raigad, State: Maharashtra	5.92	1.87	3.72	Naandi Foundation
2.	"N Star – Life skills Center for Girls"	Education and Skill Development	Local at - 1) Mumbai 2) Birdawadi, Chakan State: Maharashtra	17.94	4.54	4.54	Naandi Foundation
3.	Pathway to excellence – BM Pawar High School, Birdawadi, Chakan	Education and Skill Development	Local at - 1) Birdawadi, Chakan State: Maharashtra	4.29	2.52	2.52	Naandi Foundation
4.	Garden on Gram Panchayat Land for village community	Rural Development Projects	Local at - Village Ambethan Near Forgings Plant, Chakan District: Pune State: Maharashtra	2.44	0.05	2.39	Direct through contractor

Sr. No.	CSR Project or Activity Identified	Sector in which the Project is proposed	Projects or programs 1) Local areas or other 2) Specify the State and district where projects or programs was undertaken	Amount Outlay (budget) project / program wise	Amount spent on the project or programs Sub-heads: during Financial Year 1st January 2017 to 31st December, 2017 (1) Direct expenditure on projects or programs (2) Overheads	Cumulative expenditure up to the reporting period	Amount Spent: Direct or through implementing agency
5.	Community Toilet Project	Rural Development Projects	Local at - Village Urse Near Foundry Plant, Urse Tal:- Maval District: Pune, State: Maharashtra	15.90	0.76	0.76	Through Mahindra Consulting Engineers Limited
6.	Promotion of Health care and sanitation through various initiatives including activities under Swachch Bharat Abhiyan	Promotion of Health Care and sanitation	Local at - 1) Lalpur, Dist.-Udaham Singh Nagar, State-Uttarakhand 2) Local area-Kichha, Dist.-Udaham Singh Nagar, State-Uttarakhand 3) Dist.-Nasik, State-Maharashtra 4) Kanhe village, Pune, Maharashtra 5) Telangana, Medak, Zaheerabad	0.53	0.15	0.53	Direct
7.	Providing Educational Aids to School Childrens	Education	Local at - 1) Lalpur, Dist.-Udaham Singh Nagar State-Uttarakhand 2) Local area-Kichha, Dist.-Udaham Singh Nagar, State-Uttarakhand 3) Dist.-Nasik, State-Maharashtra 4) Kanhe village, Pune, Maharashtra 5) Telangana, Medak, Zaheerabad	1.36	0.07	1.36	Direct
8.	Tree Plantation	Environment	Local at - 1) Urse Village,Taluka Maval, District Pune 2) Lalpur, Dist.-Udaham Singh Nagar, State-Uttarakhand 3) Local area-Kichha, Dist.-Udaham Singh Nagar, State-Uttarakhand 4) Dist.-Nasik, State-Maharashtra 5) Kanhe village, Pune, Maharashtra	0.56	0.04	0.56	Direct

Sr. No.	CSR Project or Activity Identified	Sector in which the Project is proposed	Projects or programs 1) Local areas or other 2) Specify the State and district where projects or programs was undertaken	Amount Outlay (budget) project / program wise	Amount spent on the project or programs Sub-heads: during Financial Year 1st January 2017 to 31st December, 2017 (1) Direct expenditure on projects or programs (2) Overheads	Cumulative expenditure up to the reporting period	Amount Spent: Direct or through implementing agency
9.	Promotion and development of traditional art and handicrafts	Promotion and development of traditional art and handicrafts	Mumbai	0.05	0.05	0.05	Direct
10.	Employee Social Option		Local at - 1) Urse Village,Taluka Maval, District Pune 2) Lalpur, Dist.-Udaham Singh Nagar, State-Uttarakhand 3) Local area-Kichha, Dist.-Udaham Singh Nagar, State-Uttarakhand 4) Dist.-Nasik, State-Maharashtra 5) Kanhe village, Pune, Maharashtra	0.46	0.19	0.46	Direct
	Total			**49.45**	**10.23**	**16.88**	

6) Reasons for not spending full amount

The Company was required to spend an amount of ₹ 28.04 Million (including ₹ 12.83 Million unspent amount of last year carried forward). The Company could spend an amount of ₹ 10.23 Million during the year. Further, Mahindra Gears and Transmissions Private Limited, which was amalgamated with the Company during the year, was required to spend an amount of ₹ 2.65 Million (including ₹ 1.41 Million unspent amount of last year carried forward). The Company reiterate its commitment to discharge its social obligation. The CSR thrust areas have been identified where the Company wishes to create equity and also lay down guiding criteria for selecting projects which includes sustainability, social impact etc.

During the year the Company had approved to undertake various CSR projects including in the areas of Education and Skill Development, Rural Development and Sanitation. The Budgeted Expenditure of these projects is ₹ 49.64 Million over three years. Given the challenges and associated learnings seen during the implementation, including obtaining certain legal clearances, changes in members of CSR teams, the implementation of the projects was delayed and related expenditure is deferred to next year. The implementation of these approved projects is now on track, although with some delays, the Company is confident of achieving its social objective.

For addressing community needs in a structured manner, the Company has set up CSR Working Committee at every plant of the Company which meets every month to discuss the social needs of the communities around such plant and solutions required to address the same. These projects are evaluated by CSR Co-ordination Committee and are finally approved by the CSR Committee of Board. While we are taking some time to define and articulate our internally generated CSR Projects better, seeking help from external experts and incorporating the key suggestions of the Committee, we are satisfied with the progress we have been making in our CSR efforts. The Company is in the process of procuring an IT enabled tool for effective monitoring and accounting of various CSR projects and activities. We are confident that the CSR governance structure will deliver an accelerated level of progress in times to come. What we are experiencing today is initial learning and ramp-up.

The Company, in order to give a boost to our efforts and pinpoint those to the needs of the Society, has engaged an NGO for carrying out 'Social Need Assessment Survey' to identify the needs of the communities around the plant locations of the

Company, from social, economic and environmental aspect. The survey report is expected to be received by the Company in first half of FY2018. This will help Company in addressing the community specific needs by directing its resources towards CSR Projects which will provide practical and sustainable solutions to the identified issues.

With this, we will have enough opportunities to spend the money carried forward, for the chosen Projects in areas more efficiently and effectively.

The CSR Committee hereby confirms that, the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company.

Ander Arenaza	**Daljit Mirchandani**	**Romesh Kaul**
Executive Director	Chairman - CSR Committee	Chief Executive – Forgings, Stampings and Composites Division

Date: 20th February, 2018
Place: Mumbai

Annexure VIII

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO SEC 134(3) (M) OF RULE 8(3) OF COMPANIES (ACCOUNTS) RULES, 2014 IS FORMING PART OF THE BOARD´S REPORT FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER, 2017

A) Conservation of Energy

Your Company has considered Sustainability as one of the strategic priorities and energy conservation is one of the strong pillars for preserving natural resources and improving bottom line. Your Company is continuously striving towards improving the energy conservation measures in all areas. Energy policy is formulated and deployed at different locations for Sustainable Development. Energy Management process has been established and awareness campaigns have been conducted. Your Company ensures strict compliance with all the statutory requirements and has taken several sustainable steps voluntarily to contribute towards better environment. Few steps are listed below:

- Conservation of natural resources like electricity, oil and fuel.
- Use of renewable energy in Manufacturing.
- Use of natural lighting and natural ventilation.
- Encouraging green building initiatives.
- Rain water harvesting and water conservation.
- Reduce, reuse, recycle of waste and eco-friendly waste disposal.

i) The steps taken or impact on conservation of energy

- Calciner – Output increase from 18.5 to 21 T/ day by Horizontal suction at charge car (Electricity + PNG).
- Hardinge Mill - Output increase from 16 to 18 T/day by modifying blower vane angle and outer shape
- Provision of Ceramic wool from inside & waste heat recovered from Exit product and used in pre-heating zone, RG1.
- TP32 - Improvement in output from 1.6 to 1.8 T / Day.
- In Forging Press Replacement of old induction Heater with energy efficient heater.
- Replacement of transformer with energy efficient transformer to avoid loss
- Use of LED lights in office
- Install IE3 Motor for press machine.
- Identify the Air leakage and close it on regular Basis
- Installation of Atcon - A.C.Energy Saver.
- Reduction in motor RPM by reducing pulley size in Flash off zone.
- All Machines halogen lamps (70 W) replaced by 7 Watt LEDs.

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

- We are increasing our efforts in sourcing energy from renewable sources like Wind & Solar. 6.80 % of total energy consumed is from renewable sources.
- Proposal for roof top solar plant under consideration at Gears Chakan plant.
- The Company have stared using LPG fuel instead of Diesel in thermo pack to heat the oil, at Composites Pimpri plant.
- Replaced HSD with Biogas generated from city waste at Foundry Division.

iii) The capital investment on energy conservation equipments

Your Company has focused on investing in modern technology for improving the specific energy consumption. For the year under review aggregate capital investment on energy conservation equipment from all Plant is as under

Overall investment for Energy reduction projects (Electricity & Gas)	– ₹ 185.38 Lakhs.
Saving from above investment	– ₹ 154.82 Lakhs.

B) Technology absorption

Your Company is committed towards technology driven innovation and lays strong emphasis on inculcating an innovation driven culture within the organisation.

During the year under review, your Company continued to work on technology upgradation and capability development in the critical areas of product quality and process improvements. At Forgings Division the Company has a) Completed installation of hydraulic water jet descaler imported from SGGT Germany in FY 2016, which is now fully absorbed & operational, this has resulted in improved quality of forgings with less scales on the forgings. b) Installed Fanuc Robots on 5000T and 4000 Hasenclever press to eliminate manual handling, due to which operation cost has been reduced and the product quality has improved. c) Installed Automatic line for Magnetic Particle Inspection in finishing line, which has resulted in elimination of operator fatigue and thereby improving quality. d) Bought and commissioned Hydraulic coining press 1250T. e) Installed various new machines in Machining Division; one CBN Grinding, four Angular Grinding, three Recentering machines and two induction heaters, which has improved product development cycle and reduced costs.

Gears Division has adopted robotic technology as part of digitalization journey for laser welding operations, due to which the productivity has increased upto 40%.

Foundry Division the Company took services of Aztrelan Spain Team for Foundry technology upgradation mainly in sand system and design standards, which yielded in quality improvement in specified castings.

The Company has not incurred any expenditure on Research and Development.

C) Foreign Exchange Earnings and Outgo

FOB value of exports is ₹ 1,095 Million and CIF value imports & other expenditures made is ₹ 523 Million.

For and on behalf of the Board

Hemant Luthra
Chairman & Executive Director
DIN: 00231420

Date: 20th February 2018
Place: Mumbai

Annexure IX

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

As on financial year ended on 31.12.2017

Pursuant to Section 92 (3) of the Companies Act, 2013 and Rule 12(1) of the Company (Management & Administration) Rules, 2014.

I. REGISTRATION & OTHER DETAILS:

1.	CIN	L27100MH1999PLC121285
2.	Registration Date	13/08/1999
3.	Name of the Company	Mahindra CIE Automotive Limited
4.	Category/Sub-category of the Company	Public Company Limited by shares / Non-Government Company
5.	Address of the Registered office & contact details	Mahindra CIE Automotive Limited Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai – 400018 Tel: +91 22 24931449 Fax: +91 22 24915890 Email: mcie.investors@mahindracie.com Website: www.mahindracie.com
6.	Whether listed company	Yes
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Karvy Computershare Private Limited, Karvy Selenium, Tower B, Plot Number 31 & 32, Financial District, Gachibowli, Hyderabad 500 008, India. Phone No.: +91 40 6716 2222 Email: einward.ris@karvy.com Website: www.karvycomputershare.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

S. No.	Name and Description of main Products / Services	NIC Code of the Product/Service	% to total turnover of the company
1	Forgings	25910 & 25920	22%
2	Casting	25910	21%
3	Stampings	25910	41%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name & address of the Company	CIL/GLN	Holding/ Subsidiary/ Associate	% of Shares Held *	Applicable Section
1.	! CIE Automotive S.A. Calle Alameda Mazarredo 69, 8º piso, Bilbao	N.A.	Ultimate Holding	51.38%	Section 2(46)
2.	!! CIE BERRIZ, S.L. Poligono Ind Okango S/N Berriz, 48240 Spain	N.A.	Holding Company	51.38%	Section 2(46)
3.	+++ Participaciones Internacionales Autometal, Dos S.L (PIA 2) Alameda Mazarredo N0 69, 80, 48009, Bilbao (Spain)	N.A.	Holding Company	51.38%	Section 2(46)
4.	Stokes Group Limited, Cochrane Road, Holly Hall, Dudley, West Midlands DY2 0SE	N.A.	Subsidiary	100%	Section 2(87) (ii)

Sr. No.	Name & address of the Company	CIL/GLN	Holding/ Subsidiary/ Associate	% of Shares Held *	Applicable Section
5.	# Stokes Forgings Ltd. Cochrane Road, Holly Hall, Dudley, West Midlands DY2 0SE	N.A.	Subsidiary	100%	Explanation (a) to Section 2(87)
6.	# Stokes Forgings Dudley Ltd. Cochrane Road, Holly Hall, Dudley, West Midlands DY2 0SE	N.A.	Subsidiary	100%	Explanation (a) to Section 2(87)
7	Mahindra Forgings Europe AG Ulmer Street 112, 73431 Aalen, Germany	N.A.	Subsidiary	100%	Section 2(87)(ii)
8	## Jeco Jellinghaus Gmbh Jeco Feldstrae,30,De 58285 Gevelsberg-Germany	N.A.	Subsidiary	100%	Explanation (a) to Section 2(87)
9	## Gesenkschmiede Schneider, Ulmer StraBe 112 73431 Alen Germany	N.A.	Subsidiary	100%	Explanation (a) to Section 2(87)
10	## Falkenroth Umformtechnik GmbH, Asenbach 1, 58579 Schalksmuhle Gemany	N.A.	Subsidiary	100%	Explanation (a) to Section 2(87)
11	## Schoneweiss & Co. GmbH, Delsterner Strasse 170, DE 58091 Hagen Germany	N.A.	Subsidiary	100%	Explanation (a) to Section 2(87)
12	CIE Galfor S. A. P.I. San Cibrao das Viñas, Calle 2, 3 32901 Orense. España	N.A.	Subsidiary	100%	Section 2(87)(ii)
13	^ CIE Legazpi S.A., C/ Urola, 10, 20230 Legazpi, (Guipúzkoa). España	N.A.	Subsidiary	100%	Explanation (a) to Section 2(87)
14	^ UAB CIE LT Forge Stoties G 12, 4520 Marijampolé. Lituania	N.A.	Subsidiary	100%	Explanation (a) to Section 2(87)
15	^ Metalcastello S.p.A. Via Don Fornasini, 12 40030 CASTEL DI CASIO (Bologna	N.A.	Subsidiary	99.96%	Explanation (a) to Section 2(87)
16	Bill Forge Private Limited No.9C, Bommasandra Industrial Area, Bangalore	U51392KA1982PTC005086	Subsidiary	100%	Section 2(87)(ii)
17	≠ BF Precisions Private Limited No.1/178 Pollachi Main Road, Ganesh Nagar, Malumachampatti, Coimbatore, Tamilnadu - 641021	U29253TZ2016PTC022193	Subsidiary	100%	Explanation (a) to Section 2(87)
18	≠ Bill Forge de Mexico S de RL de CV No 100, Parque Industrialy De Negocious Las Colinas Silao, Guanajuato, Cp 36270 Mexico.	N.A.	Subsidiary	100%	Explanation (a) to Section 2(87)

* Percentage holding in subsidiaries represents aggregate percentage of shares held by the Company and/or its subsidiaries.

! CIE Automotive S.A. is the ultimate holding company which holds shares of the Company through its wholly owned step down subsidiary

!! A subsidiary of CIE Automotive S.A.

+++ A subsidiary of CIE BERRIZ, S.L and immediate parent company of the Company

\# A Subsidiary of Stokes Group Limited

\## A subsidiary of Mahindra Forgings Europe AG

^ A subsidiary of CIE Galfor S.A.

≠ A subsidiary of Bill Forge Private Limited

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Shareholding

Category Code	Category of Shareholders	No. of shares held at the beginning of the year 1st January, 2017				No. of shares held at the end of the year 31st December, 2017				% Change during The year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)	(X)	
(A)	**PROMOTERS**									
(1)	**INDIAN**									
(a)	INDIVIDUAL /HUF	-	-	-	-	-	-	-	-	-
(b)	Central Government/State Government(s)	-	-	-	-	-	-	-	-	-
(c)	Bodies Corporate	65,271,407	-	65,271,407	17.26	65,271,407	-	65,271,407	17.25	(0.01)
(d)	Financial Institutions / Banks	-	-	-	-	-	-	-	-	-
(e)	Others_ Promoter Group Company	4,784,068	-	4,784,068	1.27	4,784,068	-	4,784,068	1.26	-
	Sub-Total A(1) :	**70,055,475**	**-**	**70,055,475**	**18.53**	**70,055,475**	**-**	**70,055,475**	**18.52**	**(0.01)**
(2)	**Individuals (NRIs/Foreign Individuals)**	-	-	-	-	-	-	-	-	-
(a)	Individuals (NRIs/Foreign Individuals)	-	-	-	-	-	-	-	-	-
(b)	Bodies Corporate	194,267,537	-	194,267,537	51.38	194,267,537	-	194,267,537	51.34	(0.04)
(c)	Institutions			-		-	-	-	-	-
(d)	Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
(e)	Others	-	-	-	-	-	-	-	-	-
	Sub-Total A(2) :	**194,267,537**	**-**	**194,267,537**	**51.38**	**194,267,537**	**-**	**194,267,537**	**51.34**	**(0.04)**
	Total A=A(1)+A(2)	**264,323,012**	**-**	**264,323,012**	**69.91**	**264,323,012**	**-**	**264,323,012**	**69.86**	**(0.05)**
(B)	**PUBLIC SHAREHOLDING**									-
(1)	INSTITUTIONS								-	-
(a)	Mutual Funds /UTI	20,079,063	28,236	20,107,299	5.32	21,581,710	28,236	21,609,946	5.71	0.39
(b)	Financial Institutions /Banks	327,250	1,465	328,715	0.09	598,383	1,465	599,848	0.16	0.07
(c)	Central Government / State Government(s)	-	-	-	-	-	-	-	-	-
(d)	Venture Capital Funds	-	-	-	-	-	-	-	-	-
(e)	Insurance Companies	4,369,507	1,704	4,371,211	1.16	4,369,507	1,704	4,371,211	1.16	(0.00)
(f)	Foreign Institutional Investors	19,255,273	15,903	19,271,176	5.10	21,644,992	15,903	21,660,895	5.72	0.63
(h)	Qualified Foreign Investor	597,061	-	597,061	0.16	346,006	-	346,006	0.09	(0.07)
(i)	Others	-	-	-	-	-	-	-	-	-
	Sub-Total B(1) :	**44,628,154**	**47,308**	**44,675,462**	**11.82**	**48,540,598**	**47,308**	**48,587,906**	**12.84**	**1.03**
(2)	**NON-INSTITUTIONS**									-
(a)	Bodies Corporate_Indian	4,291,147	87,437	4,378,584	1.16	4,224,352	87,437	4,311,789	1.14	(0.02)
	OVERSEAS CORPORATE BODIES	13,813,441	2,840	13,816,281	3.65	8,000,361	2,840	8,003,201	2.12	(1.54)

Category Code	Category of Shareholders	No. of shares held at the beginning of the year 1st January, 2017				No. of shares held at the end of the year 31st December, 2017				% Change during The year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)	(X)	
(b)	**Individuals**			-	-			-	-	-
	(i) Individuals holding nominal share capital upto ₹1 lakh	14,615,674	1,882,625	16,498,299	4.36	15,938,819	1,807,079	17,745,898	4.69	0.33
	(ii) Individuals holding nominal share capital in excess of ₹1 lakh	32,513,019	119,590	32,632,609	8.63	31,134,030	119,590	31,253,620	8.26	(0.37)
(c)	Others			-	-			-	-	-
	CLEARING MEMBERS	28,423	-	28,423	0.01	1,912,085	-	1,912,085	0.51	0.50
	FOREIGN NATIONALS	291,611	-	291,611	0.08	291,611	-	291,611	0.08	-
	NBFC	18,039	-	18,039	0.00	17,954		17,954	0.00	-
	NON RESIDENT INDIANS	972,544	188	972,732	0.26	1,136,480	188	1,136,668	0.30	0.04
	NRI NON-REPATRIATION	399,462	38,701	438,163	0.12	732,408	38,521	770,929	0.20	0.09
	NRI REPATRIATION	-	8,674	8,674	0.00	-	8,674	8,674	0.00	-
	TRUSTS	6,376	-	6,376	0.00	3,895	-	3,895	0.00	-
(d)	Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
	Sub-Total B(2) :	**66,949,736**	**2,140,055**	**69,089,791**	**18.27**	**63,391,995**	**2,064,329**	**65,456,324**	**17.30**	**(0.97)**
	Total B=B(1)+B(2) :	**111,577,890**	**2,187,363**	**113,765,253**	**30.09**	**111,932,593**	**2,111,637**	**114,044,230**	**30.14**	**0.05**
	Total (A+B) :	**375,900,902**	**2,187,363**	**378,088,265**	**100.00**	**376,255,605**	**2,111,637**	**378,367,242**	**100.00**	**-**
(C)	Shares held by custodians, against which									-
	Depository Receipts have been issued									-
(1)	Promoter and Promoter Group									-
(2)	Public	-	-	-	-	-	-	-	-	-
	GRAND TOTAL (A+B+C) :	**375,900,902**	**2,187,363**	**378,088,265**	**100.00**	**376,255,605**	**2,111,637**	**378,367,242**	**100.00**	**-**

B) Shareholding of Promoters**

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Participaciones Internacionales Autometal, Dos S.L	194,267,537	51.38	-	194,267,537	51.34	-	*(0.04)
2	Mahindra Vehicle Manufacturers Limited	65,271,407	17.26	-	65,271,407	17.25	-	*(0.01)
	Total	**259,538,944**	**68.64**	**-**	**259,538,944**	**68.59**	**-**	***(0.05)**

*During the year ended 31st December, 2017, the Company has issued and allotted 278,977 equity shares pursuant to ESOP Scheme thereby increasing the total paid-up share capital of the Company. The decrease in percentage holding is due to increase in total paid-up share capital of the Company during the year on account of said issue of equity shares pursuant to ESOP Scheme.

** Excludes shares held by Prudential Management and Services Private Limited, a Promoter Group Company as per Listing Regulations, however it is not the Promoter of the Company within the meaning of Companies Act, 2013.

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

During the year there is no change in the promoters' shareholding. However, percentage holding has decreased due to increase in total paid-up share capital of the Company during the year on account of issue of equity shares pursuant to exercise of options granted under the ESOP Scheme.

D) Shareholding Pattern of top ten Shareholders:

(Other than Directors, Promoters and Holders of GDRs and ADRs):

For each of the Top 10 Shareholders		Shareholding at the beginning of the year		Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease			Cumulative Shareholding during the year	
Sr. No.	Name of the Share Holder	No. of Shares	% of total shares of the company	Reasons for change	Date of change in shareholding D/M/Y @	No. Of shares increased/ decreased	No of Shares	% of total shares of the company
1	Ainos Holdings Limited	13,813,441	3.65	Decrease	29/12/2017	(5,813,080)	8,000,361	2.11
				At the end of year	31/12/2017	-		
2	Government of Singapore	6,565,689	1.74	Decrease	31/03/2017	(9,576)	6,556,113	1.73
				Decrease	07/04/2017	(55,928)	6,500,185	1.72
				Decrease	14/04/2017	(21,443)	6,478,742	1.71
				Decrease	08/12/2017	(324,531)	6,154,211	1.63
				Decrease	15/12/2017	(985,000)	5,169,211	1.37
				At the end of year	31/12/2017	-	5,169,211	1.37
3	Anjali Powar Haridass	5,725,488	1.51	At the end of year	31/12/2017	-	5,725,488	1.51
4	Anil Haridass	5,585,058	1.48	At the end of year	31/12/2017	-	5,585,058	1.48
5	Prudential Management and Services Pvt Ltd	4,784,068	1.27	At the end of year	31/12/2017	-	4,784,068	1.26
6	Sunil Haridass	4,631,368	1.22	At the end of year	31/12/2017	-	4,631,368	1.22
7	Sundaram Mutual Fund A/C Sundaram Select Midcap	4,460,782	1.18	Increase	29/12/2017	1,412,361	5,873,143	1.55
				At the end of year	31/12/2017	-	5,873,143	1.55
8	Life Insurance Corporation of India	4,369,507	1.16	At the end of year	31/12/2017	-	4,369,507	1.15

For each of the Top 10 Shareholders		Shareholding at the beginning of the year		Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease			Cumulative Shareholding during the year	
Sr. No.	Name of the Share Holder	No. of Shares	% of total shares of the company	Reasons for change	Date of change in shareholding D/M/Y @	No. Of shares increased/ decreased	No of Shares	% of total shares of the company
9	Monetary Authority of Singapore #	3,379,907	0.89	Decrease	24/03/2017	(6,100)	3,373,807	0.89
				Decrease	31/03/2017	(3,048)	3,370,759	0.89
				Decrease	07/04/2017	(14,350)	3,356,409	0.89
				Decrease	14/04/2017	(135,874)	3,220,535	0.85
				Decrease	05/05/2017	(344,152)	2,876,383	0.76
				Decrease	04/08/2017	(444,931)	2,431,452	0.64
				Decrease	01/09/2017	(24,779)	2,406,673	0.64
				Decrease	08/09/2017	(12,700)	2,393,973	0.63
				Decrease	13/10/2017	(14,881)	2,379,092	0.63
				Decrease	20/10/2017	(153,451)	2,225,641	0.59
				Decrease	27/10/2017	(9,225)	2,216,416	0.59
				Decrease	08/12/2017	(495,640)	1,720,776	0.46
				At the end of year	31/12/2017	-	1,720,776	0.46
10	ICICI Prudential Long Term Equity Fund Tax Savings*	-	-	Increase	24/03/2017	3,135,202	3,135,202	0.83
				Decrease	05/05/2017	(304,400)	2,830,802	0.75
				Decrease	12/05/2017	(31,937)	2,798,865	0.74
				Decrease	19/05/2017	(101,785)	2,697,080	0.71
				Decrease	09/06/2017	(6,522)	2,690,558	0.71
				Decrease	16/06/2017	(10,402)	2,680,156	0.71
				Decrease	22/09/2017	(20,531)	2,659,625	0.70
				Decrease	29/09/2017	(29,415)	2,630,210	0.70
				Decrease	06/10/2017	(5,048)	2,625,162	0.69
				At the end of year	31/12/2017	-	2,625,162	0.69
11	UTI-MID CAP FUND*	876,696	0.23	Increase	21/04/2017	740,738	1,617,434	0.43
				Increase	19/05/2017	100,000	1,717,434	0.45
				Decrease	23/06/2017	(26,027)	1,691,407	0.45
				Increase	08/09/2017	186,000	1,877,407	0.50
				Increase	01/12/2017	447,008	2,324,415	0.61
				At the end of year	31/12/2017	-	2,324,415	0.61

Figures in bracket indicate sale of shares.

@ Based on the beneficiary positions as at end of the each week

Ceased to be in the list of top ten shareholders as on 31st December, 2017. The same is reflected above since the shareholders were one of the top ten shareholders as on 1st January, 2017.

* Was not part of top ten shareholders as on 1st January, 2017 however included above since the shareholders were one of the top ten shareholders as on 31st December, 2017.

E) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	Name of the Director / KMP	Shareholding at the beginning of the year		Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease			Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	Reasons for change	Date of change in shareholding D/M/Y	No. Of shares increased/ decreased	No. of Shares	% of total shares of the company
1	Mr. Hemant Luthra	348,753	0.09	Market Sale	01/06/2017	(26,616)	322,137	0.09
				Market Sale	02/06/2017	(7,000)	315,137	0.08
				Market Sale	05/06/2017	(5,000)	310,137	0.08
				Market Sale	06/06/2017	(2,437)	307,700	0.08
				Market Sale	07/06/2017	(2,125)	305,575	0.08
				Market Sale	12/06/2017	(30,965)	274,610	0.07
				Market Sale	13/06/2017	(14,117)	260,493	0.07
				Market Sale	14/06/2017	(11,740)	124,875	0.07
				ESOP Allotment	27/07/2017	138,900	387,653	0.10
				At the End of the year	31/12/2017	-	387,653	0.10
2	Mr. Ramaswami K.	200,167	0.05	Market Sale	15/06/2017	(1,089)	199,078	0.05
				Market Sale	20/06/2017	(10,161)	188,917	0.05
				Market Sale	22/06/2017	(658)	188,259	0.05
				Market Sale	29/06/2017	(20,692)	167,567	0.04
				ESOP Allotment	27/07/2017	44,443	212,010	0.06
				At the End of the year	31/12/2017	-	212,010	0.06
3	Mr. Zhooben Bhiwandiwala	21,500	0.01	At the End of the year	31/12/2017	-	21,500	0.01
4	Mr. Daljit Mirchandani	25,000	0.01	At the End of the year	31/12/2017	-	25,000	0.01
5	Mr. Romesh Kaul	12,500	0.00	At the End of the year	31/12/2017	-	12,500	0.00
6	Mr. Krishnan Shankar	22,752	0.01	Market Sale	12/05/2017	(4,000)	18,752	0.00
				Market Sale	07/07/2017	(4,000)	14,752	0.00
				At the End of the year	31/12/2017	-	14,752	0.00
7	Mr. K. Jayaprakash	-	-	At the End of the year	31/12/2017	-	-	-
8	Mr. Manoj Menon (Appointed w.e.f. 14th December, 2017)	-	-	At the End of the year	31/12/2017	-	-	-
9	Mr. Ander Arenaza	-	-	At the End of the year	31/12/2017	-	-	-

F) INDEBTEDNESS

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

(₹ in Million)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	1,384.51	130.01		1,514.52
ii) Interest due but not paid	-	-		-
iii) Interest accrued but not due				
iv) Loans devolved on the company through amalgamation of companies				-
Total (i+ii+iii+iv)	**1,384.51**	**130.01**	**-**	**1514.52**

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Change in Indebtedness during the financial year				
* Addition	124.15	642.74		766.89
* Reduction	1,160.31	34.58		1194.88
* set off of loan from the amalgamating company				-
Net Change	(1,036.15)	608.16	-	(429.99)
Indebtedness at the end of the financial year				
i) Principal Amount	348.35	738.17		1,086.53
ii) Interest due but not paid	-	-		-
iii) Interest accrued but not due				
Total (i+ii+iii)	**348.35**	**738.17**	**-**	**1,086.53**

XI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(₹ in Million)

Sr. No.	Particulars of Remuneration	Name of MD/WTD/Manager			Total
		Mr. Hemant Luthra	Mr. Ander Arenaza Alvarez	Mr. K. Ramaswami (Upto 3rd October, 2017)	
1	**Gross salary**				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961*	51.30	0.70	12.60	64.60
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961**	0.04	0.32	0.03	0.39
	(c) Profits in lieu of salary under under section 17(3) Income-tax Act, 1961	-	-	-	-
2	Stock Option***	13.16	-	3.94	17.10
3	Sweat Equity	-	-	-	-
4	Commission - as % of profit - others, specify…	-	-	-	-
5	Others, please specify	-	-	-	-
	Companies cont to PF	-	-	-	-
	Retention	-	-	-	-
	Total (A)	**64.50**	**1.02**	**16.57**	**82.09**
	Ceiling as per the Act				148.05

* includes provision made for performance pay payable for the Financial Year under review and exclude the performance pay paid during financial year which pertains to previous financial year.

** excludes perquisite value pursuant to exercise of options granted under MCIE-ESOP scheme, if any.

*** perquisite value of stock options exercised during the Financial Year under review.

B. **Remuneration to other directors**

(₹ in Million)

Sr. No.	Particulars of Remuneration	Name of Independent Directors							Total Amount
		Mr. Daljit Mirchandani	**Mr. Dhananjay Mungale**	**Mr. Manoj Maheshwari**	**Mrs. Neelam Deo**	**Mr. Suhail A. Nathani**	**Mr. Juan Maria Bilbao Ugarriza**	**Mr. Jose Sabino Velasco Ibanez**	
1	**Independent Directors**								
	Fee for attending board committee meetings	0.91	0.70	0.83	0.50	0.50	0.75	0.75	4.94
	Commission	-	-	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-	-	-
	Total (1)								
2	**Other Non-Executive Directors**	**Name of the Non-Executive Directors**							
		Mr. Zhooben Dosabhoy Bhiwandiwala	**Mr. Shriprakash Shukla**	**Mr. Antonio Maria Pradera Jauregui**	**Mr. Jesus Maria Herrera Barandiaran**				
	Fee for attending board committee meetings	-	-	-	-				-
	Commission	-	-	-	-				-
	Others, please specify	-	-	-	-				-
	Total (2)	**-**	**-**	**-**	**-**				**-**
Total (B)=(1+2)									**4.94**
Total Managerial Remuneration (A+B)									87.03
Overall Ceiling as per the Act		₹ 1 Lakh sitting fees for each meeting of Board or Committee thereof being ceiling for the Company applicable for the financial year covered by this Report. Overall Ceiling of remuneration to WTD/MD at 11% will be ₹ 148.05 million							

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

(₹ in Million)

Sr. No.	Particulars of Remuneration	Name of KMPs other than				Total
		Mr. Romesh Kaul	Mr. K Jayaprakash	Mr. Krishnan Shankar	Manoj Menon	
		CEO - Composites, Stampings and Forgings Divisions	CFO	Company Secretary & Head-Legal	CEO - Foundry, Mangetics and Gears Divisions (w.e.f. 14th December, 2017)	
1	**Gross salary**					
	(a) Salary as per provisions contained in section 17(1) of the Inceome-tax Act, 1961*	15.81	7.92	4.45	0.29	28.47
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.01	0.27	-	0.01	0.29
	(c) Profits in lieu of salary under under section 17(3) Income-tax Act, 1961	-	-	-	-	-
2	Stock Option	-	-	-	-	-
3	Sweat Equity	-	-	-	-	
4	Commission	-	-	-	-	
	- as % of profit	-	-	-	-	
	- others, specify…	-	-	-	-	
5	Others, please specify (Companies Contribution to PF)	-	-	-	-	
	Others, please specify (Bonus)	-	-	-	-	
	Total	**15.82**	**8.19**	**4.45**	**0.30**	**28.76**

* includes provision made for performance pay payable for the Financial Year under review and exclude the performance pay paid during financial year which pertains to previous financial year

XII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

There were no penalties / punishment/ compounding of offences for the breach of any sections of Companies Act against the Company or its Directors or other officers in default, if any, during the year.

For and on behalf of the Board

Hemant Luthra
Chairman & Executive Director
DIN: 0023142

Date: 20th February 2018
Place: Mumbai

Annexure X

Dividend Distribution Policy

The Dividend Distribution Policy ("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 shall come into force for accounting periods beginning from 1st January, 2017.

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.

Dividends will generally be considered by the Board once a year, after the announcement of the full year results and before the Annual General Meeting (AGM) of the shareholders, as may be permitted by the Companies Act. The Board may also declare interim dividends as may be permitted by the Companies Act.

The dividend policy would have twin objective of appropriately rewarding shareholders through dividends and retaining capital, in order to maintain a healthy capital adequacy ratio to support the future growth.

The Company has not paid any dividend to the shareholders in the past. Going forward, subject to the provisions of the applicable law, the Company's dividend payout will be determined based on available financial resources, investment requirements and taking into account optimal shareholder return.

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

- **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/or for inorganic growth,
  vi. Current and future leverage and, under exceptional circumstances, the amount of contingent liabilities,
  vii. Deployment of funds in short term marketable investments,
  viii. Long term investments,
  ix. Capital expenditure(s), and
  x. The ratio of debt to equity (at net debt and gross debt level).

- **External Factors**
  i. Business cycles,
  ii. Economic environment,
  iii. Cost of external financing,
  iv. Applicable taxes including tax on dividend,
  v. Industry outlook for the future years,
  vi. Inflation rate, and
  vii. 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.

The Board may consider not declaring dividend or may recommend a lower payout for a given financial year, in the event of challenging circumstances such as regulatory and financial environment. In such event, the Board will provide rationale in the Annual Report.

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

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

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 and the link to the policy is: http://www.mahindracie.com/investors/investor-relations/governance.html

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

Management Discussion and Analysis

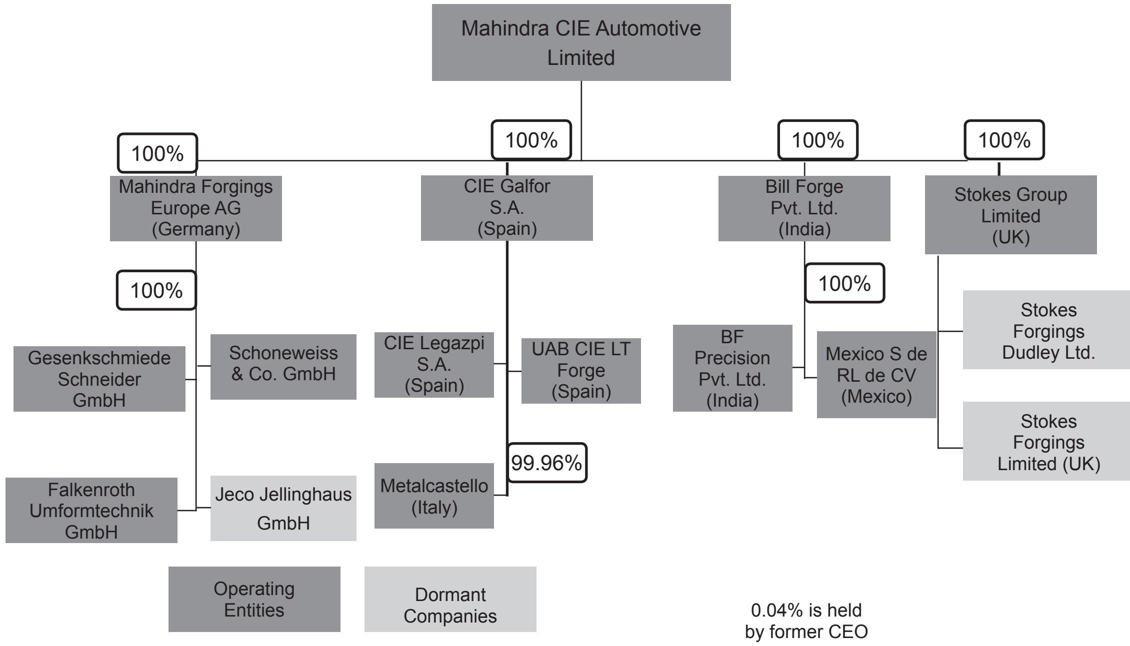
Background

Mahindra CIE Automotive Limited ('Mahindra CIE' or 'MCIE') is a multi-locational and multi-technology business with engineering capabilities and manufacturing facilities of its own and of its subsidiaries in India and in Germany, Spain, Lithuania, Italy and the United Kingdom in Europe. We have an established presence in each of these locations and supply automotive components to our customers based there and export our products to customers based in other countries as well. MCIE is listed on the BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE) and currently has about 378.37 million shares listed.

We are part of the CIE Automotive Group of Spain and are the CIE Automotive Group's platform to operate its automotive components business in South East Asia across all production technologies and for the growth of its forgings business globally.

Set out below in Exhibit 1 is a graphical representation of the manner in which we and our businesses are organized

Exhibit 1: Legal Structure of Mahindra CIE



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

Exhibit 2: Mahindra CIE Automotive Limited Subsidiary Companies as on 31st December, 2017

Subsidiary Companies Information			
Sr. No.	**Name of the Subsidiary**	**Proportion of Ownership Interest**	**Remarks**
1	Stokes Group Limited	100%	Collectively known as Mahindra Forgings Europe
2	Stokes Forgings Dudley Limited*	100%	
3	Stokes Forgings Limited*	100%	
4	Mahindra Forgings Europe AG	100%	
5	Jeco Jellinghaus GmbH*	100%	
6	Gesenkschmiede Schneider GmbH	100%	
7	Falkenroth Umformtechnik GmbH	100%	
8	Schoeneweiss & Co. GmbH	100%	
9	Bill Forge Private Limited	100%	Collectively known as Bill Forge
10	BF Precision Private Limited	100%	
11	Bill Forge DE Mexico S DE RL DE CV	100%	
12	Metalcastello S.p.A.	99.96%	Collectively known as CIE Forgings
13	CIE Galfor S.A.	100%	
14	UAB CIE LT Forge	100%	
15	CIE Legazpi S.A.	100%	

Note: * These are Dormant Companies

MCIE Overview

MCIE today is a large diversified auto-components company 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 part' companies. It should also be noted that MCIE is focused on the automotive market – cars, utility vehicles, commercial vehicles, two wheelers and tractors.

With the acquisition of Bill Forge, MCIE now has 29 manufacturing facilities including 8 manufacturing facilities in Europe and 1 in Mexico. Our manufacturing locations are generally located close to major automotive manufacturing hubs in order to facilitate supplies to our customers. In certain instances, we also provide services such as value analysis and value engineering to add value to our customers' products. Our unique combination of specialization in high value-added products, which is usually delivered directly to OEMs and our presence across multiple production technologies, differentiates us from other component suppliers.

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

Exhibit 3: MCIE – Lines of business

Geography	Product Speciality	Focus Areas	Key Customers	FY 2017 Revenue (₹ in Million)
Forgings				
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	4,594
Bill Forge India	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, RaneNSK	7,394
Germany	Forged and Machined parts, Front Axle Beams and Steel Pistons	Heavy Commercial Vehicles	Daimler AG, Man, DAF, Volvo Group, KS, Linde, AGCO, ZF, Scania, Ford, SAF Holland, Robert Bosch	16,275
UK	Flashless Near Nett Forgings	Passenger Vehicles		922
Spain + Lithuania	Forged steel parts for Industrial Vehicles and Crankshafts, Common Rail, Stubs, Tulips for passenger cars	Passenger Vehicles	Reanult,VW Group, Daimler, GKN, JLR, GM, Fiat, DAF, Bosch, NTN, Faurecia, Dana, ZF, BMW	17,075
Stampings				
India	Sheet Metal Stampings, Components and Assemblies	Passenger & Utility Vehicles	M&M, Tata Motors	8,437
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	4,397

Geography	Product Speciality	Focus Areas	Key Customers	FY 2017 Revenue (₹ in Million)
Magnetic Products				
India	Soft and Hard Magnets, Magnetic Induction Lighting	Tier 1 of Passenger Vehicles, Utility Vehicles, Two Wheelers	Denso, Sumida, Varroc, Intica, Mitsuba	1,360
Composites				
India	Compounds, Components, and Products	Electrical Switchgear, Auto Components	L&T Switchgear, Phoenix Mecano, TVS, M&M, Volvo Eicher	955
Gears				
India	Engine Gears, Timing Gears, Transmission Gears, Transmission Drive Shafts	Passenger & Utility Vehicles, Construction & Earthmoving Equipment	M&M, Eaton, Caterpillar, NHFI, Turk Tractor (CNH), BEML, New Holland	1,918
Italy	Engine Gears, Transmission Drive shafts, Crown Wheel Pinion	Tractors, Construction & Earthmoving Equipment	Caterpillar, CNH, Merritor, GDLS/Mowag/Cormer, Argo, John Deere	3,897

Industry Outlook & Structure: Caution Ahead

According to IMF, global output is estimated to have grown by 3.7 percent in 2017, growth forecasts for 2018 and 2019 have been revised upward by 0.2 percentage point to 3.9 percent. *(Source: IMF, World Economic Outlook, January, 2018)*.

Europe

According to the European Commission's winter 2017 forecast, the European Commission expects euro area GDP growth of 1.8% in 2018. Real GDP in the euro area has grown for 15 consecutive quarters, employment is growing at a robust pace and unemployment continues to fall, although it remains above pre-crisis levels. Private consumption is set to remain the main growth driver, however is expected to be slow. Investment is set to continue growing but only moderately.

In the automotive markets of Europe, our customers use our products as components primarily in heavy commercial vehicles, passenger vehicles, off-road vehicles, earth-moving vehicles and agricultural equipment vehicles.

As per the IHS, the commercial vehicle production numbers in Europe in Calendar Year 2017 have slowed down by 20% as compared to the previous year.

Passenger Vehicles

Period	2017	2016	Change
Full Year	18,829,416	18,669,543	0.9%
Oct-Dec	4,778,250	4,506,492	6.0%
Jul-Sep	4,101,904	4,119,356	-0.4%
Apr-Jun	4,893,027	5,169,824	-5.4%
Jan-Mar	5,056,235	4,873,871	3.7%

Data from IHS shows that the production of passenger vehicles in Europe has stayed flat at 0.9% in Financial Year 2017 as compared to the same period from the previous year. There was steady growth in most of the months of this period and this augurs well on an overall basis for the coming year. In line with various forecasts we expect the growth in the EU passenger car markets to be steady. As per IHS data the passenger vehicle market is forecasted to grow at a CAGR of 0.73% over the period of 2018-22.

India

In Fiscal 2018, the Central Statistical Office (CSO) of the Government of India has said that the GDP growth is estimated to be approximately 6.5%. CSO forecast that the agriculture sector will grow at 2.1% in the current financial year, slower than 4.9% in the previous year. Manufacturing is likely to decelerate sharply to grow at 4.6%, compared with 7.9% a year ago. This growth was achieved inspite of the impact of demonetisation.

In early July 2017, the Government of India rolled out the implementation of the GST which was met with cautious optimism by the industry but has been rolled out smoothly. This has not affected demand in the ensuing period.

In the medium term CRISIL India expects consumption to pick up a notch and will provide the much needed trigger for growth as capacity utilisation remains low for now. In addition, in FY18 CRISIL expects the pay commission payouts to provide a boost to consumption and in turn support growth.

MCIE's main target segments in India are passenger car & utility vehicle, tractors and two wheelers.

Passenger vehicles (PV's+UV's)

Period	2017	2016	Change
Full Year	3,767,111	3,528,913	6.7%
Oct-Dec	933,851	884,448	5.6%
Jul-Sep	985,345	965,172	2.1%
Apr-Jun	885,980	806,899	9.8%
Jan-Mar	961,935	872,394	10.3%

Data from the Society of Indian Automobile Manufacturers (SIAM) shows that the UV segment has shown continuing strong growth in Calendar Year 2017 with 16.4% over the corresponding period last year. The production of passenger cars has grown by a steady 3.8% in Calendar Year 2017 compared to the previous year. Thus; in our addressable market, cumulative Passenger Car & Utility Vehicle production has grown by 6.7% in Calendar Year 2017.

Crisil Research expects Domestic cars and utility vehicles (UVs) sales to accelerate from 6% compound annual growth rate (CAGR) between 2010-11 and 2015-16 to 11-13% CAGR from 2015-16 to 2020-21. GST implementation is also expected to reduce vehicle prices reducing cost of ownership and in turn, boosting the demand growth.

Tractors

Period	2017	2016	Change
Full Year	754,815	630,647	19.7%
Oct-Dec	188,019	170,865	10.0%
Jul-Sep	203,400	169,721	19.8%
Apr-Jun	195,737	170,708	14.7%
Jan-Mar	167,659	119,353	40.5%

The cumulative Tractor industry production has shown an increase by about 20% compared to the corresponding period in the previous year (source: Tractor Manufacturers Association/ TMA). The quarter wise performance reveals the growth has been consistent and has led to manufacturers increasing production. These were largely due to the uptick in demand due to the normal monsoon this year. We believe that the tractor market growth is expected to be strong yet steady, which is saying that it would be around 9-11% CAGR from 2015-16 till 2020-21 in line with Crisil's forecast. Growth in demand in 2018 is dependent on how fast money supply is introduced in the economy in terms of government spending schemes announced taking effect.

Two Wheelers

Period	2017	2016	Change
Full Year	21,829,040	19,984,067	9.2%
Oct-Dec	5,252,975	4,512,837	16.4%
Jul-Sep	6,267,056	5,567,085	12.6%
Apr-Jun	5,637,231	5,173,569	9.0%
Jan-Mar	4,671,778	4,730,576	-1.2%

The Two-Wheeler industry production has shown an increase by about 9.2% compared to the corresponding period in the previous year (source: SIAM). The quarter wise performance reveals the growth has been consistent and has led to manufacturers increasing production. We can see that the first quarter sales have been dented slightly, probably due to the temporary loss of demand as a result of cash drying up in the market. However, the subsequent quarters have seen demand increasing at an increasing rate. CRISIL Research expects the domestic two-wheeler sales to record an 8-10% CAGR till FY 2019-20. The payouts as per the Seventh Pay Commission recommendations are expected to boost two-wheeler sales over 2016-18.

Human Resources and Industrial Relations Climate

India

As on 31st December, 2017 there were 4004 employees on the rolls of MCIE in India. A portion of our permanent labour workforce in certain locations is part of labour unions. We have signed collective bargaining and other agreements with labour unions at several of our plants where we have agreed to certain guaranteed bonuses, guaranteed wage increases and wages linked to productivity. In addition to our own employees, we also employ additional workers who are hired on a contract labour basis through registered contractors for ancillary activities. Our human resources ("HR") policies are designed to meet the specific requirements at each plant location, are comprehensive and based on the prevailing HR practices. We provide our employees with ongoing career development opportunities. Our performance evaluation and management process continues to be the backbone of all our HR activities and is based on an appropriate goal-setting process. Employee Relations in the Pune region in general have been challenging, however relationship between the management and workers' union continued to remain cordial.

Europe

MFE: As on 31st December 2017, there were 807 employees on the rolls of the company.

Stokes (UK): As on 31st December 2017, there were 97 employees on the rolls of the company,

CIEF: 820 people work at CIE Galfor S.A., CIE Legazpi S.A. and CIE LT Forge on the rolls of the company as of 31st December 2017

MC: As on 31st December 2017, there were 254 employees on the rolls of the company. The company continues to maintain harmonious relations with its employees.

Strategy and Operational Performance

India

Your Company has pursued a strategy which is focused on increasing plant efficiency to improve margins through continuous improvements. We have endeavoured to diversify our customer base by actively engaging with new customers and have seen some traction on this front. The integration between your company and parent CIE has become even tighter with full time operational experts from CIE being stationed at the plants in Pune. There is also a structured program to have MCIE employees go on plant visits to CIE plants to get first hand understanding of processes. There have already been visits from various verticals at operational levels. The integration of Bill Forge has progressed smoothly and has resulted in good results and growth expectations. With the help of CIE, the different verticals of the Indian operations are continuing to develop new products and will pursue business with western OEMS in India such as VW, Renault, GM and Ford where CIE in Europe has a strong presence.

Thus, the approach has been to focus on improving plant operations, maintaining margins through continuous improvements and strive for growth.

Europe

The operations in Germany have been largely on track after the setbacks from the previous year and the margins have picked up and the measures taken during the last few quarters have been focussed on margin improvement. The UK operations are very small and with acceptable levels of performance.

Plants in Spain & Lithuania have been consistently profitable over the last few years and profit margins are in line with the margins of the CIE group worldwide. The strategic focus is to maintain profitability at these plants while growing with the market.

The Italian operations are showing positive results accruing from the turnaround efforts in the past few years. The operations also aims at improving revenues by exploring newer market segments on an ongoing basis.

Strategy Roadmap

MCIE has followed a two-phase strategy. The first stage was focussed on consolidation through optimising the operations in India while turning around European operations. Your company has made considerable progress on this to achieve our basic objectives of moving closer towards CIE's performance parameters and integrating with CIE's management culture.

As part of the Phase 2 Strategy, the new management system which has been implemented is working efficiently and smoothly. The integration of Bill forge has been as per plan and is expected to continue on track. The approach now is to focus on productivity improvement and focus on continuous incremental improvements to the processes which should result in margin improvement. In some cases we might look at optimising the product-plant-location mix further to optimise costs and performance.

Your Company's strategy will focus on the following points:

- CIE and MCIE relationship strengthening:
    - o Transfer of technology through operational team visits
    - o Combined teams in each technology working on improvement projects with two experts from CIE already stationed at the plants in Pune.
- Indian production base development ("make in India"):
    - o New HR organisation to be implemented
    - o Export ratio increase
    - o Internal growth: customer diversification
- Current business efficiency improvement: continuous improvement program
- Analysis of potential strategic acquisitions to reinforce position
- Preparing for Electrification
    - o Design and prepare prototypes which can be suggested to customers
    - o Use tighter synergy with CIE to leverage CIE expertise/experience of partnering on Electric Vehicle programs of Global OEMs
    - o Concerted effort to bring new business from Electric Vehicle platforms
    - o Explore inorganic routes for acquiring technologies that will gain prominence on electric vehicles.

Financial Performance

The financial performance of the entity for the year ended 31st December, 2017 and 31st December, 2016 is presented below:

MCIE's abridged P&L Statement for the Financial Year 2017 (₹ in Million)

Sr. No.	Particulars	Standalone		Consolidated	
		Year Ended		Year Ended	
		December 17	December 16	December 17	December 16
		Audited	Audited	Audited	Audited
1	Income from operation				
	(a) Net sales	**19,362**	16,887	**63,977**	53,260
	(b) Other operating income	**1,271**	993	**2,653**	1,986
	Total Income from operation	**20,633**	17,880	**66,630**	55,246
2	Expenses				
	(a) Cost of material consumed	**10,522**	8,322	**29,333**	21,527
	(b) Change of inventories of finished goods and work-in progress	**(127)**	47	**(784)**	(84)
	(c) Employee benefit expenses	**2,425**	2,227	**11,760**	11,025
	(d) Depreciation and amortisation expenses	**759**	710	**2,808**	2,325
	(e) Other Expenses	**5,866**	5,815	**18,101**	17,467
	Total expenses	**19,445**	17,121	**61,218**	52,260
3	Profit/(loss) from operation before other income finance cost and exceptional items (1 - 2)	**1,188**	759	**5,412**	2,986
4	Other Income	**127**	206	**269**	314
5	Profit/(Loss) from ordinary activities before finance cost and exceptional items (3 +4)	**1,315**	965	**5,681**	3,300
6	Finance cost	**98**	86	**545**	594
7	Profit/(Loss) from ordinary activities after finance cost but before exceptional items (5-6)	**1,217**	879	**5,136**	2,706
8	Exceptional items	**69**	90	**69**	90
9	Profit/(Loss) from ordinary activities before tax (7-8)	**1,148**	789	**5,067**	2,616
10	Current Tax	**532**	274	**1,266**	745
	Deferred Tax (Credit) / Charge	**(77)**	1	**217**	181
11	Net Profit/(Loss) from ordinary activities after tax(9-10)	**693**	515	**3,584**	1,690
12	Net Profit/(Loss) for the period	**693**	515	**3,584**	1,690
13	Minority Interest				
14	Net Profit/(Loss) after taxes, Minority Interest (12-13)	**693**	515	**3,584**	1,690
15	Paid - Up equity share capital (Face value of ₹ 10 per equity share)	**3,784**	3,781	**3,784**	3,781
16	Earning per share (after extraordinary items) (of ₹ 10/- each)				
	(a) Basic	**1.83**	1.53	**9.48**	5.01
	(b) Diluted	**1.83**	1.52	**9.46**	4.99

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

Segment wise results for 2017 (₹ in Million)

Sr. No.	Particulars		Year ended	
			31st December 2017	31st December 2016
			Audited	Audited
1	**Segment Revenue**			
	a)	Indian	**29,043**	21,451
	b)	Overseas	**38,181**	34,519
	Total		**67,224**	55,969
	Less: Inter Segment Revenue		**(325)**	(410)
	Net Sales / Income from Operations		**66,899**	55,559
2	**Segment Profit/(Loss) before tax and interest from**			
	a)	Indian	**2,267**	1,141
	b)	Overseas	**3,345**	2,068
	Total		**5,612**	3,209
	Less:			
	(i)	Un-allocable expenditure	**(545)**	(594)
	(ii)	Un-allocable income	**-**	-
	Total Profit Before Tax		**5,067**	2,616
3	**Capital Employed**			
	(Segment Assets- Segment Liabilities)			
	a)	Indian	**22,747**	21,914
	b)	Overseas	**23,447**	21,230
	Total		**46,194**	43,144

Synergies with Parents

CIE group is a group specialised in providing automotive components and sub-assemblies to the global automotive industry, working with multiple technologies and a number of different associated processes.

CIE automotive is also actively working with OEM's to develop their electric vehicles program and due to its multi-technology portfolio is well placed to evolve according to market requirements. MCIE with its tighter integration is well placed to leverage on this experience and expertise for future projected evolution of the car market in India.

With the active involvement of the CIE group, MCIE aims for long term growth and profitability. CIE's access to global auto OEMs is being leveraged such that MCIE can become their partner in India for supplying parts. MCIE also benefits by leveraging on CIE knowhow regarding the development of new platforms for electric vehicles. The focus on operational efficiency being paramount, all the businesses under MCIE will envision imbibing and following the excellence models employed by CIE.

Your company has initiated efforts in this regard and below are summaries of a few projects under execution.

Synergy Case Study 1: Objective is to develop capability to manufacture Welded Assembly and complex machined components in MCIE Gears (India). Caterpillar (CAT) migrated the assembly of backhoe loader transmission from Europe to India. Currently the welded assembly's used in these transmissions are supplied by Metalcastello. CAT had plans to localize the sources for these welded assemblies in India. Considering the CAT sourcing strategy on this project on localization, the supplies from Metalcastello would not be continued for long. Metalcastello is helping MCIE GEARS to develop the capabilities to produce the parts by deputing a technical advisor (Andrea Giannini). Benefit is that business worth ₹ 340 million has been retained within MCIE and improved the capability of Gears division allowing opportunity to develop similar programs for other customers.

Synergy Case Study 2: Objective was to utilise in-house engineering for commissioning of fully automated tandem press line. Project was through collaboration between CIE Mexico, CIE Spain and MCIE India to create a best in class stamping facility. The benefit is to achieve capability to produce stamped parts with high productivity (7 SPM) and reliability and enhance ability to attract new global customers. This would also increase Stampings division's potential to supply value added parts with improved productivity and better profitability.

Synergy Case Study 3: Objective was to launch a Quality and Efficiency improvement plan through collaboration with CIE Experts. The project involves adopting castings Design standards from CIE-Azterlan via the process of Implementation as technology transfer. The benefits will be reducing rejection levels in complex Si-Mo parts by 50% and yield improvement which have resulted in savings of ₹ 1 million/ month.

Opportunities

Globally, CIE Automotive is focusing on growth in emerging markets like Mexico, India & the ASEAN region. MCIE will continue to lead this growth strategy in South East Asia. MCIE's European operations have the opportunity to use CIE's expertise to significantly improve their profitability. MCIE is also better placed to leverage CIE's experience in working with OEMs on their new electric vehicle programs.

Risks and Concerns

The business has a specific set of risk characteristics which are managed through an internal risk management practice. These risks are as follows:

- We are highly dependent on the performance of the automotive industry in India and Europe. Any adverse changes in the conditions affecting these markets may adversely affect our business, results of operations, financial condition and prospects.
    - Your company is monitoring the situation so that corrective actions are immediately taken in response to any demand movements
- Potential inability to pass-through to our customers via a price increase the cost increases, in labour, energy, etc. could reduce our future profitability.
- The loss of certain principal customers or a significant reduction in purchase orders from certain customers could adversely affect our business, results of operations, financial condition and prospects.
    - In India we are dependent on three main customers and your company is focusing on gaining entry into newer customers and newer products
- Advancement of emission and safety norms in India would require MCIE to work with OEMs to meet the changed requirements. This may require further investments.
- Your company will need to be ready for changes in its product portfolio to counter the impact of changes in automotive technology like hybrid and electrical engines.

Internal Control Systems and their Adequacy

In the opinion of the Management, MCIE has an adequate internal audit and control systems to ensure that all transactions are authorised, 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 which forms part of the Annual Report.

Looking Ahead

MCIE is embarking on an exciting new phase in its evolution, a phase that will be marked with closer integration with its parent and focus on growth. The company is also optimistic about inorganic growth opportunities in the South East Asian market which will drive its future strategy.

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.

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. Your 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.

Your Company is committed to moulding Corporate Governance practices in line with its core values, beliefs and ethics. Your Company believes in attainment of highest levels of transparency in all facets of its operations and maintains an unwavering focus on imbibing 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.

The Company is in compliance with the requirements mandated by the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"). A Report on compliance with the Corporate Governance provisions as prescribed under the Listing Regulations is given herein 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 ("the Act") as amended from time to time. The Board has an optimum combination of Executive and Non-Executive Directors with one Woman Director, the Chairman being Executive Director and not less than fifty percent of the Board of Directors comprising Non-Executive Independent Directors.

The Management of the Company is entrusted in the hands of Key Managerial Personnel, headed by the Executive Chairman, who operate under the supervision and control of the Board. The Board reviews and approves strategy and oversees the results of Management to ensure that the long-term objectives of enhancing Stakeholders' value are achieved. The ultimate parent, CIE Automotive S.A. ("CIE") provides continuous guidance by active involvement of its Global CEO who is also on the Board of the Company.

Mr. Hemant Luthra (Chairman and Executive Director) and Mr. Ander Arenaza Alvarez (Executive Director) are Whole-time Directors of the Company. Mr. Antonio Maria Pradera Jáuregui and Mr. Jesus Maria Herrera Barandiaran are Non-Independent Non-Executive Directors drawing remuneration from CIE. Mr. Zhooben Bhiwandiwala and Mr. S. P. Shukla, the Non-Independent Non-Executive Directors, are in Whole-time employment of Mahindra & Mahindra Limited and draw remuneration from it.

The remaining seven Non-Executive Directors including a Woman Director are Independent Directors and are professionals drawn from diverse fields, possess requisite qualifications and experience which enable them to contribute effectively to the Company's growth and enhance the quality of Board's decision-making process.

The maximum tenure of Independent Directors is in compliance with the Listing Regulations and the Act. 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.

Apart from reimbursement of expenses incurred in the discharge of their duties and the remuneration by way of sitting fees that Independent Directors would be entitled to under the Companies Act, 2013 as Non-Executive Directors, none of these Directors have any material pecuniary relationships or transactions with the Company, its Promoters, its Directors, its Senior Management or its Subsidiaries and Associates which in their judgment would affect their independence. None of the Directors of your Company are inter-se related to each other.

The Senior Management of your Company have 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 your Company comprise of Thirteen Directors as on 31st December, 2017.

During the year under review, the term of appointment of Mr. K. Ramaswami as Managing Director of the Company expired on 3rd October, 2017. Mr. K. Ramaswami decided to retire from the services of the Company on expiry of the term in order to pursue his other interests. Accordingly, he ceased to be Managing Director of the Company with effect from 3rd October, 2017. Thus in accordance with Section 168(2) of the Companies Act, 2013, Mr. Ramaswami ceased to be a Director of the Company with effect from 3rd October, 2017.

The Shareholders of the Company had approved the appointment of Mr. Ander Arenaza Alvarez as Executive Director of the Company w.e.f. 13th September, 2016 which was subject to approval of the Central Government. The Central Government (Regional Director, Northern Bench) approved the appointment of Mr. Arenaza as Executive Director (Whole-time Director) w.e.f. 5th May, 2017 to 12th September, 2019.

The names and categories of Directors, DIN, the number of Directorships and Committee positions held by them, in the Companies as on 31st December, 2017 are given in Table 1.

None of the Directors of the Company is a Director in more than 10 Public Limited Companies or 20 Companies in total (as specified in Section 165 of the Act) or acts as an Independent Director in more than 7 Listed Companies or 3 Listed Companies in case he/she serves as a Whole-time Director in any Listed Company (as specified in Regulation 25 of the Listing Regulations). Further, none of the Directors on the Board is a Member of more than 10 Committees and Chairman of more than 5 Committees (as specified in Regulation 26 of the Listing Regulations), across all the Indian Public Limited Companies in which he/she is a Director.

Table 1: Composition of the Board of Directors

Directors	Category $	Directors Identification Number	Total number of Committee Memberships of Public Companies as on 31st December, 2017@	Total number of Chairmanships of Committee of Public Companies as on 31st December, 2017 @	Total number of Directorships of Public Companies as on 31st December, 2017*	Total number of Directorships of Private Companies as on 31st December, 2017*
NON–EXECUTIVE						
Mr. Antonio Maria Pradera Jáuregui	Non-Independent	06704890	Nil	Nil	1	Nil
Mr. Jesus Maria Herrera Barandiaran	Non-Independent	06705854	Nil	Nil	1	Nil
Mr. Zhooben Bhiwandiwala	Non-Independent	00110373	1	1	10	9
Mr. S. P. Shukla	Non-Independent	00007418	Nil	Nil	7	Nil
Mr. Daljit Mirchandani	Independent	00022951	1	3	5	Nil
Mr. Manoj Maheshwari	Independent	00012341	3	1	5	2
Mr. Dhananjay Mungale	Independent	00007563	3	4	9	5
Mr. Jose Sabino Velasco Ibanez	Independent	06704932	1	Nil	1	Nil
Mr. Juan Maria Bilbao Ugarriza	Independent	06963805	1	Nil	1	Nil
Mrs. Neelam Deo	Independent	02817083	Nil	Nil	3	Nil
Mr. Suhail Nathani	Independent	01089938	Nil	Nil	2	2
EXECUTIVE						
Mr. Ander Arenaza Alvarez	Executive Director	07591785	Nil	Nil	2	Nil
Mr. Hemant Luthra	Chairman & Executive Director	00231420	1	Nil	3	4

$ Participaciones Internacionales Autometal, DOS S.L (PIA2), one of the Promoters of the Company, has nominated Mr. Hemant Luthra, Mr. Antonio Maria Pradera Jáuregui, Mr. Jesus Maria Herrera Barandiaran and Mr. Ander Arenaza Alvarez on the Board of the Company. Mahindra and Mahindra Limited (M&M) has nominated, Mr. Zhooben Bhiwandiwala and Mr. S.P. Shukla on the Board in accordance with rights vested in PIA2 and M&M under the Articles of Association of the Company. However, the 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.

* Excludes Directorships in Companies registered under Section 8 (of the Companies Act, 2013) 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 Companies including that of the Company is considered. Committee Membership(s) and Chairmanship(s) are counted separately.

B. 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 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 Executives of respective divisions apprises the Board at every meeting on the performance of the Company, followed by presentations by other senior Executives of the Company.

The Board also, inter alia, periodically reviews strategy and business plans, annual operating and capital expenditure budget(s), compliance report(s) of all laws applicable to your Company, as well as steps taken by your Company to rectify instances of non-compliances, review of major legal issues, minutes of the Committees of the Board, minutes of Board Meetings of your Company’s Subsidiary Companies, significant transactions and arrangements entered into by the Unlisted Subsidiary Companies, approval of quarterly/ half-yearly/annual results, significant labour problems and their proposed solutions, safety and risk management, transactions pertaining to purchase/disposal of property(ies), sale of investments, remuneration of Key Managerial Personnel’s, 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 your 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, performance of its Committees and individual Directors on an annual basis and monitors the effectiveness of the Company's governance practices for enhancing the Stakeholders' value.

Apart from the Board Members 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 Business Controller and the Head of Strategy and Investors Relations. The Chairperson of the Board or Chairperson of the Committees of Board also invite other officers of the Company or of its Subsidiaries as and when necessary.

C. 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 times during the Financial Year ended 31st December, 2017 on 23rd February, 2017, 27th April, 2017, 20th July, 2017, 24th October, 2017 and 14th December, 2017. 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 Eighteenth Annual General Meeting (AGM) of Members of your Company was held on 27th April, 2017.

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
1	Mr. Hemant Luthra	5	Yes
2	Mr. Zhooben Bhiwandiwala	2	Yes
3	Mr. Antonio Maria Pradera Jáuregui	2	No
4	Mr. Jesus Maria Herrera Barandiaran	5	No
5	Mr Daljit Mirchandani	5	Yes
6	Mr. Manoj Maheshwari	5	No
7	Mr. Dhananjay Mungale	4	Yes
8	Mr. Juan Maria Bilbao Ugarriza	5	No
9	Mrs. Neelam Deo	5	No
10	Mr. Suhail Nathani	5	Yes
11	Mr. Jose Sabino Velasco Ibanez	5	No
12	Mr. K. Ramaswami (upto 3rd October, 2017)	3	Yes
13	Mr. Shriprakash Shukla	4	Yes
14	Mr. Ander Arenaza Alvarez	5	Yes

D. Meeting of Independent Directors

The Independent Directors of your Company met on 22nd November, 2017 without the presence of the Executive Directors, other Non-Independent Director(s) or any other Managerial Personnel. The meeting was well attended by all the Independent Directors.

The meeting was conducted in an informal and flexible manner to enable the Independent Directors to, inter alia, discuss matters pertaining to review of performance of Non-Independent Directors and the Board as a whole, review the performance of the Chairman of the Company (taking into account the views of the Executive and Non-Executive Directors), assess the quality, quantity and timeliness of flow of information between the Company's Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

E. Directors seeking appointment /re-appointment

Mr. Shriprakash Shukla and Mr. Hemant Luthra, retire by rotation and being eligible, have offered themselves for re-appointment.

A brief resume of the Directors seeking appointment/re-appointment is given as under:

Table 3: Brief resume of the Directors seeking appointment / re-appointment:

	Mr. Shriprakash Shukla	Mr. Hemant Luthra
DIN	00007418	00231420
Age	58 Years	68 Years
Education	B. Tech & MBA	BE (IIT-Delhi), Advanced Management Program from Harvard Business School (AMP115, 1994).
Brief profile including Nature of expertise in specific functional areas;	Mr. Shukla is a Member of the Group Executive Board of Mahindra and Mahindra Limited and as President is responsible for Group Strategy and the Defence Sector. He is also the Chief Brand Officer for the Mahindra Group. Mr. Shukla has over 38 years of rich, varied experience in managing large projects & operations. He has been top professional in the field of Automotive Tyres and Information & Communication Technology (ICT) sectors in India. Also, he is widely credited with taking mobile telephony to the masses by setting-up telecom infrastructure in the remotest parts of India. Mr. Shukla has been the recipient of several awards in his field and is regularly invitee to speak at reputed academic and Industry forums.	Mr. Luthra started his career with IBM where he worked for 8 years in India and Singapore. Thereafter he worked with the Thapar Group with interests in Paper, Chemicals & Engineering for 18 years, first as CFO and later as COO. Subsequently, he founded a Private Equity fund for the ING Group where he led the investment team for two years before returning to operations as the CEO of Essar Telecom. At Essar Telecom he helped engineer a lucrative merger of the business with Hutchison. Mr. Hemant Luthra joined Mahindra & Mahindra in 2001 as Executive Vice President – Corporate Strategy and took over as a President of Systech in 2004. As President of Mahindra Systech he has been instrumental in creating three new businesses (i) Engineering Services (ii) Aerospace and (iii) Auto Components which have a global presence across Australia, Brazil, Mexico, Spain, Germany, Italy and Japan. The Auto component startup has morphed into Mahindra CIE. He has a 35 Year track record of strategic and operating experience in creating, building and scaling up Businesses and has held CXO positions Finance, Operations Business Development and Private Equity. Mr Luthra has served on several Boards and is an Advisor to Clayton, Dubilier & Rice a leading PE Fund based in New York. Mr. Luthra is a keen Sportsman and supports select charities.
Names of other Companies in which the Non-Executive/ Executive Director holds the Directorship (excludes Directorships in Body Corporate) as on the date of this report	1) Mahindra Defence Naval Systems Private Limited 2) Mahindra Defence Systems Limited 3) Mahindra Telephonics Integrated Systems Limited 4) Mahindra Aerospace Private Limited 5) Mahindra Aerostructures Private Limited 6) Mahindra Sanyo Special Steel Private Limited	1) Tubacex Prakash India Private Limited 2) BF Precision Private Limited 3) Bill Forge Private Limited 4) STT Global Data Centres India Private Limited 5) MXC Solutions India Private Limited

	Mr. Shriprakash Shukla	Mr. Hemant Luthra
Names of the other Membership of Committees of the Non-Executive/ Executive Director (includes Membership of Audit Committee and Stakeholders Relationship Committee only)	NIL	Audit Committee member of Bill Forge Private Limited
Shareholding of Executives/ Non-Executive Directors	Nil	3,87,653 Equity Shares

F. Codes of Conduct

The Board of your Company has laid down separate Codes of Conduct ("Codes"), for all the Board Members, for Independent Directors and for Senior Management Personnel's and Employees of the Company. These Codes have been posted on the Company's website http://www.mahindracie.com. All the Board Members and Senior Management Personnel have affirmed compliance with these Codes. 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 regarding the Financial Statements for the year ended 31st December, 2017 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 and based on the recommendation of Nomination and Remuneration Committee, the questionnaires for seeking feedback of Directors on effectiveness of the Board and committees of Board, contribution of Fellow Board Members to Board and Committees of Board and feedback to the Chairperson were further strengthened in alignment with the Guidance Note on Board Evaluation issued by Securities and Exchange Board of India, vide its Circular dated 5th January, 2017.

Pursuant to the provisions of the Companies Act, 2013 and Listing Regulations the Board has carried out an Annual Performance Evaluation of its own performance, and that of its Committees as well as performance of all the Directors individually.

The Performance Evaluation of Board, it's Committees and Directors has been discussed in detail in the Directors' Report.

I. Familiarisation programme for Independent Directors

The Company has adopted a structured programme for orientation of Independent Directors at the time of their joining so as to familiarise them with the Company its operations, business, industry and environment in which it functions and the regulatory environment applicable to it. The Company updates the Board Members on a continuing basis on any significant changes therein and provides them an insight to 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.

A new Director is welcomed to the Board of Directors of the Company by sharing various documents and information of the Company for his/her reference such as brief introduction to the Company and profile of Board of Directors of the Company, Details of various Committees of the Board, Latest Annual Reports, Code of Conduct for Directors, Code of Conduct for Senior Management and Employees, Code of Conduct for Independent Directors, Code of Conduct for Prevention of Insider Trading in shares of the Company etc.

Other Initiatives to update the Directors on a continuing basis:

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

The Company through its Managing Director/Executive Director/Senior Managerial Personnel makes presentations regularly to the Board, Audit Committee, Nomination and Remuneration Committee or such other Committees, as may be required, covering, inter alia, the business strategies, operations review, quarterly and annual results, budgets, review of Internal Audit Report and Action Taken Report, statutory compliances, risk management, operations of its Subsidiaries, joint venture Company, etc.

This enables the Directors to get a deeper insight into the operations of the Company and its Subsidiaries. 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. Press Releases, disclosures to Stock Exchanges, news and articles related to the Company are circulated to provide updates 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.

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.mahindracie.com/investors/investor-relations/governance.html

J. Risk Management

Your Company follows well defined and detailed risk management framework. Your 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.

III. COMMITTEES OF THE BOARD OF DIRECTORS

Your Company has constituted Board-level Committees to delegate particular matters relating to the affairs of the Company that require greater and more focussed attention. These Committees prepare the ground-work 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

As on 31st December, 2017, the Audit Committee comprises of five Non-Executive Independent Directors namely Mr. Daljit Mirchandani (Chairman of the Committee), Mr. Jose Sabino Velasco Ibanez, Mr. Manoj Maheshwari, Mr. Dhananjay Mungale and Mr. Juan Maria Bilbao Ugarriza.

All the Members of the Audit Committee have vast experience and possess financial/accounting expertise/ exposure. The composition of Committee meets with requirements of Section 177 of the Act and Regulation 18 (1) of Listing Regulations.

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, oversight of the Company's financial reporting process and the disclosure of its financial information, review with the management the 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 fulfilment of certain conditions, scrutinise inter-corporate loans and investments, valuation of undertakings or assets of the Company wherever it is necessary, review the risk assessment and minimisation procedures, evaluate internal financial controls and risk management systems, monitoring the end use of funds raised through Public offers, rights issue, preferential issue, etc. The Committee is also empowered to recommend, the remuneration payable to the Statutory Auditors and to recommend a change in Auditors, if felt necessary.

Further, the Committee is also empowered to recommend to the Board the term of appointment and remuneration of the Cost Auditor, Internal Auditor and Chief Financial Officer and review the functioning of the Whistleblower Policy/ Vigil Mechanism. 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) (c) Listing Regulations.

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

iii. Meetings and attendance

The Committee held 5 (Five) meetings during the Financial Year ended 31st December, 2017 on 23rd February, 2017, 27th April, 2017, 20th July, 2017, 24th October, 2017 and 14th December, 2017. The time gap between two meetings did not exceed one hundred and twenty days. The details are presented in Table 4.

Table 4: Attendance record of Audit Committee

Name of the Member	Position	Status	No. of Meetings Attended
Mr. Daljit Mirchandani	Independent Director	Chairman	5
Mr. Jose Sabino Velasco Ibanez	Independent Director	Member	5
Mr. Manoj Maheshwari	Independent Director	Member	5
Mr. Dhananjay Mungale	Independent Director	Member	4
Mr. Juan Maria Bilbao Ugarriza	Independent Director	Member	5

The meetings of the Audit Committee are also attended by the Chairman, Executive Director, Managing Director, Chief Financial Officer, the Company Secretary, the Statutory Auditors and the Internal Auditors. The Cost Auditor also attends the Committee Meeting at which the Cost Audit Report is considered.

The Chairman of the Audit Committee Mr. Daljit Mirchandani was present at the 18th Annual General Meeting of the Company held on 27th April, 2017 to answer queries of shareholders.

B. Nomination and Remuneration Committee:

i. Composition, name of Members and Chairperson

As on 31st December, 2017, the Nomination and Remuneration Committee (NRC) comprised of four Members with half of them being Independent Directors, including its Chairman, namely Mr. Manoj Maheshwari (Chairman of the Committee), Mr. Daljit Mirchandani, Mr. Jesus Maria Herrera Barandiaran, Non-Executive Director and Mr. Hemant Luthra, Executive Director and Chairman of the Company.

The Company Secretary is the Secretary to the Committee.

ii. Terms of reference

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, Charting the criteria for determining qualifications, positive attributes and independence of a Director, recommend to the Board appointment and removal of Directors & Key Managerial Personnel's, carry out evaluation of every Director's performance and recommend to the Board a policy, relating to the remuneration of Directors, Key Managerial Personnel and other employees.

The scope of the Committee further includes review and recommend to the Board appointment and remuneration of the Managing Director, Executive Director(s) and Key Managerial Personnel of the Company.

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.

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.

iii. Meetings and attendance

The Committee held 4 (Four) meetings during the Financial Year ended 31st December, 2017 on 23rd February, 2017, 27th April, 2017, 21st September, 2017 and 14th December, 2017.

The details are presented in Table 5 below:

Table 5: Attendance details of Nomination and Remuneration Committee

Name of the Member	Position	Status	No. of Meetings Attended
Mr. Manoj Maheshwari	Independent Director	Chairman	4
Mr. Jesus Maria Herrera Barandiaran	Non-Independent Non-Executive Director	Member	0
Mr.Hemant Luthra	Executive Director (Chairman of the Company)	Member	3
Mr. Daljit Mirchandani	Independent Director	Member	3

The Member of the Committee, Mr. Daljit Mirchandani and Mr. Hemant Luthra were present at the 18th Annual General Meeting of the Company held on 27th April, 2017.

iv. Performance evaluation of Directors and criteria for Independent Directors.

During the year under review the NRC further strengthened the criteria for evaluation of performance of independent Directors and the board of Directors in alignment with the Guidance Note on Board Evaluation issued by Securities and Exchange Board of India, vide its Circular dated 5th January, 2017.

The NRC carries out a separate exercise to evaluate the performance of individual Directors.

Further, 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 Director being evaluated.

Feedback was sought from each Director except the Director being evaluated by way of structured questionnaires covering various aspects such as knowledge, diligence, participation in meetings, leadership, independence of judgement etc. and performance evaluation is carried out based on the responses received from the Directors.

The manner in which the annual performance evaluation is done by the Board including the criteria for the same is discussed in detail in the Directors' Report.

C. Stakeholders' Relationship Committee:

As on 31st December, 2017 the Stakeholders' Relationship Committee comprises of two Non-Executive Independent Directors of the Company namely Mr. Dhananjay Mungale, Chairman of the Committee and Mr. Daljit Mirchandani.

Mr. Krishnan Shankar, Company Secretary & Head – Legal is the Compliance Officer of the Company.

The Committee meets as and when required, to inter-alia deal with matters relating to transfers 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. With a view to expediting the process of share transfers, necessary authorisation has been delegated to the Chairman of the Committee and the Company Secretary who are severally authorised to approve the transfers/ transmission of not more than 5000 ordinary equity shares per transfer provided that the transferee does not hold 100,000 or more ordinary equity shares in your Company.

The Committee is also authorised to approve request for transmission of shares and issue of duplicate share certificates. 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.

During the year under review 3 (three) meetings were held on 23rd February, 2017, 24th October, 2017 and 22nd November, 2017. The Committee also considered the matters relating the issue of duplicate share certificates through circular resolution. The details of shares transferred, transmitted etc. and report of Investors Complaints received and resolved was presented to Board on quarterly basis.

The details are presented in Table 6 below:

Table 6: Attendance details of Stakeholders' Relationship Committee

Sr. No.	Name of the Committee Member	No. of Meetings attended
1	Mr. Dhananjay Mungale - Chairman	3
2	Mr. Daljit Mirchandani	3

During the year ended 31st December, 2017, 168 complaints were received from Shareholders and all of which have been attended/resolved to the satisfaction of Shareholders. As of date, there are no pending share transfers pertaining to the year under review.

The Chairman of the Committee, Mr. Dhananjay Mungale was present at the 18th Annual General Meeting of the Company held on 27th April, 2017.

D. 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. As on 31st December, 2017 Allotment Committee comprises of Mr. Daljit Mirchandani (Chairman) and Mr. Dhananjay Mungale. Mr. K. Ramaswami, Managing Director was Member of the Committee till the date of his retirement i.e. upto 3rd October, 2017.

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.

E. Corporate Social Responsibility Committee:

As on 31st December, 2017 the Committee comprises of three Members namely Mr. Daljit Mirchandani - Chairman, Mr. Dhananjay Mungale and Mr. Hemant Luthra.

The terms of reference of the CSR Committee inter-alia included to formulate and recommend 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 there under, 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.

Two meetings of the Committee were held during the Financial Year under review on 23rd February, 2017 and 24th October, 2017. The attendance for the same is as under in Table 7;

Table 7: Attendance details of Corporate Social Responsibility Committee

Sr. No.	Name of the Committee Member	No. of Meetings attended
1	Mr. Daljit Mirchandani- Chairman	2
2	Mr. Hemant Luthra	2
3	Mr. Dhananjay Mungale	2

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

IV. REMUNERATION OF DIRECTORS

A. Policy on remuneration

Your Company has a well-defined Compensation Policy for Remuneration of the Directors, Key Managerial Personnel and other Employees. The Policy was approved by the Board of your Company at its Meeting held on 11th May, 2015 based on the recommendations made by the Nomination and Remuneration Committee. This Policy is furnished in Annexure V to the Board's Report.

i. Remuneration to Non-Executive including Independent Directors

The Nomination and Remuneration Committee (NRC) shall decide the basis for determining the compensation, both fixed and variable, to the Non-Executive Directors, including Independent Directors, whether as commission or otherwise and submit its recommendations to the Board.

However, during FY 2017 the Non-Executive Independent Directors were paid only sitting fees and Non-Executive, Non-Independent Directors were not paid any remuneration.

ii. Remuneration to Executive Directors

The remuneration to Executive Chairman, Managing Director and 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), perquisites and fringe benefits as approved by the Board and Shareholders. While the fixed compensation 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 Personnel's (Excluding Managing Director and Executive Directors) (KMPs)

Pursuant to the provisions of Section 203 of the Companies Act 2013, the Board approves the remuneration of KMP at the time of their appointment on recommendation of the Nomination and Remuneration Committee. Remuneration of KMPs consists of both fixed and variable compensation and is paid as salary, commission, performance bonus, stock options (where applicable), 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) shall also be approved by the Audit Committee.

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

iv. Senior Management Personnel's and other Employees

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

Remuneration for the new employees other than KMPs is decided by the HR 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.

B. Remuneration / Compensation paid to Directors

Table 8: Details of remuneration paid/payable to the Directors including Managing Director for the year ended 31st December, 2017

(₹ in Million)

Name of the Director	Sitting Fees*	Salary and Perquisites including ESOP	Other benefit	Bonus	Pensions	Total	Contract Period
Mr. Hemant Luthra	Nil	64.50	NA	NA	NA	64.50	1st April, 2015 to 31st March, 2018
Mr. Ander Arenaza Alvarez	Nil	1.02	NA	NA	NA	1.02	5th May, 2017 to 12th September, 2019 #
Mr. K. Ramaswami (upto October 2017)	Nil	16.57	NA	NA	NA	16.57	4th October, 2014 to 3rd October, 2017
Mr. Daljit Mirchandani	0.91	NA	NA	NA	NA	0.91	NA
Mr. Dhananjay Mungale	0.70	NA	NA	NA	NA	0.70	NA
Mr. Manoj Maheshwari	0.83	NA	NA	NA	NA	0.83	NA
Mrs. Neelam Deo	0.50	NA	NA	NA	NA	0.50	NA
Mr. Juan Maria Bilbao Ugarriza	0.75	NA	NA	NA	NA	0.75	NA
Mr. Jose Sabino Velasco Ibanez	0.75	NA	NA	NA	NA	0.75	NA
Mr. Suhail Nathani	0.50	NA	NA	NA	NA	0.50	NA

*Net of service tax paid on the sitting fees

The effective date of commencement of contract period was 5th May, 2017 being the date on which approval of Central Government was received.

Non-Executive, Non-Independent Directors are not paid any remuneration. Mr. Antonio Maria Pradera Jauregui, Mr. Jesus Maria Herrera Barandiaran, Mr. Zhooben Bhiwandiwala and Mr. Shriprakash Shukla are the Non-Executive Directors of the Company and have not been paid any remuneration or sitting fees.

Non-Executive Independent Directors were paid 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.

None of the Non-Executive Directors had any pecuniary relationship or transactions vis-à-vis the Company.

The remuneration to the Managing Director and Executive Director is fixed by the Board of Directors of the Company on recommendation of the Nomination and Remuneration Committee of the Company and also approved by the Shareholders of the Company.

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

Notes:

a) Notice period applicable to the Managing Director and Executive Directors - three months.

b) No severance fees and no commission.

c) Performance Pay and Employee Stock Option is the only component of remuneration that is performance–linked.

All other components are fixed.

C. Table 9: 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 - 2007						ESOP-2015	No. of Ordinary (Equity) shares held as on 31st December, 2017
	No. of Options granted in October, 2007@	No. of Options granted in February, 2008@@	No. of Options granted in August, 2008@@@	No. of Options granted in April, 2011@@@@	No. of Options granted in January, 2012@@@@@	No. of options granted on 12th December, 2014 against the options held in MCL@@@@@@	No. of Options granted in February, 2016$	
Mr. Hemant Luthra	NIL	200,000	NIL	NIL	NIL	5,220	4,16,700	387,653#
Mr. Zhooben Bhiwandiwala	8,000	2,000	10,000	15,000	NIL	NIL	-	21,500#
Mr. Daljit Mirchandani**	NA	NA	10,000	15,000	NIL	NIL	-	25,000#
Mr. K Ramaswami (Managing Director till 3rd October 2017)	NA	NA	NA	NA	3,00,000	NIL	133,330	212,010#

@These Options vested in four equal instalments in October 2008, October 2009, October 2010 and October 2011 respectively. These Options were required to be exercised within five years from the date of vesting of the Options at an Exercise Price ₹ 197/- per share. The exercise period of these option has expired.

@@ These Options vested in four equal instalments in February 2009, February 2010, February 2011 and February 2012 respectively. These Options were required to be exercised within five years from the date of vesting of the Options at an Exercise Price of ₹ 197/- per share, except for Mr. Hemant Luthra who was granted Options at an exercise price of ₹ 83/- per share. The exercise period of these option has expired.

@@@ These Options vested in four equal instalments in August 2009, August 2010, August 2011 and August 2012 respectively. These Options were required to be exercised within five years from the date of vesting of the Options at an Exercise Price ₹ 109/- per share. The exercise period of these option has expired.

@@@@ These Options vested in four equal instalments in April 2012, April 2013, April 2014 and April 2015 respectively. These Options can be exercised within five years from the date of vesting of the Options at an Exercise Price ₹ 57/-per share.

@@@@@ These Options vested in four equal instalments in January 2013, January 2014, January 2015 and January 2016 respectively. These Options can be exercised within five years from the date of vesting of the Options at an Exercise Price ₹ 44/-per share.

@@@@@@ These Options were granted in lieu of the Options held in Mahindra Composites Limited which was amalgamated with the Company as per the Scheme of Amalgamation. These options were vested in three equal instalments on July, 2010, July 2011 and July, 2012 respectively. These Options were required to be exercised within five years from the date of vesting of the Options at an Exercise Price ₹ 52.67/-per share. The exercise period of these option has expired.

$ 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.

These shares were allotted pursuant to exercise of Stock Options / pursuant to Integrated Scheme and Composites Scheme of Amalgamation.

** The Stock options were granted to Mr. Mirchandani before the Companies Act, 2013 and the Listing Regulations came into force. The Independent Directors are not entitled to any stock options w.e.f. 1st April, 2014.

V. GENERAL BODY MEETINGS

a. Details of Location, time, venue and special resolutions passed in the Annual General Meetings (AGMs) and Extra-Ordinary General Meetings (EGMs) in last three Financial Years are given in Table 10 below:

Table 10:

Year	Date and Venue	Time	Special Resolution(s) passed
AGM -2015	15th September, 2015, Kishinchand Chellaram College, 124, Dinshaw Wacha Road, Churchgate, Mumbai - 400020	11:00 a.m.	1. Approval of the "Mahindra CIE Automotive Limited Employees Stock Option Scheme 2015". 2. Approval to extend the benefits of the "Mahindra CIE Automotive Limited Employees Stock Option Scheme 2015" to employees of holding and Subsidiary Companies.
AGM -2016	17th May, 2016 Ravindra Natya Mandir, Sayani Road, Prabhadevi, Mumbai – 400025	3:30 p.m.	Nil
EGM -2016	13th October, 2016 Kishinchand Chellaram College, 124, Dinshaw Wacha Road, Churchgate, Mumbai - 400020	3:00 p.m.	1. Re-classification of Authorised share Capital 2. Alteration of Articles of Association of the Company 3. Approval of further issue of equity shares by way of preferential allotment to the promoter of the Company and the Shareholders of Bill Forge Private Limited. 4. Approval of further issue of securities under Section 42 and Section 62(1)(c) of the Companies Act, 2013, SEBI (ICDR) Regulations, 2009 and other applicable law for the proposed issue of securities. 5. Appointment of Mr. Ander Arenaza Alvarez as Executive Director of the Company. 6. Increase in overall limits of Managerial remuneration. 7. Payment of minimum remuneration to Mr. Hemant Luthra. 8. Payment of minimum remuneration to Mr. K Ramaswami.
AGM -2017	27th April, 2017 Kishinchand Chellaram College, 124, Dinshaw Wacha Road, Churchgate, Mumbai - 400020	11:00 am	1. Approval for payment of remuneration to Mr. Ander Arenaza Álvarez (DIN: 07591785) as the Whole-time Director (Executive Director) of the Company w.e.f. 1st April, 2017 till the remaining tenure of his appointment upto 12th September, 2019.

a. Postal Ballot

During the Financial Year ended 31st December, 2017 no resolution was passed through Postal Ballot.

b. Resolution proposed to be passed through Postal Ballot

None of the businesses proposed to be transacted in the ensuing Annual General Meeting requires the passing of a Resolution by way of Postal Ballot.

VI. DISCLOSURES

a. Policy for determining 'material' Subsidiaries

Your Company has formulated a Policy for Determining 'Material' Subsidiaries as defined in Regulation 16 of the Listing Regulations. This Policy has also been posted on the website of the Company and can be accessed at: http://www.mahindracie.com.

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

Your Company has formulated a Policy on Materiality of and Dealing with Related Party Transactions which specify the manner of entering into related party transactions. This Policy has also been posted on the website of the Company and can be accessed at: http://www.mahindracie.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, 2017, 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. However, the Company has obtained approval of Shareholders by way of Special Resolution passed through Postal Ballot on 27th March, 2015 for the Transactions to be entered into with Mahindra and Mahindra Limited, being a related party and Promoter and Promoter Group Company of the Company, upto ₹ 12,000,000,000 (Twelve Billion) being the maximum value of Transactions per annum with effect from 1st April, 2014 and every year thereafter. Details of related party transactions are presented in Note no. 31 to the Financial Statement for the year ended 31st December, 2017.

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. A statement of all the Related Party Transaction entered into by the Company pursuant to the omnibus approval granted placed before the meeting of Audit Committee for its review on quarterly basis.

d. 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, provide for adequate safeguards against victimisation of persons who use such mechanism and make provision for direct access to the Chairperson of the Audit Committee.

As per the Whistle Blower Policy implemented by the Company, the Directors, Employees and other stakeholders are free to report illegal or unethical behavior, actual or suspected fraud or violation of the Company's Codes of Conduct or Corporate Governance Policies or any improper activity to the Chairman of the Audit Committee of the Company. The Whistle Blower Policy provides for protected disclosure and protection to the Whistle Blower. Under the Whistle Blower Policy, the confidentiality of those reporting violation(s) is protected and they are not subject to any discriminatory practices. The Whistle Blower Policy has been appropriately communicated within the Company and has also been hosted on the website of the Company at http://www.mahindracie.com/images/pdf/resources/Governance/Whistle_Blower_Policy_Vigil_Machanism.pdf

No Personnel has been denied access to the Audit Committee. All employees, Directors, vendors, suppliers or other stakeholders associated with 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 daljitm@daljitindia.in or by sending a letter to the below address:

Chairperson of the Audit Committee
Mahindra CIE Automotive Limited
Mr. Daljit Mirchandani
101 Sindh Housing Society
Aundh, Pune 411 007
Res: +91 2025851320

e. 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) and comply with the Accounting Standards specified under Section 133 of the Act.

The Company adopted Indian Accounting Standards (Ind AS) from 1st January, 2016. Accordingly, the financial statements have been prepared in accordance with Ind AS as per the Companies (Indian Accounting Standards) Rules, 2015 as amended and notified under Section 133 of the Act and other relevant provisions of the Act.

f. Code for Prevention of Insider-Trading practices

The Company has formulated and adopted the 'Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information' and 'Code of Conduct for Prevention of Insider Trading in Securities of Mahindra CIE Automotive Limited' ("MCIE Code of Conduct") for its designated employees, in compliance with Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015. These Codes were also made effective from 15th May, 2015. The MCIE Code of Conduct has been formulated to regulate, monitor and ensure reporting of trading by the Employees and Connected Persons designated on the basis of their functional role in the Company towards achieving compliance with the Regulations and is designed to maintain the highest ethical standards of trading in Securities of the Company by persons to whom it is applicable. The 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.

g. 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.

h. 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 with Regulation 17 to 27 and Regulation 46(2) (b) to (i) of the Listing Regulations. The necessary disclosures with respect to these compliances have been made at respective places in this report.

ii. Adoption of non-mandatory requirements

Adoption of non-mandatory requirements of the Listing Regulations is being 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 your Company's standalone financial statements. Your 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:

i) Familiarisation Program for Independent Directors

ii) Policy on appointment of Directors and senior management and succession planning for orderly succession to the board and the senior management

iii) Whistle Blower Policy (Vigil Mechanism)

iv) Policy for determining Material Subsidiaries

v) Policy on Materiality of Related Party Transactions and on Dealing with Related Party Transactions.

vi) Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information

vii) Archival policy

viii) Policy on criteria for determining materiality of events

ix) Corporate Social Responsibility Policy

The disclosure in respect of above is hosted on the website of the Company and can be accessed at:

http://www.mahindracie.com/investors/investor-relations/governance.html

j. Shares held by the Non-Executive Directors

As on 31st December, 2017, Mr. Daljit Mirchandani held 25,000 equity shares; Mr. Zhooben Bhiwandiwala held 21,500 equity shares. The Company has granted Employees Stock Options to its Directors details of which are disclosed in Table 8 of this Report. Apart from this, no other Non-Executive Director held any shares or convertible instruments of the Company as on 31st December, 2017.

k. Subsidiary Companies

Regulation 16 Listing Regulations defines a "material Subsidiary" as 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.

Under this definition, the Company does not have any "material non-Listed Subsidiary" incorporated in India. The Subsidiaries of the Company function independently, with an adequately empowered supervisory Board of Directors and sufficient resources. However, for more effective governance, the Minutes of Board Meeting of Subsidiaries of the Company are placed before the Board of Directors of the Company at its meeting for its review.

During the year the Company has not disposed off shares in any of its 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, except through a Scheme of Amalgamation/ reverse merger with subsidiaries pursuant to Regulation 24(5) of Listing Regulations which exempts cases where such divestment is made under a scheme of arrangement duly approved by a Court/Tribunal.

The other requirement of Regulation 24 of the Listing Regulations with regard to Corporate Governance requirements for Subsidiary Companies have been complied with.

VII. MEANS OF COMMUNICATION

Your Company, from time to time and as may be required, communicates with its security-holders 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.

The quarterly, half yearly and yearly results are published in Business Standard and Sakal which are national and local dailies respectively. These are not sent individually to the Shareholders.

The unaudited quarterly results are announced within forty five days of the close of each quarter, except the last quarter. The audited annual 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.

Your 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.

Presentations are also made to international and national institutional investors and analysts. These presentations and other disclosures which are required to be disseminated under the Listing Regulations are submitted to stock exchanges besides being hosted on the Company's website and as per the Archival Policy of the Company would be hosted on the website for a minimum period of five years from the date of respective disclosures.

Presentations made to institutional investors and analysts, if any, are submitted to stock exchanges besides being hosted on the website of the Company.

VIII. Management Discussion and Analysis

Management Discussion and Analysis forms part of the Directors Report and forms integral part of this Annual Report.

IX. SHAREHOLDER INFORMATION

a) 19th Annual General Meeting

Date : Thursday, 19th day of April, 2018

Time : 10:30 A.M.

Venue : Rama & Sundri Watumull Auditorium, Kishinchand Chellaram College, 124, Dinshaw Wachha Road, Churchgate, Mumbai - 400 020

b) Financial Year

The Financial Year of the Company has ended on 31st December, 2017 covering a period of twelve months starting from 1st January 2017 to 31st December, 2017.

For the Financial Year ending 31st December 2018, results will be tentatively announced as below:

- First quarter: End of April, 2018
- Second Quarter and Half yearly: End of July, 2018
- Third quarter: End of October, 2018
- Fourth Quarter and Annual: End of February, 2018

c) Book Closure

The Transfer books of the Company will be closed from 13th April, 2018 to 19th April, 2018 inclusive of both days.

d) Dividend Payment

The Board of Directors of the Company has not recommended dividend for the Financial Year ended 31st December, 2017.

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

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

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

   Address- Phiroze Jeejeebhoy Towers, Dalal Street, Kala Ghoda, Mumbai - 400001

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

   Address- Exchange Plaza, Plot No. C/1, G Block Bandra Kurla Complex, Bandra (East) Mumbai - 400051

   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 for FY 2017.

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

3. **Corporate Identification Number:**

   L27100MH1999PLC121285

f) Registered Office Address:

1st Floor, Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400 018 Maharashtra

g) 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

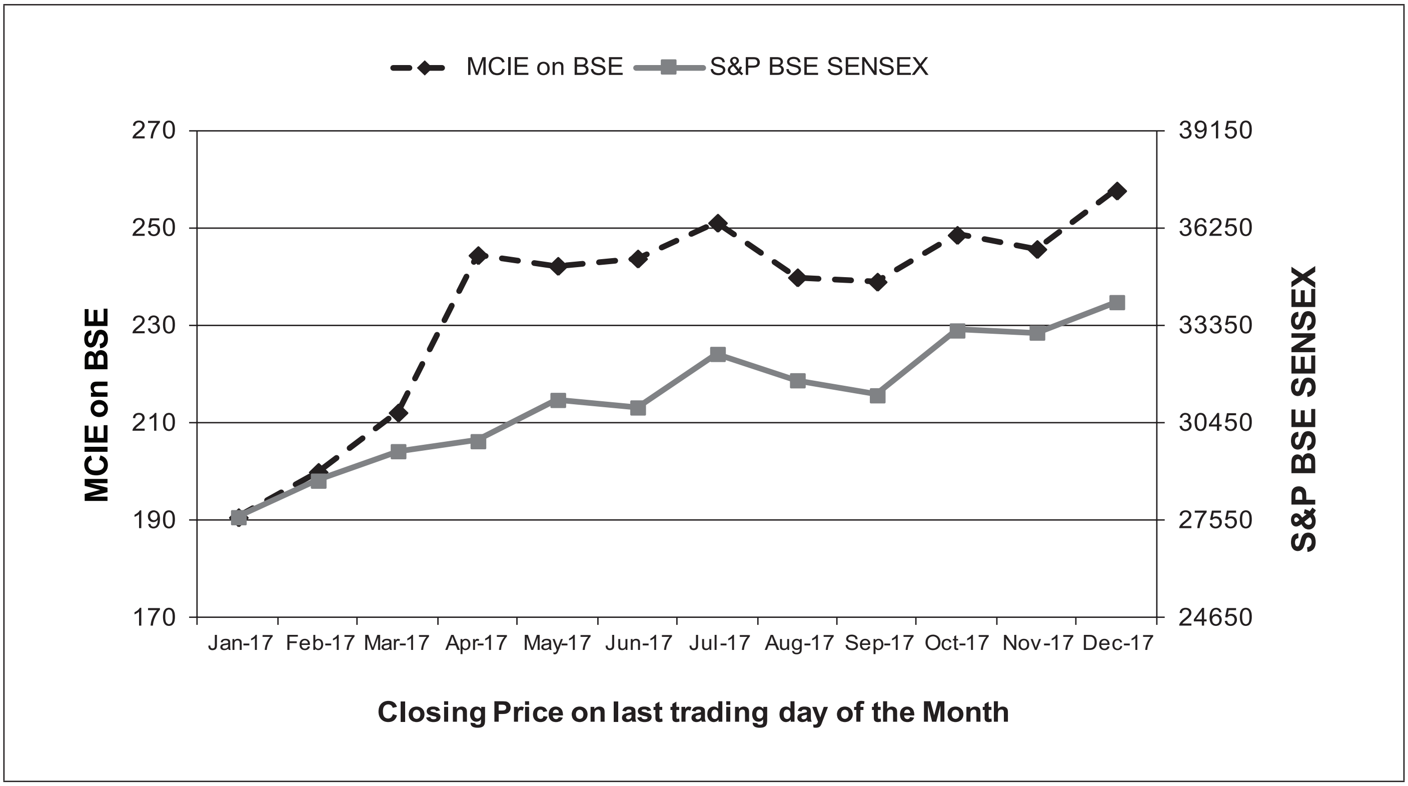
h) Stock Price Data

Table 11: High and low price of Company's shares for the period January – December, 2017 at BSE & NSE

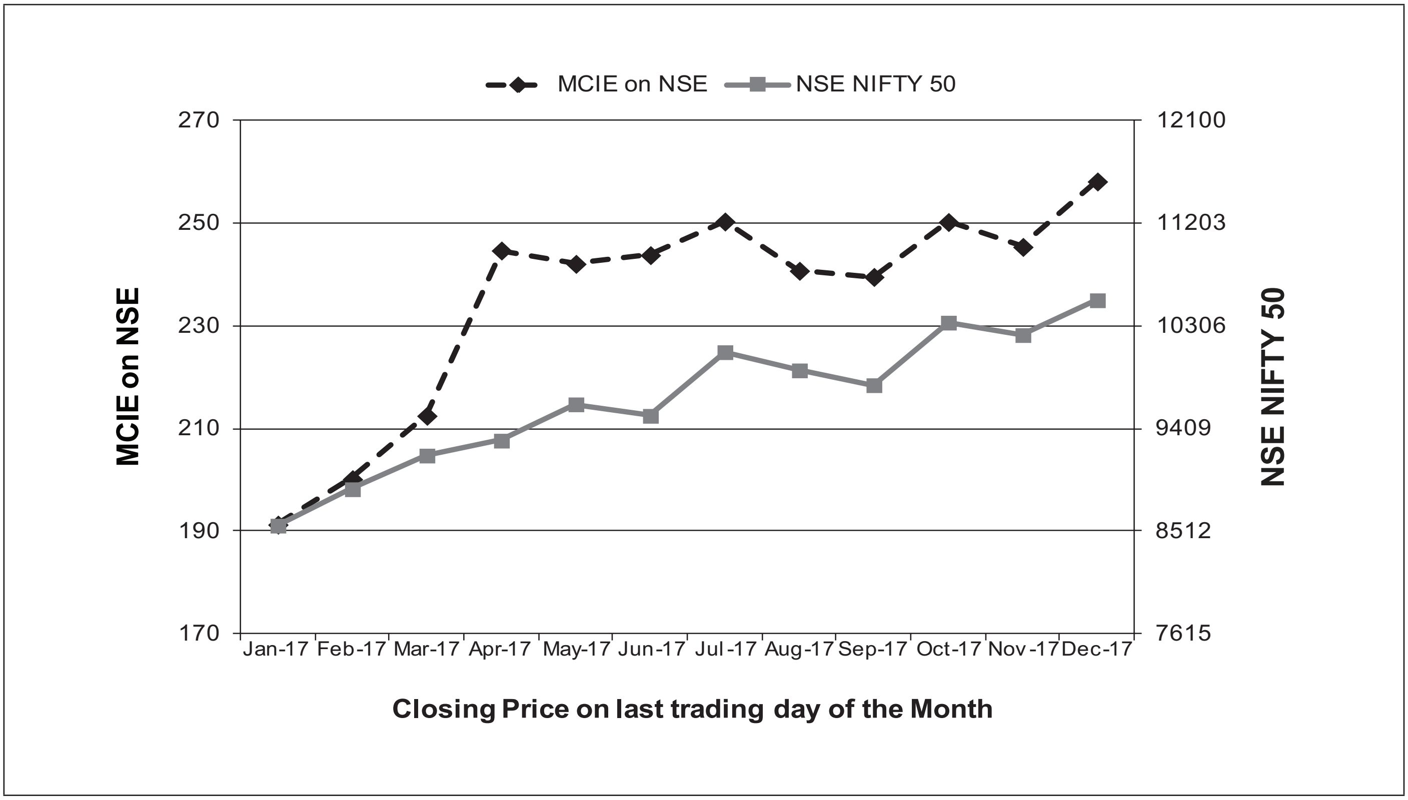
	BSE Limited (BSE)		National Stock Exchange of India Limited (NSE)	
	High (₹)	Low (₹)	High (₹)	Low (₹)
January, 2017	208.85	181.10	208.80	180.05
February, 2017	215.00	188.50	219.00	189.00
March, 2017	214.50	198.00	214.90	197.75
April, 2017	255.00	212.15	255.00	211.10
May, 2017	258.00	226.00	257.00	225.30
June, 2017	259.70	227.55	259.50	228.00
July, 2017	260.35	232.80	260.80	235.80
August, 2017	252.50	228.00	253.00	228.10
September, 2017	266.50	222.10	266.40	221.20
October, 2017	258.40	228.00	255.00	227.95
November, 2017	263.10	235.20	262.10	234.60
December, 2017	270.05	233.00	271.80	228.00

i) **STOCK PERFORMANCE**

The performance of the Company's share price relative to the BSE SENSEX is given in the chart below:



The Performance of the Company's share price relative to the NSE NIFTY 50 is given in the chart below:



j) Registrar and Transfer Agents:

Karvy Computershare Private Limited.
Unit: Mahindra CIE Automotive Limited
"Karvy 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: support@karvy.com / einward.ris@karvy.com

k) Share Transfer System

Trading in equity shares of the Company is permitted only in dematerialised form.

Shares sent for transfer in physical form are registered and returned within a period of fifteen days from the date of receipt of the documents, provided the documents are valid and complete in all respects. With a view to expediting the process of share transfers, the Chairman of the Stakeholders' Relationship Committee and the Company Secretary are severally authorised to approve of transfers of shares of not more than 5,000 equity shares per transfer provided that the transferor does not hold 1,00,000 equity shares in the share capital of your Company. The Stakeholders' Relationship Committee meets as and when required to consider the other transfer proposals, requests for duplicate share certificate and attend to Shareholder grievances. Moreover, the Committee can also approve the transfer of shares through circulation.

l) Distribution of Shareholding

Table 12: Distribution of Shareholding as on 31st December, 2017:

Number of shares held	Number of Shareholders	% of Shareholders	Total shares	% of share holding
1 to 5000	50,329	83.35	5,455,116	1.44
5001 to 10000	5,282	8.75	3,759,847	0.99
10001 to 20000	2,267	3.75	3,258,707	0.86
20001 to 30000	817	1.35	2,100,010	0.56
30001 to 40000	334	0.55	1,175,462	0.31
40001 to 50000	259	0.43	1,188,807	0.31
50001 to 100000	503	0.83	3,664,445	0.97
100001 & above	591	0.98	357,764,848	94.55
Total	**60,382**	**100.00**	**378,367,242**	**100.00**

m) Shareholding pattern as on 31st December, 2017 is as below:

Category of Shareholders	Number of equity shares held	Percentage (%)
Promoter & Promoter group	264,323,012	69.86
Mutual Fund/UTI	21,602,236	5.71
Financial Institutions/Banks	4,977,329	1.32
Foreign Institutional Investors / Foreign Portfolio Investors	21,660,895	5.72
Bodies Corporate	12,312,150	3.25
Resident individuals	48,999,518	12.95
NRIs	1,916,271	0.51
Clearing Members	1,912,085	0.51
Foreign Companies	2,840	0.00
Trusts	3,895	0.00
Foreign National	291,611	0.08
Venture Capital Fund	1,440	0.00
Alternate Investment Funds	346,006	0.09
NBFC Registered with RBI	17,954	0.00
Total	**378,367,242**	**100.00**

n) **Dematerialisation of shares**

As on 31st December, 2017, 99.43% 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, 2017 is around 30.14%

o) **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.

p) **Commodity price risks and commodity hedging activities**

Not applicable

q) **Foreign exchange risk and hedging activities**

The Company is a net forex earner and cover is taken based on budgeted rates and management judgement.

r) **Plant Locations**

Forgings Division: Gat No. 856 to 860, Chakan Ambethan Road, Tal. Khed, Dist. Pune - 410 501, Maharashtra.

Stamping Division:

1) 371, Takwe Road, At & Post Kanhe, Taluka – Maval, Dist – Pune - 412106.
2) Maharajpur Road, Village Lalpur, Tehsil – Kichha, Rudrapur, Dist – Udham Singh Nagar, Pin – 263 143.
3) D-2 MIDC, Ambad, Nashik, Pin – 422 010.
4) Plot No-2, Sector – 11, TATA Vendor Park, IIE SIDCUL, Pantnagar, Rudrapur, Pin – 263 153.
5) 35/A, Village Buchinelly, Mahindra Vendor Park, APIIC Industrial Area, Mandal, Zaheerabad, Dist – Medak (Telengana), Pin – 502 228.

Composites Division:

1) 145, Nehru Nagar Road, Off Mumbai-Pune Road, Pimpri, Pune 411018.
2) 178/B, Mumbai-Goa Highway NH17, Village Sale, Taluka Mangaon, Dist- Raigad, 402112.

Castings Division: Gat No. 318, Gaon Urse, Tal. Maval, Pune – 410506

Magnetic Products Division:
'G' Block, Bhosari Industrial Estate, Bhosari, Pune – 411026

Gears Division:

1) Plot No. C-23/2, Phase - II, Chakan Industrial Area, Village - Varale, Tal - Khed, Dist - Pune - 410501, India
2) Survey No. 278/P, Shapar Village Road, Village Shapar, Taluka Kotda-Sangani, Dist. Rajkot, PIN-360024

s) **Address for correspondence**

Shareholders may correspond with the Registrar and Transfer Agents at:

Karvy Computershare Private Limited.
Unit: Mahindra CIE Automotive Limited
"Karvy 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: support@karvy.com / einward.ris@karvy.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@mahindracie.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 demateralised form for transfer/transmission of shares, change of Address, change in Bank details, etc.

For all investor related matters, Mr. Krishnan Shankar, Company Secretary & Head – Legal can be contacted at: 602 & 603, Amar Business Park, Opp. Sadanand Resort, Above "Westside" showroom Baner Road, Pune 411045. Tel No. +91 – 020 – 29804620. E-mail: shankar.krishnan@mahindracie.com.

t) **Disclosures with respect to Demat Suspense Account/ Unclaimed Suspense Account**

The Company does not have any shares in the Demat Suspense Account/Unclaimed Suspense Account.

Mumbai, 20th February, 2018

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 Álvarez, Executive Director of Mahindra CIE Automotive Limited declare that, all the Members of the Board of Directors and Senior Management Personnel have affirmed compliance with the Codes of Conduct for the period from 1st January, 2017 to 31st December, 2017.

Ander Arenaza Álvarez
Executive Director
(DIN: 07591785)

Mumbai, 20th February, 2018

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 2017 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 Securities Exchange Board of India (Listing Obligation 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 2017.

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.

Place: Pune
Date: 20th February 2018

Sachin Bhagwat
ACS: 10189
CP: 6029

BUSINESS RESPONSIBILITY REPORT FY 2017

Pursuant to Regulation 34(2)(f) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1.	**Corporate Identity Number (CIN) of the Company**	:	L27100MH1999PLC121285
2.	**Name of the Company**	:	Mahindra CIE Automotive Limited
3.	**Registered address**	:	Mahindra Towers, P.K. Kurne Chowk, Worli, Mumbai – 400018
4.	**Website**	:	www.mahindracie.com
5.	**E-mail id**	:	mcie.investors@mahindracie.com
6.	**Financial Year reported**	:	1st January, 2017 to 31st December, 2017

7. Sector(s) that the Company is engaged in (industrial activity code-wise)

The Company is an auto components supplier with presence in many technologies viz. forgings, castings, stampings, magnetic products and composites. The NIC code in respect of each of these is as follows:

Sr. No.	Activity	:	NIC Code
1	Forgings	:	25910 & 25920
2	Casting/Foundry	:	24319
3	Stampings	:	25910
4	Magnetic	:	2393 & 23939
5	Composites	:	22207

8. List three key products/services that the Company manufactures/provides (as in balance sheet)

a) Crankshafts

b) Sheet Metal Stampings

c) Turbocharger Housings

9. Total number of locations where business activity is undertaken by the Company -

(a) Number of International Locations (Provide details of major 5) : Nil

However, the subsidiaries of the Company have overseas manufacturing facilities in Germany, Spain, Lithuania, Italy and the United Kingdom in Europe

(b) Number of National Locations : 10 (Ten)

The Company has its primary presence in the state of Maharashtra with its registered office located at Mumbai and factories at Pune, Mangaon, Nashik, Rudrapur, Pantnagar and Zaheerabad.

10. Markets served by the Company - Local/ State/ National/ Inter national : All

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1.	Paid up Capital (₹)	:	₹ 3783.67 Million
2.	Total Turnover (₹)	:	₹ 20633 Million
3.	Total profit after taxes (₹)	:	₹ 693 Milllion
4.	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	:	₹ 10 Million 1.48%
5.	List of activities in which expenditure in 4 above has been incurred: -	:	a) Skill development and Education b) Promotion of Health Care c) Rural Development Projects d) Environment e) Community development

SECTION C: OTHER DETAILS

1. **Does the Company have any Subsidiary Company/ Companies?**

   Yes, the Company has 2 subsidiaries in India and 13 direct and indirect overseas subsidiaries as on 31st December, 2017.

2. **Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)**

   Yes. Mahindra Gears and Transmissions Private Limited, which has been amalgamated with the Company during the year, has been participating in the Business responsibility initiatives of the company.

3. **Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]**

   The Company's purchasing and sustainability teams conducts sustainability awareness programs for its suppliers. Key suppliers shortlisted on the basis of turnover and the criticality of processes with respect of EHS issues are audited on various aspects of sustainability.

   The Supplier Code of Conduct (Suppliers Corporate Social Responsibility Commitment) has been communicated to all the suppliers requesting them to further cascade the communication to their suppliers. During the audit they are made aware of the Suppliers' Corporate Social Responsibility Commitment.

   Green Supply Chain Management (GSCM) policy of the Company has also been communicate to the suppliers. The suppliers have participated in Company's GSCM initiative through training, site audits and as on date of this report about 40% of suppliers have participated in the BR initiatives at different levels.

   The Company is implementing GSCM processes across all its locations in a phased manner and is making continuous progress in this area. The major suppliers have been trained on the GSCM practices which includes sharing of case studies on resource productivity etc. At certain locations suppliers are involved for tree plantation under CSR Program. We have also supported the suppliers for obtaining the Quality Environment Health Safety (QEHS) management system certifications.

SECTION D: BR INFORMATION

1. **Details of Director/Directors responsible for BR**

   a) **Details of the Director/Director responsible for implementation of the BR policy/policies**

DIN Number	00231420
Name	Mr. Hemant Luthra
Designation	Chairman and Executive Director

   b) **Details of the BR head**

DIN Number (if applicable)	-
Name	Mr. Romesh Kaul
Designation	CEO- Stampings and Composites Division
Telephone number	022-24905840
e-mail id	kaul.romesh@mahindracie.com

2. **Principle-wise (as per NVGs) BR Policy/policies**

a) Details of compliance (Reply in Y/N)

		P1	P2	P3	P4	P5	P6	P7	P8	P9
Sr. No.	**Questions**	**Ethics and Transparency**	**Product Responsibility**	**Wellbeing of employees**	**Responsiveness to Stakeholders**	**Respect Human Rights**	**Environmental Responsibility**	**Public Policy Advocacy**	**Support inclusive growth**	**Engagement with Customers**
1	Do you have a policy/ policies for....	Y	Y	Y	Y	Y	Y	N Note 1	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders?	Y Note 2	Y Note 2	Y Note 2	Y Note 2	Y Note 2	Y Note 2	NA	Y Note 2	Y Note 2
3	Does the policy conform to any national / international standards? If yes, specify? (50 words)	Y Note 3	Y Note 3	Y Note 3	Y Note 3	Y Note 3	Y Note 3	NA !	Y Note 3	Y Note 3
4	Has the policy being approved by the Board? Is yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?	Y Note 4	N Note 4	Y Note 4	Y Note 4	Y Note 4	N Note 4	NA	N Note 4	Y Note 4
5	@ Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	NA	Y	Y
6	Indicate the link for the policy to be viewed online?	Y	N Note 5	Y	Y	Y	N Note 5	NA	N Note 5	N Note 5
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	NA	Y	Y
8	Does the company have in-house structure to implement the policy/ policies?	Y	Y	Y	Y	Y	Y	NA	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Y	Y	Y	Y	Y	Y	NA	Y	Y
10	# Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	Y	Y	NA	Y	Y

! This question is not applicable for influencing public and regulatory policy.

@ The Company has established internal governance structure to ensure implementation of various policies. The Company reviews the implementation of polices through our internal audit, risk management process, in-line with established Policies.

The Quality, Safety and Health and Environmental Policies are subject to internal and external audits as part of certification process and ongoing periodic assessments. Other policies are periodically evaluated for their efficacy through Internal Audit mechanism.

Note 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), Mahratta Chamber of Commerce and Industries (MCCI). The Company is process of reviewing the need and formulation of policy on principle 7.

Note 2 While there is no formal consultation with all stakeholders, the relevant policies have evolved over a period of time by taking inputs from the concerned internal stakeholders.

Note 3 The policies are in line with international standards and practices such as ISO 9001, IATF Guidelines, ISO 14001, ISO 27001, OHSAS 18000 and meet National regulatory requirements such as the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Note 4 The Board of directors of the Company have approved the policies required to be framed under Companies Act, 2013 and SEBI Regulations including Code of conduct for Directors, Code of conduct for Senior Management, Whistle Blower Policy, CSR Policy, Code for fair disclosures, Policy on Related Party Transactions and Business Responsibility Policy and these policies are signed by the respective officers authorised by the Board for its implementation. Other operational internal policies are approved by the management and signed by the respective business heads. Further, the Company has also adopted few global policies framed by CIE Automotive S.A. the ultimate holding company.

Note 5 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 Code of Conduct for Directors, the Code of Conduct for Senior Management and Employees, Business Responsibility Policy and CSR Policy are available on the website at web link http://www.mahindracie.com/investors/investor-relations/governance.html

b) If answer to the question at serial number 1 against any principle, is 'No', please explain why: (Tick up to 2 options)

Sr. No.	Questions	P1	P2	P3	P4	P5	P5	P6	P7	P8	P9
1	The company has not understood the Principles	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
2	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
3	The company does not have financial or manpower resources available for the task	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
4	It is planned to be done within next 6 months	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
5	It is planned to be done within the next 1 year @	-----	-----	-----	-----	-----	-----	-----	✓	-----	-----
6	Any other reason (please specify)	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----

@ The Company is continuously reviewing its policies to align with the BR principles in full spirit. The assessment for adoption/ implementation of specific policies is under process which will be continued in the next financial year.

3. Governance related to BR

a. Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year:

The CSR committee of the Board meets regularly and reviews the progress of corporate social responsibility projects. This CSR committee of the Board has empowered one of its CEO's to lead CSR projects across MCIE plants in India. There is a CSR co-ordination committee led by this CEO & comprises of HR Heads of all Divisions & Company Secretary. This committee meets every three months to review the progress on the CSR projects approved and does internal review on the CSR proposals to be placed before CSR committee, as and when required, after carrying all assessments. Individual plant has a working committee which ensures the implementation of CSR activities & projects.

The BR performance (Sustainability, Safety, CSR & Business Performance) is regularly reviewed by CEO in areas of Energy conservation, water conservation, waste management including waste to wealth initiatives & safety performance and further directions are given for continual improvement.

For safety performance review each plant has a statutory safety committee led by Factory Manager which meets quarterly.

The Integrated performance on Safety, Sustainability & CSR is monitored and reviewed by a fulltime team of senior officers who facilitate implementation of relevant projects & capacity building.

The top Management of the Company has formed BR performance review council called as ESG Council (Environmental, Social & Governance council) which reviews the performance at an interval of six months to assess the BR performance.

b. **Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?**

The Company had published its BR report for the first time for the financial year ended on 31st December, 2017. The copy of the BR reports is available at the website of the Company at http://www.mahindracie.com/investors/investor-relations/governance.html

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 1 - Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

1. **Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. Does it extend to the Group/ Joint Ventures/ Suppliers/ Contractors/ NGOs/ Others?**

The Company has a Code of Conduct for Directors as well as for Senior Management personnel(s). It also has the Mahindra CIE Internal Code of Professional Conduct for its employees. It includes policy among others related to ethics and bribery. It covers all dealings with suppliers, customers and other stakeholders, partners including Joint Ventures and other stakeholders.

Suppliers Corporate Social Responsibility Commitment document has been communicated to all its suppliers through respective CEO's and an undertaking has been obtained.

2. **How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.**

The Company has not received any complaint involving issues related to Principle-1.

Principle 2 – Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

1. **List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.**

The Company is an auto component supplier to OEMs and tier I supplier. Most of its products are manufactured as per the customer's design. The business development & new product development teams closely interact with the customers & fulfill PPAP (Production Part Approval Process) requirements. The Company continuously strives to minimize waste in materials & processing requirements by initiatives such as reduction in flash thickness of components in Composite division.

2. **For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):**

a) **Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?**

The Company continuously monitors and tracks the use of its natural resources. The reduction in resource consumption for current year against previous year is as under:

✓ Reduction in Specific Energy Consumption (KWh /MT) by 0.82 %

✓ Reduction in Specific Water Consumption (Cub.mtr/ MT) by 6.44 %

b) **Reduction during usage by consumers (energy, water) has been achieved since the previous year?**

Our products are used by OEMs and tier I supplier. Hence, specific details about energy conservation achieved by end customers due to our products cannot be ascertained.

3. **Does the company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.**

Yes, the Company has established processes for sustainable sourcing. These include sharing the Suppliers Corporate Social Responsibility Commitment code with key suppliers, conducting training on sustainable supply chain principles, obtaining self-certification check sheets on SSCM, periodic conference with key suppliers to share sustainability and safety best practices and influencing suppliers for obtaining EOHS system certification etc. Our processes are yet to reach level of ascertaining the percentage of inputs sourced sustainably. The Company has extensive Sustainable/GSCM drive across all divisions our plants have adopted the milk run system for sourcing materials and also implemented the same for downward supply chain with the customers. The Company is also working on sourcing the maximum requirement from local and nearby suppliers so that our engagement is more effective and scope 3 emissions are reduced to the maximum extent. The Restricted and hazardous substances (RoHS) testing is done from accredited laboratories and reports are shared with the customers on demand.

Overall sustainable sourcing initiatives will be implemented across MCIE Divisions in next two to three years in a phased manner.

4. **Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?**

a) **If yes, what steps have been taken to improve their capacity and capability of local and small vendors?**

Yes, the Company does take proactive steps to help the local and small producers including the communities surrounding our workplaces. Few steps taken by the Company to improve their capacity and capability are as follows:

At Foundry division, the Company has engaged local people for Forklift & Tractor trolleys requirement of our company and their periodic audits, risk assessments are done by safety department.

At Magnetic products division, the Company has engaged Local Suppliers. Their assessment using Sustainability parameters has been planned in FY 18.

For Composites division, the Company has small vendors for assembly work in Labour contract and they have been assessed based on sustainability parameters.

5. **Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.**

Yes, the Company has given attention to a systematic process of sustainable development in line with GRI guidelines since year 2008 (MCIE in its earlier form of Mahindra Systech has been participating in Mahindra Group sustainability drive). Few examples of waste recycling and re-use are as follows:

The scrap from stamping division is used as a part of raw material in Foundry Division. In Foundry process molding sand is reused to the extent of practical feasibility. At Magnetic product division grinding swarf and sintered scrap is reused in production process. Also for hard magnets, 15% grinding sludge and sintered scrap is recycled. About 40 % of grinding sludge and 80% of sintered scrap is sold for magnet and powder purposes respectively.

At Stampings division, Kanhe, the Company is utilizing the steel offcut for C class child part purchase (<5%) through vendor development department.

At Stampings Rudrapur, the Company used treated waste water from STP - for garden and greenery development in the Plant. Paint shop water is recycled through ETP.

Principle 3 -Businesses should promote the wellbeing of all employees

1.	Please indicate the Total number of employees	:	7339
2.	Please indicate the Total number of employees hired on temporary/contractual/casual basis	:	4324
3.	Please indicate the Number of permanent women temporary/contractual/casual basis	:	41
4.	Please indicate the Number of permanent employees with disabilities	:	6
5.	Do you have an employee association that is recognized by management	:	Yes
6.	What percentage of your permanent employees is members of this recognized employee association	:	54.29

7. **Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.**

Category	No. of complaints pending at the beginning of the financial year	No. of complaints filed during the financial year	No. of complaints resolved during the financial year	No. of complaints pending as on end of the financial year
Child labour/forced labour/involuntary labour	Nil	Nil	Nil	Nil
Sexual harassment	Nil	Nil	Nil	Nil
Discriminatory employment	Nil	Nil	Nil	Nil

8. **What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?**

a) Permanent Employees: 80%

b) Permanent Women Employees: 65%

c) Casual/Temporary/Contractual Employees: 84%

d) Employees with Disabilities: 50%

Principle 4 -Businesses should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.

1. **Has the company mapped its internal and external stakeholders?**

Yes

2. **Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders.**

Yes

3. **Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.**

Yes, as a part of the CSR activities the company has engaged with disadvantaged, vulnerable and marginalised stakeholders through multiple activities like donation of sweaters to needy school children, scholarships to meritorious students of village school from economically weaker section of society, donating school uniforms and other necessary items to students of Orphanage, Skill development of adolescent girls etc.

The Company encourages its employees to participate in various social activities under ESOP. Many of its employees have voluntarily contributed for girl child education and women empowerment initiatives.

Principle 5 - Businesses should respect and promote human rights

1. **Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?**

The Business Responsibility Policy covers the aspects on Human Rights for the Company. Human Rights issues are a part of the supplier selection process and are also included in the contracts drawn up with them.

Suppliers Corporate Social Responsibility Commitment document has been communicated to all the suppliers through respective CEO's and an undertaking has been obtained.

Under GSCM initiative at suppliers & contractors training and interaction sessions Human Rights related topic is covered thoroughly.

2. **How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?**

The Company has not received any complaint involving issues related to Principle-5

Principle 6 - Business should respect, protect and make efforts to restore the environment

1. **Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/ Suppliers/Contractors/NGOs/others.**

The Company has formulated various policies related to environmental protection like Environment, Safety, Energy & GSCM Policies. The GSCM Policy includes environment protection and covers suppliers. The subsidiaries have their own policies which are in sync with the Company's environmental policies.

2. **Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.**

Yes, the Company has focused teams across divisions to work on projects regarding energy conservation, water conservation, increasing use of non-conventional energy sources such as solar lighting, solar based electricity generation etc. These strategies and initiatives are also aligned to the National Action Plan on Climate Change and continue year on year. Targets taken in Sustainability Roadmap relate to energy conservation, GHG reduction and water conservation. In the current reporting year, various initiatives on energy saving, water saving, waste reduction etc. were implemented, an indicative list is given below.

Overall investment for Energy reduction projects (Electricity & Gas)	– ₹ 185.38 Lakhs.
Saving from above investment	– ₹ 154.82 Lakhs.

Energy Savings (Major initiatives)

- Calciner – Output increase from 18.5 to 21 T/ day by Horizontal suction at charge car (Electricity + PNG).
- Hardinge Mill - Output increase from 16 to 18 T/day by modifying blower vane angle and outer shape
- Provision of Ceramic wool from inside & waste heat recovered from Exit product and used in pre-heating zone, RG1.
- TP32 - Improvement in output from 1.6 to 1.8 T / day.
- In Forging Press Replacement of old induction Heater with energy efficient heater.
- Replacement of existing transformer with an energy efficient transformer to avoid loss
- Use of LED lights in office
- Install IE3 Motor for press machine.
- Identify the Air leakage and close it on regular basis
- Installation of Atcon - A.C.Energy saver.
- Reduction in motor RPM by reducing pulley size in Flash off zone.
- All Machines halogen lamps (70 W) replaced by 7 Watt LEDs.

Water Savings

- Flexible piping leakage arrested by using metal pipe in MCD line
- Overhead Tank overflow issue, used float and diaphragm valve
- Blocked underground piping and made new above ground piping
- Toilet water consumption reduced in MCD by using reject water from RO

- Use of STP/ETP treated water for flushing and gardening.
- Roof and Surface Rain Water Harvesting to reduce the drawl of water.
- Retrofitting with water saving equipment's like Foam taps, level controllers etc.
- Waterless Urinals

Waste Reduction

- Machine lubrication pipeline modification done
- Oil collection tray installed in machine which collects the oil coming from machine & feeds to open lubrication system of machine again.
- Reduction in cotton rags at sources
- Making bale from tickly scrap and getting the bale rate to tickly scrap.
- Earlier 6" sander disks were disposed after use. Now this wasted 6" disk is cut up to 4" which portion was useful & used instead of new 4" sander disk.

3. **Does the company identify and assess potential environmental risks? Y/N**

   Yes, the Company has a mechanism to identify and assess potential environmental risks across all locations through their certified Environmental Management System. All the Divisions/ Locations have initiated steps for upgrading system to revised standard.

4. **Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?**

   The Company has not done any significant work so far in CDM/ Carbon credit related areas. However, we are increasing our efforts in sourcing energy from renewable sources like Wind & Solar, 6.80 % of total energy consumed is from renewable sources. Under Environment Protection Act & Rules Form-V (Environmental statement) is submitted to SPCB by respective plants.

5. **Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.**

   Yes. Same as stated under point 2 above.

6. **Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?**

   Yes

7. **Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.**

   Nil

Principle 7 - Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

1. **Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:**

   Yes, The Company is member of trade and industry chambers namely the Automotive Component Manufacturers Association of India (ACMA), The Confederation of Indian Industry (CII), Mahratta Chamber of Commerce and Industries (MCCI), The Institute of Indian Foundrymen CEO forum, etc.

2. **Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)**

   No significant contribution. However, our COO at Foundry is making specific efforts through Indian Foundrymen CEO Forum in related areas of association.

Principle 8 - Businesses should support inclusive growth and equitable development

1. **Does the company have specified programmes/ initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.**

   Yes. The Company and its applicable Indian subsidiaries has been a socially responsible corporate, making investments in the community which go beyond any mandatory legal & statutory requirements. The CSR vision of the Company is to focus efforts in Skill Development, Health and Sanitation, Community Development etc. by innovatively supporting them through programs designed in respective areas while harnessing the power of technology and investing our CSR efforts in these critical constituencies who contribute to nation building and the economy.

   In accordance with the Companies Act, 2013, the Company is committed to spend 2% towards CSR initiatives. Your Company encourages its employees to participate in the Employee Social Options (ESOPs) program, to drive positive change in society, through Health checkup camps, tree plantation, vocational guidance to school children in the nearby schools etc. During the year under review, the employees of your Company participated in various education, health and environment related programs in local communities.

   During the year under review, the Company strengthened its partnership with Naandi Foundation and implemented following CSR projects in the area of Education and Skill Development:

   i. Enhancing Employability Quotient (EmQ) of Babasaheb Ambedkar Technological University (BATU) students in Mangaon

ii. Pathway to excellence – BM Pawar High School, Birdawadi, Chakan and

iii. "N Star – Life skills Center for Girls"

In addition to the above, in response to specific needs identified by plant level CSR Committees the Company also undertook following CSR Projects:

i. Enhancing Road Safety by providing Street Lights at Village Kanhe, Maval, Pune

ii. Building Community Toilet Blocks at Village Urse, Pune thereby contributing to 'Swachh Bharat Abhiyan'

The details on the above projects are as under:

a. Enhancing Employability Quotient - Skill Development Program (Mangaon-Lonere area)

The Project objective is to enable the Employability Imbalance at BATU wherein Final year diploma students need to be better prepared for jobs. Key factors of poor employability, is lack of improvements in i) Soft Skills, ii) Communication & Presentation Skills, iii) Interview Preparation, iv) Life Skills. Hence, to redress the problem, the following measures were adopted;

a) Result oriented soft-skills program of 140 hours for all final year diploma students to increase their employability. Program to run annually.

b) Measure of employability using an Employability Quotient (EmQ) defined with industry inputs.

c) BATU teachers as trainers. Intense, hands-on training workshop for all trainers.

d) Pre and Post assessment of EmQ to measure the impact.

Key deliverables are:

- Identified competencies and inputs for the EmQ test.
- Course Design, content creation and training of trainers, hand holding for nine months.
- Mid-course reviews, administering both pre and post assessment of EmQs.
- Freelancer Training.

b. Setting up seven "N Star – Life skills Center for Girls"

Naandi Foundation and K. C. Mahindra Education Trust have introduced 'Project Nanhi Kali++ Centers' with primary goal to ensure that by the age of 21, the young girls are able to earn a viable livelihood and ensure that there are no under-age marriages. These Centers are safe, socially acceptable, "go-to" place for girls to learn and have fun after they complete Class 10. The Company has approved to undertake seven such centers called "N Star – Life skills Center for Girls".

Girls in the age group of 16-21 will learn a range of things that will enable her to become a responsible 21st century citizen – functional English, digital literacy, financial literacy, awareness of personal health and safety, physical fitness. Once they turn 18, they will take an EmQ (Employability Quotient) Test be skilled and placed in jobs. Project aims to provide academic, material and social support that allows a girl child to access quality education, attend school with dignity and reduces the chances of her dropping out.

The Centre will be managed by a Champion. The measurable outcome will be number of girls who start earning a viable livelihood.

c. Pathway to excellence – BM Pawar High School, Birdawadi, Chakan

With the objective of facilitating access to quality education for underprivileged rural school children near Company's plant and bridge the knowledge, economic and opportunity gaps of nearby village community, the Company approved to undertake a project 'Pathway to excellence' at BM Pawar High School at Birdawadi, Chakan. The Project will spread across a period of 3 years during which various initiative will be undertaken by the Company along-with Naandi Foundation as its implementing partner.

These initiatives will aim at improving pedagogy, improving understanding of students, providing better amenities and best-in-class teaching aids to students.

2. Are the programmes /projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization?

CSR initiatives are implemented either directly by the Company through its ESOPs structure where its employees directly participate and implement the CSR programmes or through implementing partners which include NGOs having an established track record of at least 3 years in carrying on the specific activity. The main implementation agency with which the Company works are the Nandi Foundation, The K. C. Mahindra Education Trust and Mahindra Pride School.

3. Have you done any impact assessment of your initiative?

In F17 Social Impact assessment for the project 'Enhancing Employability Quotient - Skill Development Program' at Mahad has been conducted which highlights the increasing trend of placement of students undergoing the program.

As mentioned earlier the Company is engaged in other CSR projects which are under various stages of implementation. The impact assessment of these projects shall be done in due course of time.

4. What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken.

The Company's contribution to community development projects amounts to ₹ 10.23 Million during the Financial Year 2017. Details of some of the major initiatives the Company has invested in the financial year (FY17) are given in Point 1.

5. **Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.**

   The projects are implemented through renowned NGOs and they are responsible to conduct periodic assessment of the projects to ensure that targeted deliverables are achieved with maximum benefits to the community. The Company has plant level CSR executive teams which regularly interact with the target social groups and the NGOs/implementation partners and ensure timely and effective implementation of projects. Periodic reports are obtained from the implementation partners and are reviewed during CSR co-ordination committee meetings. Thus, the Company ensures that the CSR initiatives are successfully adopted by the community.

Principle 9 - Businesses should engage with and provide value to their customers and consumers in a responsible manner

1. **What percentage of customer complaints/consumer cases are pending as on the end of financial year.**

Pending Customer complaints of your plant FY-17					
Receiving Period	Total Complaints Registered in this period	Open	Close	Open %	Close %
FY17	828	32	796	3.86	96.14

2. **Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. /Remarks (additional information)**

   Given the nature of business it is done only as per the Customer Specified Standards of packaging and part labeling.

3. **Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.**

   Nil

4. **Did your company carry out any consumer survey/ consumer satisfaction trends?**

   Customer satisfaction surveys are conducted by all Divisions for their key customers.

INDEPENDENT AUDITOR'S REPORT

To the Members of Mahindra CIE Automotive Limited

Report on the Standalone Indian Accounting Standards (Ind AS) Financial Statements

1. We have audited the accompanying standalone Ind AS financial statements of Mahindra CIE Automotive Limited (the "Company"), which comprise the Balance Sheet as at December 31, 2017, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Ind AS Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements to give a true and fair view of the financial position, financial performance (including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

4. We have taken into account the provisions of the Act and the Rules made thereunder including the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

5. We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the 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 December 31, 2017, and its total comprehensive income (comprising of profit and other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Emphasis of Matters

9. We draw your attention to the following matters:

   a. Note 8(1) to the standalone financial statements regarding amalgamation of four wholly owned subsidiaries of the Company namely Mahindra Forgings International Limited, Mahindra Forgings Global Limited, Mahindra Gears and Transmission Private Limited and Crest Geartech Private Limited, with the Company with effect from July 01, 2017, being the appointed date as approved by National Company Law Tribunal in the scheme of amalgamation.

   b. Note 8(2) to the standalone financial statements regarding no provision for impairment by the Management to the carrying value of investment in Mahindra Forgings Europe AG, a wholly owned subsidiary of the Company, amounting to ₹ 6,974 million as at December 31, 2017, in view of the reasons stated therein.

   Our opinion is not qualified in respect of the above matters.

Other Matter

10. The comparative financial information of the company for the year ended December 31, 2016 prepared in accordance with Ind AS included in these standalone Ind AS financial statements have been audited by the predecessor auditor who had audited the statutory financial statements for the year ended December 31, 2016. The predecessor auditor has expressed an unmodified opinion on the comparative financial information vide report dated February 23, 2017.

    Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

11. As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act ("the Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order.

12. 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 of account.

(c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

(d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.

(e) On the basis of the written representations received from the directors as on December 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on December 31, 2017 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 over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure A.

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

i The Company has disclosed the impact, if any, of pending litigations as at December 31, 2017 on its financial position in its standalone Ind AS financial statements – Refer Note 30;

ii. The Company has long-term contracts as at December 31, 2017 for which there were no material foreseeable losses. The Company did not have any derivative contracts as at December 31, 2017.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended December 31, 2017.

For **Price Waterhouse Chartered Accountants LLP**
Firm Registration Number: 012754N/N500016

Jeetendra Mirchandani
Partner
Membership Number - 48125

Place: Mumbai
Date: February 20, 2018

ANNEXURE A TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 12(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, 2017

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act

1. We have audited the internal financial controls over financial reporting of Mahindra CIE Automotive Limited ("the Company") as of December 31, 2017 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

2. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting 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 (ICAI). 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.

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. 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 over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

5. 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 system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

7. Because of the inherent limitations of internal financial controls over financial reporting, 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 over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at December 31, 2017, based on the internal control over financial reporting 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.

For **Price Waterhouse Chartered Accountants LLP**
Firm Registration Number: 012754N/N500016

Jeetendra Mirchandani
Partner
Membership Number - 48125

Place: Mumbai
Date: February 20, 2018

ANNEXURE B TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 11 of the Independent Auditors' Report of even date to the members of Mahindra CIE Automotive Limited on the standalone Ind AS financial statements as of and for the year ended December 31, 2017

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

(b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of 3 years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.

(c) The title deeds of immovable properties, as disclosed in Note 5 and Note 10 on fixed assets and other non-current assets respectively to the Ind AS financial statements, are held in the name of the Company, except for:-

₹ in million

Nature of property	Total Number of cases	Gross Block as at December 31, 2017	Net Block as at December 31, 2017
Freehold land	2	**89**	**89**
Leasehold land	3	**560**	**495**
Building	5	**754**	**568**

These properties have vested into the Company pursuant to amalgamations of these entities into the Company. The Company has/is in the process of filing application with the concerned authorities for change in name in the title deeds for respective immovable properties pertaining to the Company.

ii. The physical verification of inventory excluding stocks with third parties have been conducted at reasonable intervals by the Management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. The discrepancies noticed on physical verification of inventory as compared to book records were not material.

iii. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.

iv. The Company has not granted any loans or made any investments, or provided any guarantees or security to the parties covered under Section 185 and 186. Therefore, the provisions of Clause 3(iv) of the said Order are not applicable to the Company.

v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.

vi. Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148(1) of the Act in respect of its products. We have broadly reviewed the same, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues in respect of employees' state insurance, though there has been a slight delay in a few cases, and is regular in depositing undisputed statutory dues, including sales tax, income tax, service tax, duty of customs, duty of excise, value added tax, goods and services tax, cess and other material statutory dues, as applicable, with the appropriate authorities.

(b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of income tax, sales tax, service tax, duty of customs and duty of excise duty, value added tax as at December 31, 2017 which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount (₹) in million	Amount paid under protest	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Income Tax	163*	48	2004-05 to 2014-15	CIT (Appeals) to High Court
Central Excise Act, 1944	Excise Duty	220	3	1999-00 to 2014-15	Commissioner of Central Excise (Appeals) to Customs, Excise and Service Tax Appellate Tribunal

Name of the statute	Nature of dues	Amount (₹) in million	Amount paid under protest	Period to which the amount relates	Forum where the dispute is pending
Finance Act, 1994	Service Tax	58	-	Apr'07-Jun'11 to Apr'12 to Jan'13	Customs, Excise and Service Tax Appellate Tribunal
Sales Tax Laws	Sales Tax	233	13	1995-96 to 2012-13	Commissioner of VAT (Appeals) to Central Appellate Tribunal
Customs Act, 1962	Custom Duty	-#	-	2009-2010 & 2010-2011	Assistant Commissioner of Custom

* Amount is net of refund adjusted for AY 2008-09 to AY 2013-14 amounting to ₹ 135 million.

Amount is below the rounding off norm adopted by the Company.

viii. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of loans or borrowings to any financial institution or bank or Government or dues to debenture holders as at the balance sheet date.

ix. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.

x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.

xi. The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.

xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the Ind AS financial statements as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified under Section 133 of the Act.

xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.

xv. The Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.

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

For **Price Waterhouse Chartered Accountants LLP**
Firm Registration Number: 012754N/N500016

Jeetendra Mirchandani
Partner
Membership Number - 48125

Place: Mumbai
Date: February 20, 2018

Balance Sheet as at 31st December, 2017

(₹ in Million)

			Note No.	As at 31st December, 2017	As at 31st December, 2016
I	**ASSETS**				
	NON CURRENT ASSETS				
	(a)	Property, Plant and Equipment	5	**5,648**	5,072
	(b)	Capital Work-in-Progress	5	**253**	61
	(c)	Goodwill	6,8	**391**	-
	(d)	Other Intangible Assets	7	**73**	35
	(e)	Financial Assets			
		Investment	8	**27,036**	28,759
	(f)	Income Tax Assets (net)	20	**270**	547
	(g)	Other Non-current Assets	10	**938**	814
	TOTAL NON-CURRENT ASSETS			**34,609**	35,288
	CURRENT ASSETS				
	a)	Inventories	11	**1,728**	1,417
	b)	Financial Assets			
		i) Investments	8	**515**	306
		ii) Trade Receivables	9	**3,293**	2,431
		iii) Cash and Cash Equivalents	12	**192**	104
		iv) Other Bank Balances	12	**42**	24
	(c)	Other Current Assets	10	**2,563**	596
				8,333	4,878
	TOTAL ASSETS			**42,942**	40,166
II	**EQUITY AND LIABILITIES**				
1	**EQUITY**				
	(a)	Equity Share Capital	13	**3,784**	3,781
	(b)	Other Equity	14	**31,212**	30,855
				34,996	34,636
	LIABILITIES				
2	**NON CURRENT LIABILITIES**				
	(a)	Provisions	18	**463**	472
	(b)	Deferred Tax Liabilities (net)	19	**217**	241
	(c)	Other Non-current Liabilities	22	**47**	89
				727	802
3	**CURRENT LIABILITIES**				
	(a)	Financial Liabilities			
		(i) Borrowings	15	**1,014**	1,385
		(ii) Trade Payables	16		
		Total Outstanding due of Micro and Small enterprises; and		**157**	3
		Total outstanding dues of creditors other than micro enterprises and small enterprises		**2,958**	2522
		(iii) Other Financial Liabilities	17	**162**	70
	(b)	Provisions	18	**100**	69
	(c)	Other Current Liabilities	22	**2,828**	679
				7,219	4,728
	TOTAL EQUITY AND LIABILITIES			**42,942**	40,166

The accompanying notes 1 to 37 are an integral part of these financial statements.

This is the Balance Sheet referred to in our report of even date

For **Price Waterhouse Chartered Accountants LLP**
Firm Registration No. 012754N/N500016

Jeetendra Mirchandani
Partner
Membership No. 48125

Mumbai, 20th February, 2018

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

Hemant Luthra
Chairman

K. Jayaprakash
Chief Financial Officer

Ander Alvarez
Director

Daljit Mirchandani
Director

Krishnan Shankar
Company Secretary & Head-Legal

Mumbai, 20th February, 2018

Statement of Profit and Loss for the year ended 31st December, 2017

(₹ in Million)

		Note No.	Year ended 31st December, 2017	Year Ended 31st Dec 2016
I	**Revenue from operations**	23	**20,633**	17,880
II	**Other Income**	24	**127**	206
III	**Total Revenue (I+II)**		**20,760**	18,086
IV	**EXPENSES**			
	(a) Cost of materials consumed	25	**10,522**	8,322
	(b) Changes in inventories of finished goods and work-in-progress		**(127)**	47
	(c) Employee benefit expense	26	**2,425**	2,227
	(d) Finance costs	27	**99**	86
	(e) Depreciation and amortisation expense	5,7	**759**	710
	(f) Excise duty on sales	36	**1,032**	1,767
	(g) Other expenses	28	**4,834**	4,048
	Total Expenses (IV)		**19,544**	17,207
V	**Profit before exceptional items and tax (III-IV)**		**1,216**	879
VI	**Exceptional Items**	33	**(68)**	(90)
VII	**Profit before tax (V-VI)**		**1,148**	789
VIII	**Income Tax Expense**			
	(1) Current tax	20	**532**	273
	(2) Deferred tax	20	**(77)**	1
	Total tax expense		**455**	274
IX	**Profit for the year (VII-VIII)**		**693**	515
X	**Other comprehensive income**			
	A i) Items that will not be reclassified to profit or loss		**(8)**	(29)
	Remeasurement of post–employment benefit obligation			
	ii) Income tax relating to items that will not be reclassified to profit or loss		**3**	10
	Other comprehensive Income/(loss) for the year, net of tax		**(5)**	(19)
XI	**Total comprehensive income for the year (IX-X)**		**688**	496
XII	**Earnings per equity share of face value of ₹10 each**			
	1) Basic	32	**1.83**	1.53
	2) Diluted	32	**1.83**	1.52

The accompanying notes 1 to 34 are an integral part of these financial statements.

This is the Statement of profit and loss account referred to in our report of even date

For **Price Waterhouse Chartered Accountants LLP**
Firm Registration No. 012754N/N500016

Jeetendra Mirchandani
Partner
Membership No. 48125
Mumbai, 20th February, 2018

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

Hemant Luthra
Chairman

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Chief Financial Officer

Ander Alvarez
Director

Daljit Mirchandani
Director

Krishnan Shankar
Company Secretary & Head-Legal

Mumbai, 20th February, 2018

Statement of changes in equity for the year ended 31st December, 2017

(₹ in Million)

A.	Equity share capital	Number of Shares	Equity share capital
	Balance as at January 1, 2016	323,336,048	3,233
	Changes in equity share capital during the year		
	Issue of equity shares pursuant to exercise of employee share options	260,654	3
	Issue of equity shares to Participaciones Internacionales Autometal, Dos S.L. (PIA2) and Bill Forge Private Limited Shareholders	54,491,563	545
	As at 31st December, 2016	**378,088,265**	**3,781**
	Changes in equity share capital during the year		
	Issue of equity shares pursuant to exercise of employee share options	278,977	3
	Balance as at December 31, 2017	**378,367,242**	**3,784**

B. Other Equity

	Reserves and Surplus								
	Capital Reserve	Securities Premium Reserve	Equity-settled employee benefits reserve	General Reserve	Capital Redemption Reserve	Retained Earnings	Investment fluctuation Reserve	Other Comprehensive Income	Total
As at 31st December 2015	6,386	4,987	14	6,536	165	2,036	92	(6)	20,210
Profit for the year	-	-	-	-	-	515	-	-	515
Remeasurements of post-employment benefit obligation	-	-	-	-	-	-	-	(19)	(19)
Total Comprehensive Income for the year	**-**	**-**	**-**	**-**	**-**	**515**	**-**	**(19)**	**496**
Exercise of employee stock options	-	23	59	-	-	-	-	-	82
Issue of shares	-	10,069	-	-	-	-	-	-	10,069
Any other changes	-	-	-	-	-	4	(6)	-	(2)
As at 31st December 2016	**6,386**	**15,079**	**73**	**6,536**	**165**	**2,555**	**86**	**(25)**	**30,855**
Profit for the year	-	-	-	-		693			693
Remeasurements of post-employment benefit obligation	-	-	-	-	-	-	-	(5)	(5)
Total Comprehensive Income for the year	**-**	**-**	**-**	**-**	**-**	**693**		**(5)**	**688**
Exercise of employee stock options		63	33	-	-	-	-	-	96
Addition on account of merger	116	-	-	-	-	(463)	(86)	-	(347)
Any other changes	-	-	-	-	-	6	-	-	(80)
As at 31st December 2017	**6,502**	**15,142**	**106**	**6,536**	**165**	**2,791**	**-**	**(30)**	**31,212**

The accompanying notes 1 to 37 are an integral part of these financial Statements

This is the Statement Changes in Equity
referred to in our report of even date
For **Price Waterhouse Chartered Accountants LLP**
Firm Registration No. 012754N/N500016

Jeetendra Mirchandani
Partner
Membership No. 48125
Mumbai, 20th February, 2018

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

Hemant Luthra
Chairman

K. Jayaprakash
Chief Financial Officer

Ander Alvarez
Director

Daljit Mirchandani
Director

Krishnan Shankar
Company Secretary & Head-Legal

Mumbai, 20th February, 2018

Statement of Cash Flow for the year ended 31st December, 2017

(₹ in Million)

		Year ended 31st Dec 2017	Year ended 31st Dec 2016
I	**Cash flows from operating activities**		
	Profit before tax for the year	**1,148**	789
	Adjustments for:		
	Finance costs recognised in profit or loss	**99**	86
	Investment income recognised in profit or loss	**(8)**	(32)
	Impairment loss recognised on trade receivables	**16**	-
	Depreciation and amortisation of non-current assets	**759**	710
	Provision for slow moving	**64**	2
	Impairment of non-current assets	**25**	17
	ESOP Expenses	**47**	60
		2,150	1,632
	Movements in working capital:		
	Increase in trade and other receivables	**(617)**	(128)
	(Increase)/decrease in inventories	**(179)**	94
	(Increase)/decrease in other assets	**(1,849)**	6
	Decrease/ increase trade and other payables	**232**	(75)
	Increase/(decrease) in provisions	**22**	(107)
	(Decrease)/increase in other liabilities	**1,958**	106
		(433)	(104)
	Income taxes paid	**(208)**	(171)
	Net cash generated by operating activities	**1,509**	1357
II	**Cash flows from investing activities**		
	Acquisition/ (Disposal) of financial assets	**(208)**	356
	Other Income received	**8**	32
	Payments for property, plant and equipment	**(579)**	(376)
	Net cash outflow on acquisition of subsidiaries	**-**	(7,097)
	Net cash (used in)/generated by investing activities	**(779)**	(7,085)
III	**Cash flows from financing activities**		
	Proceeds from issue of equity instruments of the Company	**66**	4,525
	Proceeds from borrowings	**1,484**	1,163
	Repayment of borrowings	**(2,076)**	-
	Interest paid	**(98)**	(86)
	Net cash used in financing activities	**(624)**	5,602
IV	Net increase in cash and cash equivalents	**106**	(126)
	Cash and cash equivalents at the beginning of the year	**128**	254
V	Cash and cash equivalents at the end of the year	**234**	128

The accompanying notes 1 to 37 are an integral part of these financial statements.

This is the Cash flow statement referred to in our report of even date
For **Price Waterhouse Chartered Accountants LLP**
Firm Registration No. 012754N/N500016

Jeetendra Mirchandani
Partner
Membership No. 48125
Mumbai, 20th February, 2018

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

Hemant Luthra
Chairman

Ander Alvarez
Director

K. Jayaprakash
Chief Financial Officer

Daljit Mirchandani
Director

Krishnan Shankar
Company Secretary & Head-Legal

Mumbai, 20th February, 2018

Notes to the Standalone Financial Statements as at and for the year ended 31st December, 2017

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 Company based in Spain. The Mahindra 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, 2017 were approved for issue by the Board of Directors in accordance with their resolution dated February 20, 2018.

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. For all periods up to and including the year ended 31 December 2015, the Company prepared its financial statements in accordance with accounting standards notified under the section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Previous GAAP) and Companies (Accounting Standards) Rules, 2006. The financial statements have been prepared on a historical cost basis, except for 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 Millions INR and 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

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

- 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.

2.4 Foreign currencies

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction. Realised 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.

In case of forward exchange contracts entered as hedge transactions, the premium or discount arising at the inception of forward exchange contract is amortised as income or expense over the life of the contract. Exchange differences are recognised as an income or expense in the reporting period in which the exchange rates change. Any profit or loss arising on cancellation or expiry of such forward exchange contract is recognised as income or expense for the period.

2.5 Revenue recognition

a. Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The Company has concluded that it is the principal in all of its revenue arrangements since it is the primary obliger in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks.

b. Based on the Educational Material on Ind AS 18 issued by the ICAI, the Company has assumed that recovery of excise duty flows to the Company on its own account. This is for the reason that it is a liability of the manufacturer which forms part of the cost of production, irrespective of whether the goods are sold or not. Since the recovery of excise duty flows to the Company on its own account, revenue includes excise duty.

   However, Goods and Services Tax effective from 1st July 2017 and sales tax/ value added tax (VAT) before 1st July 2017 is not received by the Company on its own account. Rather, it is tax collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

c. The specific recognition criteria described below must also be met before revenue is recognized.

Sale of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

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 finance income in the statement of profit and loss.

Dividends

Revenue is recognized when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

2.6 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 Company receives grants of non-monetary assets, the asset and the grant are recorded at fair value amounts and released to 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.

2.7 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.

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.

Sales/ value added taxes paid on acquisition of assets or on incurring expenses

Expenses and assets are recognized net of the amount of sales/ value added 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.

2.8 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 15 to 50 years
- Plant and equipment 2 to 24 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 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.

2.9 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.

2.10 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.

2.11 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 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.

2.12 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 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 Company's 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 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.

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. 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.

2.13 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.

2.14 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.

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.

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.

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 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

2.15 Share based payments

Share based compensation benefits are provided to employees via the Employee Stock Options Scheme.

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 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).

2.16 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 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 amortised 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)

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.

2.17 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.

2.18 Cash 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 shareholder.

2.19 Trade receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is due in one year or less they are classified as current assets.

Commercial receivables are recognised initially at fair value and subsequently measured at amortised cost using the original effective interest method, less provision for impairment. A provision for impairment of trade receivables is recognised when there is objective evidence that the Company will not be able to collect all amounts due under the original terms of the receivables. Indications of impairment are deemed to exist when the debtor is in serious financial difficulty; it is probable that the borrower will enter bankruptcy of other financial reorganisation, and in the event of payment of default or delinquency. The amount of the provision is the difference between the asset's carrying amount and present value of estimated future cash flows, discounted at the effective interest rate. The carrying amount of the asset is reduced as the provision is used and the loss is recognised in the income statement. When a receivable is deemed uncollectible it is written off against the provision for receivables. Any subsequent recovery of previously written-off amounts is recognised in the income statement.

Financing through the discounting of bills of exchange is not derecognised from trade receivables until they are collected and is reflected as bank financing.

Financing by means of non- recourse factoring or the sale of trade receivables triggers derecognition of the receivable as all associated risks are transferred to the financial institution in question.

2.20 Trade 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.

2.21 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.

2.22 The list of standards issued but not yet effective:

Impact of changes in Ind AS prospectively

The Ministry of Corporate Affairs has issued the Companies (Indian Accounting Standards) (Amendment) Rules, 2017 on March 17, 2017 notifying amendments to Ind AS 7 ‘Statement of cash flows’ and Ind AS 102 ‘Share based payment’. These amendments are applicable from financial year beginning on or after April 1, 2017.

a) Amendment to Ind AS 7 :

The amendment in Ind AS 7 introduces an additional disclosure that will enable the users of financial statements to evaluate changes in liabilities arising from financing activities. These include changes arising from

(i) Cash flows, such as drawdowns and repayments of borrowings

(ii) Non-cash changes (i.e. changes in fair values) , changes resulting from acquisitions and disposals of subsidiaries/ businesses and the effect of foreign exchange differences. Hence, the amendment will enable the users of financial statements to better understand the changes in entity’s debt.

The Company does not have such transactions and therefore the amendment is not expected to have any impact on the financial statements.

b) Amendment to Ind AS 102 :

The amendment in Ind AS 102 addresses three classification and measurement issues. These relate to :-

(i) Measurement of cash-settled share-based payments that include non-market based performance condition

(ii) Modification of cash-settled arrangements to equity-settled share-based payments

(iii) Equity-settled awards that include a ‘net-settlement’ feature relating to tax obligations

The Company does not have share based payment awards. Hence, the amendment is not expected to have any impact on the financial statements.

(₹ in Million)

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 has several investments in foreign operations whose net assets are denominated in EURO, exposing it to foreign exchange translation risk.

The exposure on the rest of the assets denominated in other foreign currencies in respect of operations is not material.

(ii) Interest rate risk

The Company's borrowings are largely benchmarked to variable rates. The expectation of any change in the benchmark rate is monitored regularly and hedging is initiated as and when required.

b. Liquidity risk

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. The calculation of liquidity and net debt at 31 December 2017 and 31 December 2016 is calculated as follow:

	31st December 2017	31st December 2016
Cash and bank balances (Note 12)	**234**	128
Other current financial assets – Investments (Note 8)	**515**	306
Undrawn credit facilities and loans	**2601**	1,400
Liquidity buffer	**3,350**	**1,834**
Bank Borrowings (Note 15)	**1,014**	1,385
Other Current Financial Liabilities (Note 17)	**162**	70
Cash and bank balance (Note 12)	**(234)**	(128)
Other current financial assets – investments (Note 8)	**(515)**	**(306)**
Net financial debt	**427**	**1,021**

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 year without problem.

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 2017 of ₹ 2,601 million in unused loans and credit lines (31 December 2016: INR 1,400 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 customer.

As a result of the above, it may be confirmed that there are no significant liquidity risks at the Company.

c. **Credit Risk**

Credit risk from cash and cash equivalents, derivative financial instruments 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.

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 2017 and 2016. Sales to this customer in 2017 are ₹ 12,475 Mio. (2016: ₹ 9,014 Mio.)

d. **Raw material price risk**

The Company does not have significant risk in raw material variations. In case of any variation in price, the same is passed on to customers through appropriate adjustments to selling prices.

3.2 Fair Value estimation

Fair value measurement

The Company 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:

- 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).

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 consolidated annual accounts, plus net debt.

Calculation of gearing ratio.

	31st December, 2017	31st December, 2016
Net Financial Debt (Refer Note 3.1.(b))	**427**	1,021
Equity	**34,996**	34,636
Less: Long term investment	**(27,036)**	(28,759)
Total Capital Employed	**8,387**	6,898
Gearing Ratio	**0.05**	0.15

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 31st December 2017.

b) **Estimated fair value of assets, liabilities and contingent liabilities associated with a business combination.**

In business combinations, the Company 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.

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 Company uses appraisals prepared by independent experts.

c) **Income tax**

Income tax expense for the period ended 31st December 2017 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, 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 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.

(₹ 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) 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 high-quality corporate 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.

5. Property, plant and equipment

The details and movements in property, plant and equipment are as follows:

2017:

	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 1st Jan 2017	**365**	**1,294**	**4,491**	**35**	**20**	**45**	**34**	**6,284**	**61**
	Additions	1	93	287	1	5	27	6	420	192
	Addition on account of Merger	64	290	1,199	15	8	7	16	1,599	-
	Disposals	-	(4)	(75)	-	(1)	(14)	(3)	(97)	-
	Balance as at 31st Dec 2017	**430**	**1,673**	**5,902**	**51**	**32**	**65**	**53**	**8,206**	**253**
II.	**Accumulated depreciation and impairment**									
	Balance as at 1st Jan 2017	**-**	**(126)**	**(1,040)**	**(14)**	**(8)**	**(12)**	**(12)**	**(1,212)**	**-**
	Addition on account of merger	-	(51)	(614)	(10)	(6)	(2)	(12)	(695)	-
	Depreciation expense for the year	-	(77)	(633)	(7)	(4)	(8)	(9)	(738)	-
	Disposals	-	3	73	-	1	7	3	87	-
		-	**(251)**	**(2,214)**	**(31)**	**(17)**	**(15)**	**(30)**	**(2,558)**	**-**
III.	**Net carrying amount**	**430**	**1,422**	**3,688**	**20**	**15**	**50**	**23**	**5,648**	**253**

(₹ in Million)

2016:

	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 1st Jan 2016	365	1,258	4,026	34	16	37	31	5,767	221
	Additions	14	36	476	1	4	12	5	548	
	Disposals/ Transfer	(14)	-	(11)	-	-	(4)	(2)	(31)	(160)
	Balance as at 31st Dec 2016	**365**	**1,294**	**4,491**	**35**	**20**	**45**	**34**	**6,284**	**61**
II.	**Accumulated depreciation and impairment**									
	Balance as at 1st Jan 2016	-	(53)	(455)	(6)	(4)	(6)	(6)	(530)	-
	Depreciation expense for the year	-	(73)	(593)	(8)	(4)	(7)	(8)	(693)	-
	Disposals	-	-	8	-		1	2	11	-
	Balance as at 31st Dec 2016	**-**	**(126)**	**(1,040)**	**(14)**	**(8)**	**(12)**	**(12)**	**(1,212)**	**-**
III.	**Net carrying amount**	**365**	**1,168**	**3,451**	**21**	**12**	**33**	**22**	**5,072**	**61**

There are no significant assets acquired under finance lease.

6. Goodwill

Goodwill is monitored by management at the level of operating segments identified in note 34.

a) Key assumptions used in the calculation of value in use at 31st December 2017:

The discount rates applied to cash flow projections are:

	31st December, 2017
Discount Rate	**13.01%**

The discount rate range applied is attributable to the cash flows generated in company.

Budgeted EBITDA (operating profit plus depreciation / amortisation and possible impairment) is determined by Company management in their strategic plans. The margins vary by type of business as follows:

	% of revenue
	2017
Margins	**14%**

Other forecast movements in cash flows related to tax are projected to these EBITDA's to obtain after-tax free cash flow for each year.

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. Cash flows beyond the five-year period covered by the Company's forecasts are extrapolated applying prudent assumptions with respect to the forecast future growth rate 6% based on GDP growth estimates and the inflation rate in each market, and evaluating the level of investment required to achieve such growth. In order to calculate the residual value, a normalised annual flow is discounted, taking into account the discount rate applied on the projections, less the growth rate taken into account.

b) Results of the analysis

Based on the above assessment, the Company concluded that in 2017, goodwill has not suffered any impairment. Additionally, if the revised estimated discount rate, which is applied to cash flows, were 10% higher than management's estimates, the Company would still not need to reduce the carrying value of goodwill.

(₹ in Million)

7. Other Intangible assets

The details and movements of the main classes of intangible assets are shown below:

2017:

Description of Assets		Technical Knowhow	Computer Software	Development Cost	Total
I.	**Gross Carrying Amount**				
	Balance as at 1st January, 2017	**22**	**39**	**-**	**61**
	Additions on account of merger	-	17	55	72
	Additions	-	1	-	1
	Disposals	-	(2)	-	(2)
	Balance as at 31st December, 2017	**22**	**55**	**55**	**132**
II.	**Accumulated depreciation and impairment**				
	Balance as at 1st January, 2017	**(8)**	**(18)**	**-**	**(26)**
	Addition on account of merger	-	(14)	-	(14)
	Amortisation expense for the year	(7)	(12)	(2)	(21)
	Disposal	-	2	-	2
	Balance as at 31st December, 2017	**(15)**	**(42)**	**(2)**	**(59)**
III.	**Net carrying amount**	**7**	**13**	**53**	**73**

2016:

Description of Assets		Technical Knowhow	Computer Software	Total
I.	**Gross Carrying Amount**			
	Balance as at 1st January 2016	22	37	59
	Addition	-	2	2
	Balance as at 31st Dec 2016	**22**	**39**	**61**
II.	**Accumulated depreciation and impairment**			
	Balance as at 1st January 2016	(1)	(7)	(8)
	Amortisation expense for the year	(7)	(11)	(18)
	Balance as at 31st Dec 2016	**(8)**	**(18)**	**(26)**
III.	**Net carrying amount**	**14**	**21**	**35**

(₹ in Million)

8. Investments

		As at 31st December, 2017			As at 31st December, 2016		
		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						
	Stokes Group Limited	**15,465,310**	**-**	**902**	15,465,310	-	902
	Mahindra Forgings International Limited	**-**	**-**	**-**	82,753,001	-	5,029
	Mahindra Forgings Global Limited	**-**	**-**	**-**	33,949,836	-	1,964
	UAB CIE Galfor SA	**5,500**	**-**	**7,034**	5,550	-	5,089
	Mahindra Gear Global Limited	**-**	**-**	**-**	22,935,949	-	1,945
	Mahindra Gears and Transmissions Private Limited	**-**	**-**	**-**	15,112,455	-	1,059
	Bill Forge Private Limited	**1,171,207**	**-**	**13,028**	1,171,207	-	13,028
	Mahindra Forgings Europe AG	**5,000,000**	**-**	**6,974**	-	-	-
	Others						
	The Saraswat Cooperative Bank Limited	**2,550**	**-**	**-***	2,550	-	-*
	Sub Total unquoted equity investments (B)		**-**	**27,938**		-	29,016
B	Investment in preference instruments (unquoted-fully paid up)						
	Subsidiary Companies						
	Mahindra Forgings International Limited	**-**	**-**	**-**	9,000,000	-	645
	Sub Total unquoted preference investments (C)		**-**	**-**		-	645
C	Investments in Mutual Funds (unquoted)						
	Axis Liquid Fund – Growth	**145,699**	**276**	**-**	28,206	50	-
	ICICI Liquid Plan	**944,717**	**239**	**-**	253,492	60	-
	SBI Mutual Fund Short Term Debt Fund	**-**	**-**	**-**	4,752,386	90	-
	Barclays Bank Portfolio Investment	**-**	**-**	**-**	-	106	-
	Total unquoted investments		**515**	**-**	-	306	29,661
	Total provision for impairment (E)		**-**	**(902)**		-	(902)
	Total investments		**515**	**27,036**		306	28,759

1. During the year, the Company had filed an application for merger of four of its subsidiaries namely Mahindra Forgings International Limited (MFIL), Mahindra Forgings Global Limited (MFGL), Mahindra Gears & Transmission Private Limited (MGTPL) and Crest Geartech Private Limited (Crest Geartech) ("Transferor Companies") with the Company. Pursuant to the Order of Hon'ble National Company Law Tribunal bench, Mumbai , passed on December 13, 2017, approving the Scheme of Amalgamation ("the Scheme"), the assets and liabilities of the Transferor Companies have been transferred to and vested in the Company with effect from July 01, 2017, the appointed date as per the Scheme. As a result of this, in accordance with Appendix C to Ind AS 103, Business Combinations, all the assets and liabilities of Transferor Companies as on June 30, 2017 are recognised in the books of the Company at their carrying amounts as appearing in the consolidated financial statements of the Company as on July 01, 2017 (being the appointed date as per the aforesaid scheme of amalgamation). Accordingly, numbers are not comparable.

(₹ in Million)

2. The Company has investment of ₹. 6,974 Mio in Mahindra Forgings Europe AG (MFE AG), Germany. After the significant decline in demand due to economic downturn in Europe and some onetime costs due to one plant closure, MFE AG results got impacted in 2015 and 2016. Actions initiated by the new management team have shown significant improvement in results for 2017. In view of this and the expected improvements, the Company is of the view that, there is no diminution in the Company's investments in MFE AG.

9. Trade receivables

	31st December, 2017	31st December, 2016
Trade receivables		
(a) Unsecured, considered good	**3,293**	2,431
(b) Doubtful	**78**	88
Less: Allowance for doubtful debt	**(78)**	(88)
	3,293	2,431
Of the above, trade receivables from:		
- Related Parties	**1,588**	1,044
- Others	**1,705**	1,387
	3,293	2,431

Movements in the provisions for trade receivables are given below:

	31st December, 2017	31st December, 2016
Opening Balance	**88**	89
Additions	**27**	13
Reversal	**(37)**	(14)
Closing Balance	**78**	88

10. Other Assets

		31st December, 2017		31st December, 2016	
		Current	Non Current	Current	Non Current
(a)	Capital advances	**-**	**32**	-	39
(b)	Security Deposits	**-**	**336**	-	309
(c)	Balances with government authorities	**2,295**	**-**	273	-
(d)	Other advances	**268**	**570**	323	466
		2,563	**938**	596	814

11. Inventories

		31st December, 2017	31st December, 2016
(a)	Raw materials	**365**	250
(b)	Work-in-progress	**613**	409
(c)	Finished and semi-finished goods	**361**	324
(d)	Stores and spares	**244**	305
(e)	Loose Tools	**145**	129
	Total Inventories	**1,728**	1,417
Included above, goods-in-transit:			
(i)	Raw materials	**18**	31
(ii)	Finished and semi-finished goods	**69**	29
	Total goods-in-transit	**87**	60

(₹ in Million)

The carrying amount of inventories includes the following provisions for obsolescence, the movement in which is presented below:

At 1st January 2016	76
Additions	16
Reversal	(11)
At 31st December 2016	81
Additions	83
Reversal	(19)
At 31st December 2017	**145**

12. Cash and Cash Equivalents

	31st December, 2017	31st December, 2016
Cash and cash equivalents		
(a) Balances with banks	**114**	101
(b) Cheques, drafts on hand	**77**	2
(c) Cash in hand	**1**	1
Total Cash and cash equivalent	**192**	104
Other Bank Balances		
(a) Earmarked balances with banks	**1**	1
(b) Balances with Banks:		
On margin accounts	**41**	23
Total Other Bank balances	**42**	24
Total cash, cash equivalents and other bank balances	**234**	128

13. Equity Share capital

	31st December, 2017		31st December, 2016	
	No. of shares	**Amount**	No. of shares	Amount
Authorised:				
Equity shares of ₹10/- each with voting rights	**513,192,621****	**5,132**	486,942,621	4,869
4% non-cumulative redeemable preference shares of ₹31/- each	**5**	**-***	5	-*
Issued:				
Equity shares of ₹10/- each with voting rights	**378,368,187**	**3,784**	378,089,210	3,781
Issued, Subscribed and Paid Up:				
Equity shares of ₹10/- each with voting rights	**378,367,242^**	**3,784**	378,088,265 ^	3,781

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.

Reconciliation of the number of shares outstanding at the beginning and at the end of the year.

		Opening Balance	**Issue of equity shares to Holding company and Bill Forge Pvt Ltd Shareholders**	**Issue of Equity Shares on account of Employee Stock Option Scheme**	**Closing Balance**
Equity Shares with Voting rights					
Year Ended 31st December, 2017	No. of Shares	**378,088,265**	**-**	**278,977**	**378,367,242**
	Amount	**3,781**	**-**	**3**	**3,784**
Year Ended 31st December, 2016	No. of Shares	323,336,048	54,491,563	260,654	378,088,265
	Amount	3,233	545	3	3,781

(₹ in Million)

*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.

**Authorised Share capital of the Company has increased pursuant to the merger scheme (Note 8a)

^Mahindra Composites Limited which was merged with the company in the year 2013 had issued 1050 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.

Details of shares held by the holding Company, the ultimate holding Company, their subsidiaries and associates

	Equity Shares with Voting rights
As at 31st December 2017	
Participaciones Internacionales Autometal, Dos S.L. (PIA2), the holding Company	194,267,537
As at 31st December 2016	
Participaciones Internacionales Autometal, Dos S.L. (PIA2), the holding Company	194,267,537

Details of shares held by each shareholder holding more than 5% shares:

Class of shares / Name of shareholder	**31st December, 2017**		31st December, 2016	
	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				
Parricipaciones Internacionales Autometal, Dos S.L. (PIA2)	**194,267,537**	**51.34%**	194,267,537	51.38%
Mahindra Vehicle Manufacturing Ltd. (MVML)	**65,271,407**	**17.25%**	65,271,407	17.26%

14. Other Equity

(i) Securities premium reserve

	31st December, 2017	31st December, 2016
Opening balance	**15,079**	4,987
Addition on Exercise of options- Proceeds Received	**63**	23
Issue of shares to PIA2 and Shareholder of Bill Forge Private Ltd.	**-**	10,069
Closing balance	**15,142**	15,079

(ii) Equity settled employees benefits reserve

	31st December, 2017	31st December, 2016
Opening balance	**73**	14
Deferred employee expenses	**-**	(96)
Employee stock option expenses	**63**	167
Less: -		
Transfer to retain earnings on cancellation/laps	**(4)**	-
Options exercised during the year	**(26)**	(12)
Closing Balance	**106**	73

(₹ in Million)

(iii) Retained earnings

	31st December, 2017	31st December, 2016
Opening Balance	**2,530**	2,030
Add: -		
Profit for the year	**693**	515
Addition on account of merger (Note 8a)	**(463)**	-
Any other changes	**6**	4
Items of Other Comprehensive income recognized directly in retained earnings		
Actuarial Gain/ (Loss), net of tax	**(5)**	(19)
Closing balance	**2,761**	2,530

(iv) Capital reserves

	31st December, 2017	31st December, 2016
Capital Reserve	**6,387**	6,387
Addition on account of merger (Note 8a)	**116**	-
Closing Balance	**6,503**	6,387

(v) Capital Redemption reserve

	31st December, 2017	31st December, 2016
Balance as at beginning and end of year	**165**	165

(vi) General Reserve

	31st December, 2017	31st December, 2016
Balance as at beginning and end of year	**6,536**	6,536

(vii) Other reserves – Investment Fluctuation Reserve

	31st December, 2017	31st December, 2016
Opening Balance	**86**	92
Restatement of preferential investment	**-**	(6)
Adjustment on account of merger	**(86)**	-
Closing Balance	**-**	86
Grand total	**31,212**	30,855

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.

(₹ in Million)

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. Movement of shares 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 Shares	Weighted average exercise price	Number of Shares	Number of Shares	Number of Shares	Number of Shares
On 26th October, 2007	2,000	197	2,000	-	-	-
On 26th February, 2008	500	83		500.00	-	-
On 26th February, 2008	6,250	197		6,250.00	-	-
On 9th May, 2008	13,650	152	13,650	-	-	-
On 29th July, 2008	15,265	102	15,265	-	-	-
On 26th August, 2008	29,700	109	2,500	27,200.00	-	-
On 12th May, 2010	-	97	0	-	-	-
On 1st April, 2011	228,100	57	59,340	8,500.00	160,260	160,260.00
On 20th January, 2012	2,118	44	0	409.00	1,709	1,709.00
On 31st July, 2009	-	53	0	-	-	-
On 18th August, 2006	-	35	0	-	-	-
On 25th October, 2007	-	26	0	-	-	-
On 22nd February, 2016	1,224,610	150	26,664	236,118	961,828	320,609
On 12th December, 2016	350,000	150	0	-	350,000	116,667
	1,870,193		**117,419**	**278,977**	**1,473,797**	**599,245**

Capital reserve

Capital reserve is reserves generated on account of 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 (MIIPL), 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.

Addition to capital reserve during the year is on account of 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 Limited and Crest Geartech Pvt Ltd. The merger was approved 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 December 27, 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 distribution.

(₹ in Million)

15. Borrowings

		31st December, 2017	31st December, 2016
A.	Secured Borrowings		
(a)	Loans repayable on demand		
	From Banks	**348**	1,203
	Total Secured Borrowings	**348**	1,203
B.	Unsecured Borrowings		
	(a) Loans from related parties	**620**	-
	(b) Other Loans	**46**	182
	Total Unsecured Borrowings	**666**	182
	Total Current Borrowings	**1,014**	1,385

Current borrowings from banks are secured by charge on current assets of the company. Interest rate ranges from 6.5% to 7.5% p.a.

The loan from related party is an unsecured short term loan payable on demand. Interest is payable on monthly basis and is linked to the marginal interest cost .

16. Trade payables

	31st December, 2017	31st December, 2016
Trade payable - Micro and small enterprises	**157**	3
Trade payable - Other than micro and small enterprises	**2,831**	2,488
Acceptances	**127**	34
	3,115	2,525

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 due to micro and small enterprises, which were outstanding are given below;

	31st December, 2017	31st December, 2016
Principal amount due at year end	**157**	2
Interest due and remaining unpaid	**1**	-*
Principal amount paid beyond due date	**133**	
Interest paid in terms of section 16 of the Act	**(1)**	-*
Amount of interest due and payable for period of delay in payment made beyond the appointed day during the period	**2**	1
Amount of interest accrued and remaining unpaid for earlier year	**-**	-*

*Amount is below rounding off norms adopted by the company

17. Other financial liabilities

		31st December, 2017	31st December, 2016
(a)	Interest accrued	**1**	-*
(b)	Unclaimed dividend	**-***	1
(c)	Unclaimed Fractional coupon shares	**1**	1
(d)	Creditors for capital supplies/services	**160**	68
		162	70

* Amount is below rounding off norms adopted by the company

(₹ in Million)

18. Provisions

		31st December 2017		31st December 2016	
		Current	**Non- Current**	Current	Non- Current
(a)	Provision for Gratuity (Note 29)	**72**	**25**	42	55
(b)	Provision for compensated absences	**24**	**173**	23	144
(c)	Provision for voluntary retirement scheme	**4**	**3**	4	11
(d)	Provision for water charges (Note 30)	**-**	**262**	-	262
	Total Provisions	**100**	**463**	69	472

19. Deferred taxes

2017	**Opening Balance**	**Recognised in profit and Loss**	**Recognised in OCI**	**Adjustment on account of merger (Note 8a)**	**Closing Balance**
Tax effect of items constituting deferred tax liabilities					
Property, Plant and Equipment and Intangible assets	443	(50)		62	455
Subtotal (A)	443	(50)	-	62	455
Tax effect of items constituting deferred tax assets					
Expenses allowable on payment basis	33	10			43
Timing differences	169	17	3	6	195
Sub total (B)	202	27	3	6	238
Net Tax Asset (Liabilities)[A-B]	(241)	77	3	(56)	(217)

2016	Opening Balance	Recognised in profit and Loss	Recognised in OCI	Closing Balance
Tax effect of items constituting deferred tax liabilities				
Property, Plant and Equipment and Intangible assets	435	8		443
Sub total (A)	435	8	-	443
Tax effect of items constituting deferred tax assets				
Equity-Settled Share Based payments				
Provisions	45	(12)		33
Carry forward Tax Loss	11	(11)		-
Other	129	30	10	169
Sub total (B)	185	7	10	202
Net Tax Asset (Liabilities) [B-A]	(250)	(1)	10	(241)

(₹ in Million)

20. Corporate income tax expense

(i) Income Tax recognised in Profit or loss

	31st December, 2017	31st December, 2016
Current Tax	**532**	273
Deferred Tax	**(77)**	1
Total income tax expense	**455**	274

(ii) Income tax recognised on Other comprehensive income

	31st December, 2017	31st December, 2016
Income taxes related to items that will not be reclassified to profit or loss	**3**	10
	3	10

(iii) Reconciliation of tax expense and the accounting profit multiplied by Company's domestic tax rate:

	31st December, 2017	31st December, 2016
Profit before tax	1,148	789
Income tax expense calculated at 34.608%	397	273
Effect of income that is exempt from taxation	-	(10)
Effect of expenses that is non-deductible in determining taxable profit	43	24
Effect of tax incentives and concessions (research and development and other allowances)	-	(14)
Other Item	15	1
	455	274

Income tax Assets (net)	
Movement of Income tax Assets	
Opening as on 1st Jan 2017	**547**
Adjustment on account of merger	(6)
Provision made during the year (Net of Advance tax)	(271)
Closing as on 31st Dec 2017 (Net)	**270**

21. Fair Value Measurements

Financial instruments by category

	31st December 2017			31st December 2016		
	FVPL	**FVOCI**	**Amortised Cost**	FVPL	FVOCI	Amortised Cost
Financial assets						
1. Current Assets						
Investments	**515**	**-**	**-**	306	-	-
Trade Receivables	**-**	**-**	**3,293**	-	-	2,431
Cash and Cash Equivalents	**-**	**-**	**192**	-	-	104
Other Bank balances	**-**	**-**	**42**	-	-	24
Total financial assets	**515**	**-**	**3,527**	306	-	2,559
Financial liabilities						
1. Current Liabilities						
Borrowings	**-**	**-**	**1,014**	-	-	1,385
Trade Payables	**-**	**-**	**3,115**	-	-	2,525
Creditors for Capital supplies	**-**	**-**	**162**	-	-	70
Total financial liabilities	**-**	**-**	**4,291**	-	-	3,980

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 carrying amount.

(₹ in Million)

Fair Value Hierarchy

	31st December 2017			31st December 2016		
	Level 1	**Level 2**	**Level 3**	Level 1	Level 2	Level 3
Financial assets						
Mutual Funds – Growth	**515**	**-**	**-**	306	-	-
Total	**515**	**-**	**-**	306	-	-

22. Other liabilities

	31st December 2017		31st December 2016	
	Current	**Non- Current**	Current	Non- Current
a. Government grant	**30**	**47**	42	89
b. Taxes payable (other than income taxes)	**2,284**	**-**	223	-
c. Employee Related	**356**	**-**	228	-
d. Deferred Payment Liabilities and accrued expenses	**158**	**-**	186	-
	2,828	**47**	679	89

23. Revenue from Operation

		31st December, 2017	31st December, 2016
a.	Revenue from Operation	**19,363**	16,887
b.	Revenue from rendering services	**23**	-
c.	Other Operating Revenue(Including Scrap Sales, Duty draw back)	**1,247**	993
		20,633	17,880

24. Other Income:

		31st December, 2017	31st December, 2016
(a)	Interest Income		
	On Financial Assets at amortised cost	**49**	28
(b)	Dividend Income		
	From investments measured at fair value through profit or loss	**3**	32
(c)	Government Grants	**11**	11
(d)	Miscellaneous income	**64**	135
		127	206

25. Cost of materials consumed:

	31st December, 2017	31st December, 2016
Opening stock	**250**	269
Add: Purchases	**10,637**	8,303
	10,887	8,572
Less: Closing stock	**(365)**	(250)
Cost of materials consumed	**10,522**	8,322

(₹ in Million)

Changes in inventory of finished goods and work in progress :

	31st December, 2017	31st December, 2016
Inventories at the end of the year		
Finished goods	**361**	324
Work in progress	**613**	408
	974	732
Inventories at the beginning of the year		
Finished goods	**324**	320
Work in progress	**408**	459
	732	779
Net (increase)/decrease [Excluding the merger impact]	**(127)**	47

26. Employee benefit expenses

		31st December, 2017	31st December, 2016
(a)	Salaries and wages, including bonus	**2,163**	2,007
(b)	Contribution to provident and other funds	**125**	105
(c)	Staff welfare expenses	**137**	115
		2,425	2,227

27. Finance costs

		31st December, 2017	31st December, 2016
(a)	Interest expense	**61**	34
(b)	Finance Charges	**38**	52
		99	86

28. Other expenses

		31st December, 2017	31st December, 2016
(a)	Tools & Stores consumed	**1,059**	956
(b)	Power & Fuel	**1,374**	1,190
(c)	Repairs and maintenance	**493**	437
(d)	Freight outward	**412**	412
(e)	Subcontracting, Hire and Service Charges	**604**	505
(f)	Expenditure on corporate social responsibility (CSR) under section 135 of the Companies Act, 2013.	**14**	3
(g)	Auditors remuneration and out-of-pocket expenses		
	(i) As Auditors	**8**	6
	(ii) For Taxation matters	**1**	2
	(iii) For Other services		1
(h)	Other Expenses	**869**	536
		4,834	4,048

(₹ in Million)

29. Defined benefits and contribution

(a) Defined Contribution plan

The Company's contribution to Provident Fund aggregating ₹125 Million (₹ 105 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

One time expenses incurred towards voluntary retirement scheme are charged off in the statement of Profit or loss.

(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.

(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 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.

Notes to the Standalone Financial Statements as at and for the year ended 31st December, 2017

(₹ in Million)

1. **Provisions for Gratuity, Voluntary retirement Scheme (VRS): -**

	Funded Plan Gratuity		Unfunded Plan VRS	
	2017	2016	**2017**	2016
Amounts recognised in comprehensive income in respect of these defined benefit plans are as follows:				
Service Cost				
Current Service Cost	**28**	16	**-**	**-**
Past service cost and (gains)/losses from settlements				
Net interest expense	**6**	5	**1**	1
Components of defined benefit costs recognised in profit or loss	**34**	21	**1**	1
Re-measurement on the net defined benefit liability				
Return on plan assets (excluding amount included in net interest expense)	**-**	-	**-**	-
Actuarial gains and loss arising from changes in financial assumptions	**(7)**	30	**-**	-
Actuarial gains and loss arising from experience adjustments	**15**	(2)	**-**	-
Others (Actuarial gains and loss arising form Demographic assumptions)	**-**	1	**-**	-
Components of defined benefit costs recognised in other comprehensive income	**8**	29	**-**	-
Total	**42**	50	**1**	1
I. Net Asset/(Liability) recognised in the Balance Sheet as at 31st December				
1. Present value of defined benefit obligation as at 31st December	**(350)**	(312)	**(7)**	(15)
2. Fair value of plan assets as at 31st December	**253**	215	**-**	-
3. Surplus/(Deficit)	**(97)**	(97)	**(7)**	(15)
4. Current portion of the above	**72**	42	**(4)**	(4)
5. Noncurrent portion of the above	**25**	55	**(3)**	(11)
II. Change in the obligation during the year ended 31st December				
1. Present value of defined benefit obligation at the beginning of the year	**312**	292	**15**	21
Add on account of merger 16	**16**	-	**-**	-
2. Add/(Less) on account of Scheme of Arrangement/Business				
Transfer	**-**	-	**-**	-
3. Expenses Recognised in Profit and Loss Account				
- Current Service Cost	**28**	17	**-**	-
- Past Service Cost	**-**	-	**-**	-
- Interest Expense (Income)	**22**	21	**1**	1

(₹ in Million)

		Funded Plan Gratuity		Unfunded Plan VRS	
		2017	2016	**2017**	2016
4.	Recognised in Other Comprehensive Income				
	Re-measurement gains / (losses)				
	- Actuarial Gain (Loss) arising from:				
	i. Demographic Assumptions	**-**	-	**-**	-
	ii. Financial Assumptions	**(7)**	23	**-**	-
	iii. Experience Adjustments	**12**	(2)	**-**	-
5.	Benefit payments	**(33)**	(39)	**(8)**	(7)
6.	Others (Specify)	**-**	-	**-**	-
7.	Present value of defined benefit obligation at the end of the year	**(350)**	(312)	**(8)**	(15)
III.	**Change in fair value of assets during the year ended 31st December**				
1.	Fair value of plan assets at the beginning of the year	**223**	228	**-**	-
	Add: On account of merger	**16**	-	**-**	-
2.	Add/(Less) on account of Scheme of Arrangement/Business Transfer	**-**	-	**-**	-
3.	Expenses Recognised in Profit and Loss Account	**-**	-	**-**	-
	- Expected return on plan assets	**16**	16	**-**	-
4.	Recognised in Other Comprehensive Income	**-**	(8)	**-**	-
	Re-measurement gains / (losses)	**-**	-	**-**	-
	- Actual Return on plan assets in excess of the expected return	**-**	-	**-**	-
	i. Demographic Assumptions	**-**	-	**-**	-
	ii. Financial Assumptions	**-**	-	**-**	-
	iii. Experience Adjustments	**3**	-	**-**	-
5.	Contributions by employer (including benefit payments recoverable)	**28**	26	**-**	-
6.	Benefit payments	**(33)**	(39)	**-**	-
7.	Fair value of plan assets at the end of the year	**253**	223	**-**	-
IV.	**The Major categories of plan assets**				
	- List the plan assets by category here	**-**	-	**-**	-
V.	**Actuarial assumptions**				
1.	Discount rate	**7.4% to 8.6%**	8.00%	**7.7**	8.00%
2.	Expected rate of return on plan assets	**6.75% to 9.00%**	6.75% to 9.00%	**-**	-
3.	Attrition rate	**2% to 10%**	2% to 11%	**-**	-
4.	Salary Escalation	**7% to 8.5%**	7% to 8.5%	**-**	-
5.	Mortality	**Indian Assured Lives Mortality (2006-08) Ultimate**			
6.	Life expectancy of person retiring at year end	**12 to 15 yrs**			

(₹ in Million)

30. Contingent Liabilities and Commitments

Contingent liabilities (to the extent not provided for)			31st December, 2017	31st December, 2016
(a)	Claims against the Company not acknowledged as debt			
	i.	Income tax claims against which the Company has preferred an appeal	**107**	75
	ii.	Disallowance of certain expenses under direct tax	**268**	279
	iii.	Excise cases against the Company, appealed at CESTAT	**145**	95
	iv.	Excise cases against the Company, appealed at High Court	**49**	49
	v.	Service Tax	**59**	67
	vi.	Sales Tax and VAT	**220**	218
	vii.	Stamp Duty, Government Cess and others	**64**	75
	viii.	Water Charges	**325**	325
	ix.	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	**31**	31
(b)	Commitment			
	i.	Estimated amount of contracts remaining to be exhausted on capital account (net of advances) and not provided for tangible assets	**209**	176

Water Charges:

The Company has an ongoing dispute pertaining to the Stamping Division of the Company [formerly known as Mahindra Ugine Steel Company Limited (MUSCO)] with the Irrigation Department (Water Resource Department) in respect of levy of charge for use of water from Patalganga River, for the period from 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 pending before the Hon'ble High Court of Bombay ("the Court") where the Company had filed a writ and the Court, vide Order dated 2nd July, 2012, has admitted the writ petition of the Company. In compliance with the Order admitting the Company's petition, the Company has deposited an amount of ₹ 233 Million with the Irrigation Department, being the arrears of water charges for the period from July 1991 to May 2012 and has also given a bank guarantee towards penal rate charges of ₹ 102 Million claimed by the Irrigation Department. The High Court has also allowed the Irrigation Department to withdraw the amount of arrears of ₹ 29 Million deposited earlier by the Company with it in respect of disputed water charge claim for the period from July 1991 to March 2001. As per the Order, the Company is entitled to pursue the proceedings filed by it before the Honorable Bombay High Court and that the State of Maharashtra (Irrigation Department) shall not adopt any coercive steps for recovery of the aforesaid penal rate charges of ₹ 102 Million and the late fee of ₹ 223 Million.

31. Related Party Transactions

(a) Names of Related Parties

Ultimate Holding Company – CIE Automotive S.A.

Holding Company – Participaciones Internacionales Autometal, DOS S.L

Associate Company - Mahindra Vehicle Manufactures Limited, the investing Company in respect of which the Company is an associate w.e.f. Dec 30, 2015

(b) Names of Related Parties where transactions have taken place during the period (Fellow Subsidiaries)

Subsidiary Companies

No.	Name of the Company
1	Stokes Group Limited(SGL)
2	CIE Galfor SA(Galfor)
3	Bill Forge Private Limited(BF)
4	Mahindra Forgings Europe AG (MFE) (subsidiary of MFIL)
5	Mahindra Gear Global Limited (Till 1st June, 2017)
6	Mahindra Gear Tranmission Private Ltd (Till 30th June, 2017)
7	Mahindra Forgings International Limited (Till 30th June, 2017)
8	Crest Geartech Private Limited (Till 30th June, 2017)
9	Mahindra Forgings Global Limited (MFGL) (Till 30th June, 2017)

(₹ in Million)

Step Down subsidiary companies

10 Gesenkschmiede Schneider GmbH(subsidiary of MFE)
11 Jeco Jellinghaus GmbH(subsidiary of MFE)
12 Falkenroth Unformtechnik GmbH(subsidiary of MFE)
13 Schonoeweiss & Co GmbH(subsidiary of MFE)
14 Stokes Forgings Dudley Limited(subsidiary of SGL)
15 Stokes Forgings Limited(subsidiary of SGL)
16 CIE Legazpi SA(subsidiary of Galfor)
17 UAB CIE LT Forge (subsidiary of Galfor)
18 Metalcastello S.p.A (MC)(subsidiary of MGGL)
19 Bill Forge Precision Private Limited (subsidiary of BF)
20 Bill Forge Global DMCC (BFG) (subsidiary of BF) (Till 25th September, 2017)
21 Bill Forge Mexico S. DE R. L. DE C V (subsidiary of BFG)

Fellow subsidiaries

No. Name of the Company
1 CIE Berriz, S.L.
2 Grupo Componentes Vilanova, S.L.
3 CIE Mecauto, S.A., Sociedad Unipersonal
4 CIE Compiégne, S.A.S.
5 Praga Louny
6 Componentes de Automoción Recytec, S.L.U
7 Componentes de Dirección Recylan S.L.U.
8 Nova Recyd, S.A.U.
9 CIE Metal CZ, s.r.o.
10 Nanjing Automotive Forging Co., Ltd
11 CIE Automotive Parts , Co. Ltd.
12 Forjas de Celaya, S.A. de C.V.
13 Matic Dolares
14 Gameko Fabricación de Componentes, S.A.
15 Global Near S.L.
16 Pintura y Ensambles de México, S.A. de C.V.
17 CIEB México
18 Autoforjas, Ltda.

(c) Names of the Associate 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 w.e.f .31st Dec 2015
2 Mahindra & Mahindra Limited (M&M) (Holding Company of the investing company in respect of which the Company is an Associate.

Subsidiary Companies of the investing compnay (MVML) of in respect of which the Company is an Associate w.e.f. 31st Dec 2015

1 Mahindra Intertrade Limited
2 Mahindra Steel Service Centre Limited
3 Mahindra Auto Steel Limited
4 Mahindra Electric Mobility Limited (Formerly known as Mahindra Reva Electric Vehicles Limited. Name Changed w.e.f. 15.02.2017)
5 Mahindra Heavy Engines Private Limited
6 Mahindra Two Wheelers Limited
7 Mahindra Electrical Steel Private Limited

Fellow Subsidiary Companies of the investing company(MVML)

1 Mahindra Sanyo Special Steels Private Limited
2 Gromax Agri Equipments Limited (Formerly known as Mahindra Gujarat Tractor Limited. Name Changed w.e.f. 24.08.2017)
3 Mahindra Trucks & Buses Private Limited

(₹ in Million)

4 Mahindra Defence Systems Limited
5 Mahindra World City Developers Limited
6 Tech Mahindra Limited
7 Mahindra Logistics Limited
8 Bristlecone Limited
9 NBS International Limited
10 Mahindra Consulting Engineers Limited

(d) Key Managerial Personnel (KMP)

No.	Name	Designation
1	Mr. Hemant Luthra	Chairman
2	Mr. Antonio Maria Pradera Jauregui	Director
3	Mr. Jesus Maria Herrera Barandiaran	Director
4	Mr. Ander Arenaza Alvarez	Executive Director
5	Mr. K. Ramaswami (upto Oct 3, 2017)	Managing Director
6	Mr. Daljit Mirchandani	Director
7	Mr. Dhananjay Mungale	Director
8	Mr. Manoj Maheshwari	Director
9	Mrs. Neelam Deo	Director
10	Mr. Juan Maria Bilbao Ugarizza	Director
11	Mr. Jose Sabino Velasco Ibanez	Director
12	Mr. Suhail Nathani	Director
13	Mr. Shriprakash Shukla	Director
14	Mr. Zhooben Dosabhoy Bhiwandiwala	Director
15	Mr. Romesh Kaul	Chief Executive – Forgings, Stampings & composites
16	Mr. Manoj Menon (w. e. f. Dec 14, 2017)	Chief Executive – Gears, Foundry & Magnetics
17	Mr. K Jayaprakash	C.F.O.
18	Mr. Krishnan Shankar (Pursuant to Sec 2(76) of the Companies Act, 2013)	Company Secretary and Head Legal

(e) Transactions with Related parties during the period

	For the year ended	**Holding company**	**Entities having significant influence over Company**	**Subsidiaries**	**Subsidiaries of Entities having significant influence over Company**	**KMP**	**Other related parties**
Nature of transactions with Related Parties							
Sale of goods	**31-Dec-17**	**-**	**12,475**	**193**	**306**	**-**	**-**
	31-Dec-16	-	9,014	153	472	-	-
Purchase of goods	**31-Dec-17**	**-**	**-**	**-**	**1,364**	**-**	**-**
	31-Dec-16	-	-	-	1,649	-	-
Purchase of property and other assets	**31-Dec-17**	**-**	**1**	**-**	**-**	**-**	**-**
	31-Dec-16	-	-	1	-	-	-
Rendering of services	**31-Dec-17**	**-**	**-**	**18**	**-**	**-**	**-**
	31-Dec-16	-	-	70	-	-	-
Receiving of services	**31-Dec-17**	**-**	**-**	**6**	**93**	**-**	**-**
	31-Dec-16	-	2	-	3	-	-
Rent received	**31-Dec-17**	**-**	**-**	**-**	**1**	**-**	**-**
	31-Dec-16	-	-	-	1	-	-
Rent paid	**31-Dec-17**	**-**	**57**	**-**	**-**	**-**	**-**
	31-Dec-16	-	18		-	-	-
Interest paid	**31-Dec-17**	**-**	**-**	**8**	**-**	**-**	**-**
	31-Dec-16	-	-	-	-	-	-
Reimbursement received	**31-Dec-17**	**-**		**-**	**-**	**-**	**-**
	31-Dec-16	-	1	-	-	-	-
Reimbursement paid	**31-Dec-17**	**-**	**32**	**4**	**-**	**-**	**-**
	31-Dec-16	-	75	9	-	-	-

(₹ in Million)

(f) Balances with Related parties at the end of the period

Nature of Balances with Related Parties	Balance as on	Ultimate holding company	Holding company	Entities having joint control/ significant influence over Group	Subsidiaries	Subsidiaries of Entities having joint control/ significant influence over Company	KMP	Other related parties
Trade payables	**31-Dec-17**			**29**		**252**		
	31-Dec-16	-	-	50	2	260	-	-
Trade receivables	**31-Dec-17**			**1,501**	**52**	**38**		
	31-Dec-16	-	-	941	88	15	-	-
Loans & advances taken	**31-Dec-17**			**-**	**620**	**-**		
	31-Dec-16	-	-	-	-	-	-	-
Loans & advances given	**31-Dec-17**							
	31-Dec-16	-	-	-	-	-	-	-
Other balances	**31-Dec-17**							
	31-Dec-16	-	-	6	-	-	-	-

(g) Remuneration to Key Managerial Personnel

Details of Remuneration	**31st December, 2017**	31st December, 2016
Short term benefits	**96**	93
Share based payments	**25**	30
Total	**121**	123

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, excluding treasury shares acquired by the parent Company.

	31st December, 2017	31st December, 2016
	₹ Per Share	₹ Per Share
Basic earnings per share	**1.83**	1.53
Diluted Earnings per share	**1.83**	1.52

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

For the year ended

	31st December, 2017	31st December, 2016
Profit for the year attributable to owners of the Company	**693**	515
Weighted average number of equity shares	**378,293,423**	337,156,525
Earnings per share from continuing operations – Basic	**1.83**	1.53

(₹ in Million)

(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, Stock options and Convertible bonds for the respective periods. Since, the effect of the conversion of Preference shares was anti-dilutive, it has been ignored.

	31st December, 2017	31st December, 2016
Profit for the year	693	515
Weighted average number of equity shares used in the calculation of Basic EPS	378,293,423	337,156,525
Add: Effect of Warrants,		
Others if any	440,460	1,430,039
Weighted average number of equity shares used in the calculation of Diluted EPS	378,733,883	338,586,564
Diluted EPS	1.83	1.52

33. Exceptional Costs

Exceptional Items relates to onetime payment made to employees opting for early retirement under The Voluntary Retirement Scheme declared in November 2017 In Forgings division and June 2016 in Hinoday division.

34. Segment Information

The Operation of company comprises a single business i.e. Automotive component manufacture in India.

35. Corporate Social Responsibility (CSR)

The company is required to spend a sum ₹ 28* Million (PY ₹ 17 Million) as part of CSR during the year. The details of actual expenses are as under:

	31st December, 2017			31st December, 2016		
	In Cash	**Yet to be paid in Cash**	**Total**	In Cash	Yet to be paid in cash	Total
Construction of assets	**2**	**-**	**2**	-	-	-
On the purpose other than above	**12**	**-**	**12**	3	-	3

*The remaining balance will be spent subsequently.

36. Revenue from operations for the year ended December 31, 2016 include excise duty which is discontinued with effect from July 1, 2017 upon implementation of Goods and Services Tax ('GST') in India. In accordance with Ind AS 18, Revenue, GST is not included in revenue from operation. In view of the aforesaid restructuring of Indirect taxes, Revenue from operation for the year ended 31st Dec 2017 and year ended 31st Dec 2016 are not comparable.

37. Events occurring after the reporting period

There are no reportable events occurring after the reporting period.

As per Report of even date
For **Price Waterhouse Chartered Accountants LLP**
Firm Registration No. 012754N/N500016

Jeetendra Mirchandani
Partner
Membership No. 48125
Mumbai, 20th February, 2018

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

Hemant Luthra
Chairman

K. Jayaprakash
Chief Financial Officer

Ander Alvarez
Director

Daljit Mirchandani
Director

Krishnan Shankar
Company Secretary & Head-Legal

Mumbai, 20th February, 2018

INDEPENDENT AUDITOR'S REPORT

To the Members of Mahindra CIE Automotive Limited

Report on the Consolidated Indian Accounting Standards (Ind AS) Financial Statements

1. We have audited the accompanying consolidated Ind AS financial statements of Mahindra CIE Automotive Limited (hereinafter referred to as the "Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as the "Group"), (refer Note 1 to the attached consolidated financial statements), comprising of the consolidated Balance Sheet as at December 31, 2017, the consolidated Statement of Profit and Loss (including Other Comprehensive Income), the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information prepared based on the relevant records (hereinafter referred to as "the Consolidated Ind AS Financial Statements").

Management's Responsibility for the Consolidated Ind AS Financial Statements

2. The Holding Company's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated cash flows and changes in equity of the Group in accordance with accounting principles generally accepted in India including the Indian Accounting Standards specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under Section 133 of the Act. The Holding Company's Board of Directors is also responsible for ensuring accuracy of records including financial information considered necessary for the preparation of consolidated Ind AS financial statements. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group respectively and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgements 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which has been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act and the Rules made thereunder including the accounting standards and matters which are required to be included in the audit report.

4. We conducted our audit of the consolidated Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated Ind AS financial statements are free from material misstatement.

5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated Ind AS financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

6. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraphs 8 and 9 of the Other Matters paragraphs below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

Opinion

7. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated Ind AS financial statements give the information required by the 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, as at December 31, 2017, and their consolidated total comprehensive income (comprising of consolidated profit and consolidated other comprehensive income), their consolidated cash flows and consolidated changes in equity for the year ended on that date.

Other Matters

8. The financial statements of ten subsidiaries located outside India, included in the consolidated financial statements, which constitute total assets of ₹ 41,715 million and net assets of ₹ 15,114 million as at December 31, 2017, total revenue of ₹ 37,297 million, total comprehensive income (comprising of profit and other comprehensive income) of ₹ 2,230 million and net cash flows amounting to ₹ (18) million for the year then ended, have been prepared in accordance with accounting principles generally accepted in their respective countries and have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Company's management has converted the financial statements of such subsidiaries located outside India from the accounting principles generally accepted in their respective countries to the accounting principles generally

accepted in India. We have audited these conversion adjustments made by the 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 report of other auditors and the conversion adjustments prepared by the management of the Company and audited by us.

9. We did not audit the financial information of three subsidiaries, whose financial information reflect total assets of ₹ 477 million and net assets of ₹ (579) million as at December 31, 2017, total revenue of ₹ 921 million, total comprehensive income (comprising of loss and other comprehensive income) of ₹ 127 million and net cash flows amounting to ₹ 20 million for the year ended on that date, as considered in the consolidated Ind AS financial statements. These financial information are unaudited and have been furnished to us by the Management, and our opinion on the consolidated Ind AS financial statements insofar as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-section (3) of Section 143 of the Act insofar as it relates to the aforesaid subsidiaries, is based solely on such unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, these financial information are not material to the Group.

10. The comparative financial information of the Group for the year ended December 31, 2016 prepared in accordance with Ind AS included in these consolidated Ind AS financial statements have been audited by the predecessor auditor who had audited the statutory consolidated financial statements for the year ended December 31, 2016. The predecessor auditor has expressed an unmodified opinion on the comparative financial information vide report dated February 23, 2017.

    Our opinion is not qualified in respect of these above matters.

Report on Other Legal and Regulatory Requirements

11. As required by Section143(3) of the Act, 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 Ind AS financial statements.

    (b) In our opinion, proper books of account as required by law maintained by the Holding Company and its subsidiaries included in the Group, incorporated in India including relevant records relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books and records of the Holding Company and the reports of the other auditors.

    (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained by the Holding Company and its subsidiaries included in the Group, incorporated in India including relevant records relating to the preparation of the consolidated Ind AS financial statements.

    (d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards 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 December 31, 2017 taken on record by the Board of Directors of the Holding Company and its subsidiary companies incorporated in India, none of the directors of the Group companies incorporated in India are disqualified as on December 31, 2017 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 over financial reporting of the Holding Company and its subsidiary companies, incorporated in India and the operating effectiveness of such controls, refer to our separate Report in Annexure A.

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

        i. The consolidated Ind AS financial statements disclose the impact, if any, of pending litigations as at December 31, 2017 on the consolidated financial position of the Group – Refer Note 32 to the consolidated Ind AS financial statements.

        ii. The Group had long-term contracts as at December 31, 2017 for which there were no material foreseeable losses. The Group did not have any derivative contracts as at December 31, 2017.

        iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies incorporated in India during the year ended December 31, 2017.

For **Price Waterhouse Chartered Accountants LLP**
Firm Registration Number: 012754N/N500016

Jeetendra Mirchandani
Partner
Membership Number - 48125

Place: Mumbai
Date: February 20, 2018

ANNEXURE A TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 11(f) of the Independent Auditors' Report of even date to the members of Mahindra CIE Automotive Limited on the consolidated financial statements for the year ended December 31, 2017

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act

1. In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended December 31, 2017, we have audited the internal financial controls over financial reporting of Mahindra CIE Automotive Limited (hereinafter referred to as "the Holding Company") and its subsidiary company incorporated in India, as of that date. Reporting under clause (i) of sub section 3 of Section 143 of the Act in respect of the adequacy of the internal financial controls over financial reporting is not applicable to one subsidiary incorporated in India namely BF Precision Private Limited, pursuant to MCA notification GSR 583(E) dated 13 June 2017

Management's Responsibility for Internal Financial Controls

2. The respective Board of Directors of the Holding company and its subsidiary company, to whom reporting under clause (i) of sub section 3 of Section 143 of the Act in respect of the adequacy of the internal financial controls over financial reporting is applicable, which is the company incorporated in India, are responsible for establishing and maintaining internal financial controls based on internal control over financial reporting 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 (ICAI)". 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

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. 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 over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

5. 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 system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

7. Because of the inherent limitations of internal financial controls over financial reporting, 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 over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Holding Company and its subsidiary company, incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at December 31, 2017, based on the internal control over financial reporting 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.

For **Price Waterhouse Chartered Accountants LLP**
Registration Number: 012754N/N500016

Jeetendra Mirchandani
Partner
Membership Number - 48125

Place: Mumbai
Date: February 20, 2018

Consolidated Balance Sheet as at 31st December, 2017

(₹ in Million)

	Note	As at 31st December, 2017	As at 31st December, 2016
ASSETS			
Non-Current Assets			
(a) Property, Plant and Equipment	6	**19,014**	17,680
(b) Capital Work-in-Progress	6	**602**	967
(c) Goodwill	7, 31	**28,364**	27,338
(d) Other Intangible Assets	8	**125**	155
(e) Financial Assets			
(i) Investments	9	**14**	36
(ii) Loans	11	**2,389**	2,426
(f) Deferred Tax Assets	21	**2,554**	2,634
(g) Income tax Assets		**270**	-
(h) Other Non-Current Assets	12	**1,386**	1,325
		54,718	52,561
Current Assets			
(a) Inventories	13	**9,898**	8,352
(b) Financial Assets			
(i) Investments	9	**537**	354
(ii) Trade Receivables	10	**5,984**	5,219
(iii) Loans	11	**43**	12
(iv) Cash and Cash Equivalents	14	**677**	944
(v) Other Bank Balances	14	**42**	37
(c) Income Tax Assets		**529**	268
(d) Other Current Assets	12	**3,487**	1,570
		21,197	16,756
Total Assets		**75,915**	69,317
EQUITY & LIABILITIES			
Equity			
(a) Equity Share Capital	15	**3,784**	3,781
(b) Other Equity	16	**33,372**	28,882
(c) Non- Controlling Interest		**-**	-
		37,156	32,663
Non-Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	17	**10,173**	9,325
(ii) Other Financial Liabilities	19	**9**	16
(b) Provisions	20	**3,449**	3,296
(c) Deferred Tax Liabilities	21	**924**	968
(d) Other Non-Current Liabilities	24	**720**	669
		15,275	14,274
Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	17	**1,796**	4,296
(ii) Trade Payables	18	**15,743**	15,260
(iii) Other Financial Liabilities	19	**748**	633
(b) Provisions	20	**196**	193
(c) Income Tax Liabilities		**696**	215
(d) Other Current Liabilities	24	**4,305**	1783
		23,484	22,380
Total Equity and Liabilities		**75,915**	69,317

The accompanying notes 1 to 37 are an integral part of these consolidated financial statements.

This is the Consolidated Balance Sheet referred to in our report of even date

For **Price Waterhouse Chartered Accountants LLP**
Firm Registration No. 012754N/N500016

Jeetendra Mirchandani
Partner
Membership No. 48125
Mumbai, 20th February, 2018

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

Hemant Luthra
Chairman

Ander Alvarez
Director

K. Jayaprakash
Chief Financial Officer

Daljit Mirchandani
Director

Krishnan Shankar
Company Secretary & Head-Legal

Mumbai, 20th February, 2018

Consolidated Statement of Profit and Loss

(₹ in Million)

		Note	Year Ended 31st December, 2017	Year Ended 31st December, 2016
I	**Revenue from operations**		**66,630**	55,246
	(a) Sale of products and services		**63,977**	53,260
	(b) Other operating revenues		**2,653**	1,986
II	**Other Income**	25	**269**	314
III	**Total Revenue**		**66,899**	55,560
IV	**Expenses**			
	(a) Cost of materials consumed	26	**29,333**	21,527
	(b) Changes in stock of finished goods, work-in-progress and stock-in-trade		**(784)**	(84)
	(c) Employee benefit expense	27	**11,760**	11,025
	(d) Finance costs	28	**545**	594
	(e) Depreciation and amortisation expense	6,8	**2,734**	2,325
	(f) Provision for impairment of Property plant and equipment	6	**75**	-
	(g) Excise duty on sales		**1,430**	2,047
	(h) Other expenses	29	**16,671**	15,420
	Total Expenses (IV)		**61,764**	52,854
	Profit before exceptional items and tax		**5,135**	2,706
V	**Exceptional Items**	37	**(68)**	(90)
VI	**Profit before tax**		**5,067**	2,616
VII	**Income Tax Expense**			
	(1) Current tax	22	**1,266**	745
	(2) Deferred tax	22	**217**	181
	Total tax expense		**1,483**	926
VIII	**Profit for the year**		**3,584**	1,690
IX	**Profit for the year attributable to:**			
	Owners of the Group		**3,584**	1,690
X	**Other comprehensive income**			
	A (i) Items that will not be reclassified to profit or loss			
	Actuarial gain/(loss)		**(19)**	(99)
	(ii) Income tax relating to items that will not be reclassified to profit or loss		**6**	35
	B (i) Items that may be reclassified to profit or loss			
	Exchange difference in restating Financial liabilities at closing rate		**-**	-
	Exchange differences in translating the financial statements of foreign operations		**708**	(120)
	(ii) Income tax relating to items that may be reclassified to profit or loss		**-**	-
	Other comprehensive Income/(loss) for the year, net of tax		**695**	(184)
XI	**Total comprehensive income for the year**		**4,279**	1,506
XII	**Total comprehensive income for the year attributable to:**			
	Owners of the Group		**4,279**	1,506
XIII	**Earnings per equity share of face value of INR10 each (for continuing operation):**			
	(1) Basic	35	**9.48**	5.01
	(2) Diluted	35	**9.46**	4.99

The accompanying notes 1 to 37 are an integral part of these consolidated financial statements.

This is the Consolidated Profit and Loss referred to in our report of even date

For **Price Waterhouse Chartered Accountants LLP**
Firm Registration No. 012754N/N500016

Jeetendra Mirchandani
Partner
Membership No. 48125
Mumbai, 20th February, 2018

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

Hemant Luthra
Chairman

Ander Alvarez
Director

K. Jayaprakash
Chief Financial Officer

Daljit Mirchandani
Director

Krishnan Shankar
Company Secretary & Head-Legal

Mumbai, 20th February, 2018

Consolidated Statement of Changes in equity

(₹ in Million)

A. Equity share capital

	Number of Shares	Equity share capital
Balance at January 1, 2016	323,336,048	3,233
Changes in equity share capital during the year		
Issue of equity shares pursuant to exercise of employee share option	260,654	3
Issue of equity shares to Participaciones Internacionales Autometal, Dos S.L. (PIA2) and Bill Forge Pvt Ltd Shareholders (Note 31)	54,491,563	545
Balance at December 31, 2016	**378,088,265**	**3,781**
Changes in equity share capital during the year Issue of equity shares pursuant to exercise of employee share options	278,977	3
Balance at December 31, 2017	**378,367,242**	**3,784**

B. Other Equity

	Reserves and surplus						Other reserves		Total
	Capital Reserve	Securities Premium Reserve	Equity-settled employee benefits reserve	General Reserve	Capital redemption Reserve	Retained Earnings	Foreign Currency Translation Reserve	Actuarial Gain / (Loss)	
As at 31st December 2015	7,578	4,987	14	6,028	165	(2,382)	343	100	16,833
Profit for the year	-	-	-	-	-	1,690	-	-	1,690
Other Comprehensive Income	-	-	-	-	-	-	(120)	(64)	(184)
Total Comprehensive Income for the year	-	-	-	-	-	1,690	(120)	(64)	1,506
Exercise of employee stock options	-	23	59	-	-	-	-	-	82
Issue of shares	-	10,069	-	-	-	-	-	-	10,069
Other changes	-	-	-	-	-	392	-	-	392
As at 31st December 2016	7,578	15,079	73	6,028	165	(300)	223	36	28,882
Profit for the year	-	-	-	-	-	3,584	-	-	3,584
Other Comprehensive Income	-	-	-	-	-	-	823	(13)	810
Total Comprehensive Income for the year	-	-	-	-	-	3,584	823	(13)	4,394
Exercise of employee stock options	-	63	33	-	-	-	-	-	96
On account of merger within the group	115	-	-	-	-	-	(115)	-	-
As at 31st December 2017	7,693	15,142	106	6,028	165	3,284	931	23	33,372

This is the Consolidated Changes in Equity referred to in our report of even date

For **Price Waterhouse Chartered Accountants LLP**
Firm Registration No. 012754N/N500016

Jeetendra Mirchandani
Partner
Membership No. 48125
Mumbai, 20th February, 2018

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

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Company Secretary & Head-Legal

Mumbai, 20th February, 2018

Consolidated Cash Flow Statement for the Year Ended 31St December 2017

(₹ in Million)

		Note No.	**Year ended 31st December, 2017**	Year ended 31st December, 2016
I	**Cash flows from operating activities**			
	Profit before tax for the year		**5,067**	2,616
	Adjustments for:			
	Finance costs	28	**545**	594
	Interest and dividend income	25	**(97)**	(108)
	Other non-cash income		**(46)**	-
	Provisions made/ reversed during the year		**182**	96
	The accompanying notes 1 to 38 are an integral part of these consolidated financial statements.			
	Provision for doubtful debts		**(90)**	-
	Provision for obsolescence of inventory		**106**	-
	Loss/ (Gain) on disposal of property, plant and equipment	25	**(11)**	(63)
	Depreciation and amortisation	6,8	**2,734**	2,325
	Impairment of assets		**75**	-
	Expenses recognized in respect of ESOP's		**63**	60
	Currency Translation Adjustments		**-**	(6)
			8,528	5,514
	Movements in working capital:			
	(Increase) in trade and other receivables		**(2,766)**	(1562)
	(Increase)/decrease in inventories		**(1,273)**	(110)
	(Decrease)/increase in other liabilities		**1,710**	(209)
			(2,329)	(1881)
	Income taxes paid		**(1,077)**	(593)
	Net cash generated by operating activities		**5,122**	3,040
II	**Cash flows from investing activities**			
	Payment for acquisition of subsidiary (net of cash)		**-**	(6,721)
	Net Income/ (Payments) to acquire financial assets		**(183)**	284
	Interest and dividend received	25	**97**	108
	Payments for property, plant and equipment	6,8	**(3,105)**	(2,158)
	Proceeds from disposal of property, plant and equipment		**108**	179
	Net cash (used in)/generated by investing activities		**(3,083)**	(8,308)
III	**Cash flows from financing activities**			
	Proceeds from issue of equity instruments of the Group		**66**	4,525
	Borrowings: New loans		**3,444**	1,817
	Borrowings: Repayments made		**(5,321)**	-
	Interest paid		**(545)**	(594)
	Net cash used in financing activities		**(2,356)**	5,748
IV	Net increase/ (decrease) in cash and cash equivalents		**(317)**	480
	Cash and cash equivalents at the beginning of the year		**981**	501
	Effects of exchange rate changes (on cash held in foreign currencies)		**55**	-
V	Cash and cash equivalents at the end of the year		**719**	981
Reconciliation of Cash and Cash Equivalents				
Total Cash and Cash Equivalents as per Balance Sheet			**677**	944
Bank balances			**42**	37
Total Cash and Cash Equivalents as per Statement of Cash Flow			**719**	981

The accompanying notes 1 to 37 are an integral part of these consolidated financial statements.

This is the Consolidated Cash Flow Statement referred to in our report of even date

For **Price Waterhouse Chartered Accountants LLP**
Firm Registration No. 012754N/N500016

Jeetendra Mirchandani
Partner
Membership No. 48125
Mumbai, 20th February, 2018

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

Hemant Luthra
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Chief Financial Officer

Daljit Mirchandani
Director

Krishnan Shankar
Company Secretary & Head-Legal

Mumbai, 20th February, 2018

Notes to the Consolidated Financial Statements as at and for the year ended 31st December, 2017

1. General information

Mahindra CIE Automotive Group and Background

Mahindra CIE Automotive Limited (MCIE) is a company incorporated in India having its registered office in Mumbai. 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 the United Kingdom. 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 Group based in Spain. The Mahindra Group based in India a significant shareholder in MCIE. MCIE is a result of a global alliance between the two Groups pursuant to which Mahindra's automotive components businesses across various product segments in India and Europe were brought together with the forgings business of CIE in Spain.

During the year 2017, the following changes happened in the group structure:

(1) Winding up of Bill Forge Global DMCC, Dubai.

(2) Mahindra Global Gears Limited, Mauritius was reverse merged into Metalcastello S.p.A, Italy.

(3) Mahindra Forgings International Limited, Mauritius, Mahindra Forgings Global Limited, Mauritius, Mahindra Gears and Transmissions Private Limited, India, Crest Geartech Private Limited, India were merged into the parent company Mahindra CIE Automotive Limited by virtue of the National Company Law Tribunal's Order dated 13th December 2017 in connection with CSP no 1075 (MAH) of 2017.

The subsidiaries 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 Appendix attached hereto.

These consolidated financial statements for the year beginning from January 1, 2017 to December 31, 2017 were approved for issue by the Board of Directors in accordance with their resolution dated February 20, 2018.

Interest in Other Entities

Sr. No.	Name of the entity	% of Holding		Country of Incorporation
		31st Dec 2017	31st Dec 2016	
1	Stokes Group Limited (SGL)	100%	100%	U.K
2	Stokes Forgings Dudley Limited (subsidiary of SGL)	100%	100%	U.K
3	Stokes Forgings Limited (subsidiary of SGL)	100%	100%	U.K
4	Mahindra Forgings Europe AG (MFE)	100%	100%	Germany
5	Jeco Jellinghaus GmbH (subsidiary of MFE)	100%	100%	Germany
6	Gesenkschmiede Schneider GmbH (subsidiary of MFE)	100%	100%	Germany
7	Falkenroth Unformtechnik GmbH (subsidiary of MFE)	100%	100%	Germany
8	Schonoeweiss & Co GmbH (subsidiary of MFE)	100%	100%	Germany
9	UAB CIE Galfor SA (Galfor)	100%	100%	Spain
10	Metalcastello S.p.A (MC) (subsidiary of Galfor)	99.96%	99.96%	Italy
11	CIE Legazpi SA (subsidiary of Galfor)	100%	100%	Spain
12	UAB CIE LT Forge (subsidiary of Galfor)	100%	100%	Lithuania
13	Bill Forge Private Limited(BF)	100%	100%	India
14	BF Precision Private Limited (subsidiary of BF)	100%	100%	India
15	Bill Forge Mexico S. DE R. L. DE C V (subsidiary of BF)	100%	100%	Mexico

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.

The consolidated financial statements are presented in Millions INR and all values are rounded to the nearest Million except when otherwise indicated.

2.2 Recent Amendments

a) Impact of changes in Ind AS prospectively

The Ministry of Corporate Affairs has issued the Companies (Indian Accounting Standards) (Amendment) Rules, 2017 on March 17, 2017 notifying amendments to Ind AS 7 'Statement of cash flows' and Ind AS 102 'Share based payment'. These amendments are applicable from financial year beginning on or after April 1, 2017.

b) Amendment to Ind AS 7:

The amendment in Ind AS 7 introduces an additional disclosure that will enable the users of financial statements to evaluate changes in liabilities arising from financing activities. These include changes arising from

(i) Cash flows, such as drawdowns and repayments of borrowings

(ii) Non-cash changes (i.e. changes in fair values), changes resulting from acquisitions and disposals of subsidiaries/ businesses and the effect of foreign exchange differences. Hence, the amendment will enable the users of financial statements to better understand the changes in entity's debt.

The Company does not have such transactions and therefore the amendment is not expected to have any impact on the financial statements.

c) Amendment to Ind AS 102:

The amendment in Ind AS 102 addresses three classification and measurement issues. These relate to:-

(i) Measurement of cash-settled share-based payments that include non-market based performance condition

(ii) Modification of cash-settled arrangements to equity-settled share-based payments

(iii) Equity-settled awards that include a 'net-settlement' feature relating to tax obligations.

The Company does not have share based payment awards. Hence, the amendment is not expected to have any impact on the financial statements.

2.3 Consolidation principles

The consolidated financial statements comprise the financial statements of the company and its subsidiaries as at 31 December 2017. 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 31 December 17.

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 fixed assets, 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 off the related assets or liabilities

2.4 Segment information

Operating segments (Note 5) 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.

2.5 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 liabilities assumed are recognized at their acquisition date fair values. 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 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.

2.6 Current versus 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.

2.7 Foreign currencies

The Group's consolidated financial statements are presented in ₹, which is also the parent 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 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.

2.8 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The Group has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks.

Based on the Educational Material on Ind AS 18 issued by the ICAI, the Group has assumed that recovery of excise duty flows to the Group on its own account. This is for the reason that it is a liability of the manufacturer which forms part of the cost of production, irrespective of whether the goods are sold or not. Since the recovery of excise duty flows to the Group on its own account, revenue includes excise duty.

However, Goods and Services Tax effective from 1st July 2017 and sales tax/ value added tax (VAT) before 1st July 2017 is not received by the Group on its own account. Rather, it is tax collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

The specific recognition criteria described below must also be met before revenue is recognized.

Sale of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

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 finance income in the statement of profit and loss.

Dividends

Revenue is recognized when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.

2.9 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 released to 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.

2.10 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 depending on the principle explained for bargain purchase gains. All other acquired tax benefits realised are recognized in profit or loss.

Sales/ value added taxes paid on acquisition of assets or on incurring expenses

Expenses and assets are recognized net of the amount of sales/ value added 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.

2.11 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 15 to 50 years

- Plant and equipment 2 to 24 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 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.

2.12 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.

2.13 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.

2.14 Leases

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

For arrangements entered into prior to 1 April 2015, the Group has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

Group as a lessee

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

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Group's general policy on the borrowing costs. Contingent rentals are recognized as expenses in the periods in which they are incurred.

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

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

Group as a lessor

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

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Group to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

2.15 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 first in, first out basis.
- Finished goods and work in progress: cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs. Cost is determined on first in, first out basis.
- 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 basis.

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.

2.16 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 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 indicators

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 years 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 (or Group of CGUs) to which the goodwill relates. 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.

2.17 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.

Warranty provisions

Provisions for warranty-related costs are recognized when the product is sold or service provided to the customer. Initial recognition is based on historical experience. The initial estimate of warranty-related costs is revised annually.

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.

2.18 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.

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.

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

2.19 Share based payments

Share based compensation benefits are provided to employees via the Employee Stock Options Scheme.

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).

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:

- Debt instruments at amortised 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)

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 Group'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.

2.21 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 Cash 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 merchandise sold or services performed in the ordinary course of business. If collection is due in one year or less they are classified as current assets.

Commercial receivables are recognised initially at fair value and subsequently measured at amortised cost using the original effective interest method, less provision for impairment. A provision for impairment of trade receivables is recognised when there is objective evidence that the Group will not be able to collect all amounts due under the original terms of the receivables. Indications of impairment are deemed to exist when the debtor is in serious financial difficulty; it is probable that the borrower will enter bankruptcy of other financial reorganisation, and in the event of payment of default or delinquency. The amount of the provision is the difference between the asset's carrying amount and present value of estimated future cash flows, discounted at the effective interest rate. The carrying amount of the asset is reduced as the provision is used and the loss is recognised in the income statement. When a receivable is deemed uncollectible it is written off against the provision for receivables. Any subsequent recovery of previously written-off amounts is recognised in the income statement.

Financing through the discounting of bills of exchange is not written off from trade receivables until they are collected and is reflected as bank financing.

Financing by means of non- recourse factoring or the sale of trade receivables triggers derecognition of the receivable as all associated risks are transferred to the financial institution in question.

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 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.

2.26 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.

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), credit risk and liquidity 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 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 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.

The Group has several investments in foreign operations whose net assets are denominated in EURO, exposing it to foreign exchange translation risk. The exchange risk on the net assets of the Group's foreign operations is mainly managed through natural hedges achieved by denominating borrowings (loans) in the corresponding foreign currency, The exposure on the rest of the assets denominated in other foreign currencies in respect of operations is mitigated basically by denominating borrowings in these currencies.

(ii) Interest rate risk

The Group's borrowings are largely 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.

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

(₹ in Million)

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 31 December 2017 and 31 December 2016 is calculated as follow:

	31st December, 2017	31st December, 2016
Cash, cash equivalents & bank balances (Note 14)	**719**	981
Other Non-current Financial Assets – Loans (Note 11)	**2,389**	2,426
Other current financial assets – Investments (Note 9)	**537**	354
Other current financial assets – Loans (Note 11)	**43**	12
Undrawn credit facilities and loans	**2,777**	1,521
Liquidity buffer	**6,465**	5,294
Bank Borrowings (Note 17)	**11,969**	13,621
Other Current and non-current Financial Liabilities (Note 19)	**757**	649
Cash and cash equivalents (Note 14)	**(719)**	(981)
Other non-current financial assets – Loans (Note 11)	**(2,389)**	(2,426)
Other current financial assets – investments (Note 9)	**(537)**	(354)
Other current financial assets – loan (Note 11)	**(43)**	(12)
Net financial debt	**9,038**	10,497

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 year without problem.

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 31 December 2017 of INR 2,777 million in unused loans and credit lines (31 December 2016: INR 1521 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 are no liquidity risks at the Group.

c. Credit Risk

Credit risk is managed by customer Groups. Credit risk from cash and cash equivalents, derivative financial instruments 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 10.

Top 20 customers make for 80% of Group's sale, thus reflecting limited credit risk.

d. Raw material price risk

The Group does not have significant risk in raw material variations. In case of any variation in price same is passed on to customers through appropriate adjustments to selling prices.

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:

- 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 23).

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.

	31st December, 2017	31st December, 2016
Net Financial Debt (Refer Note 3.1.(b))	**9,038**	10,497
Equity	**37,156**	32,663
Total Capital Employed	**46,194**	43,160
Gearing Ratio	**0.20**	0.24

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 Group 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 Group's goodwill at 31 December 2017.

b) Estimated fair value of assets, liabilities and contingent liabilities associated with a business combination.

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.

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

Income tax expense for the period ended 31 December 2017 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, 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.

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) Pension benefits

The present value of the Group'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 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 the pension obligations. In determining the appropriate discount rate, the Group considers the interest rates of high-quality corporate 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.

(₹ in Million)

5. Segment information

The Board of Directors of Mahindra CIE Automotive Ltd. is the Group's decision-making body. The Board 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 Board.

All companies within the Mahindra CIE Group belong to the same business segment (Automotive) and to two geographical segments, India and Europe.

31st December, 2017

	Indian	**Europe**	**Total Segments**	**Adjustment & Eliminations**	**Consolidated**
Revenue	**28,948**	**37,950**	**66,898**	**(268)**	**66,630**
Income/ (Expenses)	**25,470**	**33,008**	**58,478**	**(268)**	**58,210**
Depreciation, amortization and Impairment	**1,210**	**1,598**	**2,808**	**-**	**2,808**
Segment profit (EBIT)	**2,268**	**3,344**	**5,612**	**-**	**5,613**
EBIDTA	**3,478**	**4,942**	**8,420**	**-**	**8,420**
Total assets	**34,461**	**41,454**	**75,915**	**-**	**75,915**
Total liabilities	**13,611**	**25,148**	**38,759**	**-**	**38,759**
Fixed Asset Addition	**982**	**2,300**	**3,282**	**-**	**3,282**

31st December, 2016:

	India	**Europe**	**Total Segments**	**Adjustment & Eliminations**	**Consolidated**
Revenue	21,253	34,336	55,589	(343)	55,246
Expenses	19,242	30,812	50,054	(343)	49,711
Depreciation and amortization	870	1,455	2,325	-	2,325
Segment profit (EBIT)	1,141	2,069	3,210	-	3,210
EBIDTA	2,011	3,524	5,535	-	5,535
Total assets	29,183	40,134	69,317	-	69,317
Total liabilities	9,597	27,056	36,654	-	36,654
Fixed Asset Addition	856	1,301	2,157	-	2,157

Transfers or transactions between segments are carried out under market terms and conditions as usual commercial transactions with third parties.

The reconciliation of operating results and results attributable to the parent Group is as follows:

	31st December, 2017	31st December, 2016
Operating results (EBIT)	**5,612**	3,210
Financial income (expense)	**(545)**	(594)
Corporate income tax	**(1,483)**	(925)
Profit attributed to the parent Group	**3,584**	1,691

There are no significant transactions between segments.

Segment assets excludes goodwill and mainly include property, plant and equipment, intangible assets, deferred tax assets, inventories, accounts receivable and cash.

Segment liabilities include operating liabilities and long-term financing, excluding intra Group liabilities eliminated on consolidation.

(₹ in Million)

6. Property, plant and equipment

The details and movements in property, plant and equipment are as follows:

2017:

Description of Assets		Land	Buildings	Plant and Equipment	Furniture and Fixtures tools and furnishings	Capital Work in progress	Other Assets	Total
I.	**Gross Carrying Amount**							
	Balance as at 1st Jan 2017	**2,087**	**3,191**	**15,220**	**1,659**	**967**	**489**	**23,613**
	Additions	1	128	1,959	291	877	8	3,264
	Disposals		(4)	(321)	(18)	(31)	(59)	(433)
	Transfers		81	1,127	129	(1,253)	(48)	36
	Exchange differences	93	330	1,355	414	42	8	2,242
	Others			(81)			70	(11)
	Balance as at 31st December, 2017	**2,181**	**3,726**	**19,259**	**2,475**	**602**	**468**	**28,711**
II.	**Accumulated depreciation and impairment**							
	Balance as at 1st Jan 2017	**-**	**(386)**	**(3,639)**	**(809)**	**-**	**(130)**	**(4,964)**
	Depreciation expense for the year		(184)	(2,141)	(318)	-	(38)	(2,681)
	Disposals		3	293	18	-	39	353
	Transfers		(55)	29	26	-	-	-
	Exchange difference		(197)	(1167)	(355)	-	(9)	(1,728)
	Balance as at 31st Dec 2017	**-**	**(819)**	**(6,625)**	**(1,438)**	**-**	**(138)**	**(9,020)**
	Impairment			(75)				(75)
III.	**Net carrying amount**	**2,181**	**2,907**	**12,559**	**1,037**	**602**	**330**	**19,616**

2016:

Description of Assets		Land	Buildings	Plant and Equipment	Furniture and Fixtures tools and furnishings	Capital Work in progress	Other Assets	Total
I.	**Gross Carrying Amount**							
	Balance as at 1st Jan 2016	1,536	2,576	10,676	1,282	559	224	16,853
	Additions	53	20	1,182	307	245	333	2,140
	Acquisitions through business combinations	594	539	3,495	14	774	-	5,416
	Disposals	(18)	(0)	(408)	(24)	-	(19)	(469)
	Reclassified as held for sale	(13)	-	-	(9)	-	-	(22)
	Others	(65)	56	275	87	(611)	(49)	(307)
	Balance as at 31st Dec 2016	**2,087**	**3,191**	**15,220**	**1,659**	**967**	**489**	**23,613**
II.	**Accumulated depreciation and impairment**							
	Balance as at 1st Jan 2016	-	(123)	(867)	(275)	-	-	(1,265)
	Acquisitions through business combinations	-	(84)	(1,817)	(81)	-	-	(1,982)
	Depreciation expense for the year	-	(173)	(1,459)	(496)	-	(134)	(2,262)
	Disposals	-	-	308	43	-	3	354
	Reclassified as held for sale	-	-	-	-	-	-	-
	Others	-	(6)	196	1	-	-	191
	Balance as at 31st Dec 2016	**-**	**(386)**	**(3,639)**	**(809)**	**-**	**(130)**	**(4,964)**
III.	**Net carrying amount**	**2,087**	**2,805**	**11,581**	**849**	**967**	**358**	**18,647**

There are no significant assets acquired under finance lease.

(₹ in Million)

7. Goodwill

	31st December, 2017	31st December, 2016
Cost		
Balance at beginning of year	**28,988**	19,364
Additional amounts recognised from business combinations occurring during the year		9,796
Foreign Exchange Fluctuation	**1,241**	(172)
Balance at end of year	**30,229**	28,988
Accumulated impairment losses	**(1,865)**	(1,650)
Balance at end of year	**(1,865)**	(1,650)
Net carrying amount	**28,364**	27,338

Impairment testing of goodwill

Goodwill is assigned to the Group's cash-generating units (CGUs) on the basis of the criterion of grouping together under each CGU all the Group's assets and liabilities that jointly and indivisibly generate cash flows in an area of the business from a technology and/or geographical and/or customer viewpoint, on the basis of the synergies and risks shared.

Following the re-organization and integration of reportable cash generating units during the year 2017, the Group's former primary CGUs - Germany, Italy and Spain have been merged into one single CGU - Europe. This is also consistent with the Segment information that has been prepared in accordance with the "management approach", which requires presentation of the segments on the basis of the internal management reports of the entity which are regularly reviewed by the chief operating decision maker in order to allocate resources to a segment and to assess its financial performance.

The breakdown of goodwill at the resulting CGU level is set out below:

Cash Generating Units	31st December, 2017	31st December, 2016
India	**10,187**	10,197
Europe	**18,177**	17,141
Total	**28,364**	27,338

Cash Generating Units	31st December, 2017	31st December, 2016
India	**10,187**	10,197
Europe	**20,042**	18,791
Total	**30,229**	28,988

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use cash- flow projections based on five-year financial budgets approved by the management. Cash flows beyond the five-year period are extrapolated on the basis of estimated growth rates that are in all instances lower than the average long-run growth rate for the business in which each of the CGUs operates.

a) Key assumptions used in the calculation of value in use at 31st December 2017:

The discount rates applied to cash flow projections are:

	2017
Discount Rate (Range across CGU's)	**5.37%-13.01%**

The discount rate range applied is attributable to the cash flows generated in countries with different country-risk characteristics.

The main changes in the discount rates used with respect to the previous year derive from changes in risk-free rates.

Budgeted EBITDA (operating profit plus depreciation / amortisation and possible impairment) is determined by Group management in their strategic plans. The margins vary by type of business as follows:

	% of revenue
	2017
Margins (Range)	**14% - 15%**

(₹ in Million)

Other forecast movements in cash flows related to tax are projected to these EBITDA's to obtain after-tax free cash flow for each year.

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. Cash flows beyond the five-year period covered by the Group's forecasts are extrapolated applying prudent assumptions with respect to the forecast future growth rate (between 0% and 4%), based on GDP growth estimates and the inflation rate in each market, and evaluating the level of investment required to achieve such growth. In order to calculate the residual value, a normalised annual flow is discounted, taking into account the discount rate applied on the projections, less the growth rate taken into account.

b) Results of the analysis

The Group verified that in 2017 goodwill had not suffered any impairment. Additionally, if the revised estimated discount rate, which is applied to discounted cash flows, were 10% higher than management's estimates, the Group would still not need to reduce the carrying value of goodwill.

8. Intangible assets

The details and movements of the main classes of intangible assets are shown below:

2017:

Description of Assets	Development Expenditure	Computer Software	Total
I. Gross Carrying Amount			
Balance as at 1st January 2017	**48**	**220**	**268**
Additions	7	10	17
Disposals	(9)	(23)	(32)
Transfers	-	(36)	(36)
Exchange differences	9	83	92
Balance as at 31st December, 2017	**55**	**254**	**309**
II. Accumulated depreciation and impairment			
Balance as at 1st January 2017	**(3)**	**(110)**	**(113)**
Amortisation expense for the year	-	(52)	(52)
Eliminated on disposal of assets	7	24	31
Exchange difference	(7)	(43)	(50)
Balance as at 31st Dec 2017	**(3)**	**(181)**	**(184)**
III. Net carrying amount	**52**	**73**	**125**

2016:

Description of Assets	Development Expenditure	Computer Software	Total
I. Gross Carrying Amount			
Balance as at 1st January 2016	43	162	205
Additions	8	9	17
Acquisitions through business combinations	-	48	48
Disposals	-	(1)	(1)
Others	(3)	2	(1)
Balance as at 31st Dec 2016	**48**	**220**	**268**
II. Accumulated depreciation and impairment			
Balance as at 1st January 2016	(2)	(17)	(19)
Acquisitions through business combinations	-	(34)	(34)
Amortisation expense for the year	(1)	(61)	(62)
Other adjustments	-	2	2
Balance as at 31st Dec 2016	**(3)**	**(110)**	**(113)**
III. Net carrying amount	**45**	**110**	**155**

(₹ in Million)

9. Investments

	As at 31st December, 2017			As at 31st December, 2016		
	No. of Units	**Amounts Current**	**Amounts Non-Current**	No. of Units	Amounts Current	Amounts Non-Current
Investments in Mutual Funds (unquoted)						
Axis Liquid Fund Growth	**145,699**	**276**	**-**	28,206	50	-
ICICI Liquid Plan	**944,717**	**239**	**-**	253,492	60	-
SBI Mutual Fund Short Term Debt Fund	**-**	**-**	**-**	4,752,386	90	-
Barclays Bank Portfolio Investment	**-**	**-**	**-**	-	106	-
Others	**-**	**22**	**14**	-	48	36
Total quoted Investments	**-**	**-**	**-**	-	-	-
Total unquoted investments	**-**	**537**	**14**	-	354	36
Total investments	**-**	**537**	**14**	-	354	36

10. Trade receivables

	As at 31st December 2017	As at 31st December 2016
Trade receivables		
(a) Secured, considered good	**-**	-
(b) Unsecured, considered good	**5,984**	5,219
(c) Unsecured, considered doubtful	**188**	385
Less: Allowance for Credit Losses	**(188)**	(385)
	5,984	5,219
Of the above, trade receivables from:		
- Related Parties	**1,616**	995
- Others	**4,368**	4,224
	5,984	5,219

The ageing analysis of receivables more than 2 months is as follows:

	31st December 2017	31st December 2016
Between 2 and 4 months	**42**	89
Between 4 and 12 months	**85**	151
More than 12 months	**120**	179
	247	419
(Provisions)	**(188)**	(385)

Movements in the provisions for impairment of trade receivables are given below:

	31st December 2017	31st December 2016
Opening Balance	**385**	321
Additions	**39**	33
Recoveries	**(13)**	(48)
Transfers	**(116)**	92
Receivables written off	**(116)**	(8)
Other	**9**	(5)
Closing Balance	**188**	385

(₹ in Million)

11. Loans

	As at 31st December, 2017		As at 31st December, 2016	
	Current	**Non-Current**	Current	Non-Current
a) Loans to related parties				
- Secured, considered good	**-**	**-**	-	-
- Unsecured, considered good	**43**	**2,389**	12	2,426
	43	**2,389**	12	2,426

12. Other Assets

	As at 31st December, 2017		As at 31st December, 2016	
	Current	**Non-Current**	Current	Non-Current
(a) Capital advances	**7**	**243**	-	44
(b) Other Assets				
(i) Security Deposits	**-**	**418**	-	353
(ii) Prepaid Expenses	**141**	**568**	148	577
(iii) Balances with government authorities	**2,845**	**328**	871	289
(iv) Advances to suppliers	**118**	**-**	166	-
(v) Incentive receivable (Grants)	**145**	**-**	190	-
(vi) Other advances	**231**	**99**	195	62
	3,487	**1,656**	1,570	1,325

13. Inventories

	As at 31st December, 2017	As at 31st December, 2016
(a) Raw materials	**1,826**	1,147
(b) Work-in-progress	**4,014**	2,898
(c) Finished and semi-finished goods	**2,202**	2,203
(d) Stores and spares	**1,199**	1,046
(e) Loose Tools	**657**	1,058
	9,898	8,352
Goods in transit Included in above :-		
(i) Raw materials	**18**	31
(ii) Finished and semi-finished goods	**279**	31
	297	62

The carrying amount of inventory includes the following provisions for obsolescence, the movement in which is presented below:

At 1st January 2016	628
On account of business combinations	69
Additions	63
Write-offs/ transfers	(304)
At 31st December 2016	456
Additions	268
Write-offs/ transfers	(162)
At 31st December 2017	**562**

(₹ in Million)

14. Cash and cash equivalent

Cash and other cash equivalents as at 31st December 2017 and 31st December 2016 break down as follows:

	As at 31st December, 2017	As at 31st December, 2016
Cash and cash equivalents		
(a) Balances with banks	**598**	940
(b) Cheques, drafts on hand	**77**	3
(c) Cash on hand	**2**	1
Total Cash and cash equivalent	**677**	944
Other Bank Balances		
(a) Earmarked balances with banks	**1**	6
(b) Balances with Banks:		
(i) Fixed Deposits with maturity greater than 3 months	**41**	31
Total Other Bank balances	**42**	37
Total cash, cash equivalents and bank balances	**719**	981

Short-term bank deposits relate to investments of cash surpluses maturing in less than three months or available immediately.

The interest rates on these deposits range between 0.2% and 6% (2016: 0.2% to 6%), depending on the currency.

15. Equity Share capital

	31st December, 2017		31st December, 2016	
	No. of shares	Amount	No. of shares	Amount
Authorised:				
Equity shares of INR10/- each with voting rights	**513,192,621**	**5,132**	486,942,621	4,869
4% non-cumulative redeemable preference shares of INR31/- each	**5**	*	5	*
Issued:				
Equity shares of INR10/- each with voting rights	**378,368,187**	**3,784**	378,088,265	3,781
Subscribed and Paid Up:				
Equity shares of INR10/- each with voting rights	**378,367,242**	**3,784**	378,088,265	3,781

'*Amount below rounding off norm adopted by the company.

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.

Reconciliation of the number of shares outstanding at the beginning and at the end of the year.

Particulars		Opening Balance	Issue of equity shares to PIA2 and Bill Forge Pvt Ltd Shareholders	Employees' Stock Options	Closing Balance
Equity Shares with Voting rights					
Year Ended 31 December 2017	No. of Shares	**378,088,265**	-	**278,977**	**378,367,242**
	Amount	**3,781**	-	**3**	**3,784**
Year Ended 31 December 2016	No. of Shares	323,336,048	54,491,563	260,654	378,088,265
	Amount	3,233	545	3	3,781

*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.

(₹ in Million)

**Authorised Share capital of the Company has increased pursuant to the merger scheme

^Mahindra Composites Limited which was merged with the company in the year 2013 had issued 1050 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.

Details of shares held by the holding Company, the ultimate holding Company, their subsidiaries and associates

	Equity Shares with Voting rights
As at 31st December 2017	
Participaciones Internacionales Autometal, Dos S.L. (PIA2), the holding Group	194,267,537
As at 31st December 2016	
Participaciones Internacionales Autometal, Dos S.L. (PIA2), the holding Group	194,267,537

Details of shares held by each shareholder holding more than 5% shares:

Class of shares / Name of shareholder	**31st December, 2017**		31st December, 2016	
	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)	**194,267,537**	**51.34%**	194,267,537	51.38%
Mahindra Vehicle Manufacturing Ltd. (MVML)	**65,271,407**	**17.25%**	65,271,407	17.26%

16. Reserves & surplus, Other reserves

(i) Securities premium reserve

	31st December, 2017	31st December, 2016
Opening balance	**15,079**	4,987
Addition on Exercise of options	**63**	23
Preferential allotment	**-**	10,069
Closing balance	**15,142**	15,079

(ii) Equities settled employees benefits reserve

	31st December, 2017	31st December, 2016
Opening balance	**73**	14
Deferred employee expenses	**63**	(96)
Granted to employees	**-**	167
Less: -		
Forfeiture of options	**(4)**	-
Options exercised during the year	**(26)**	(12)
Closing Balance	**106**	73

(iii) Retained earnings

	31st December, 2017	31st December, 2016
Opening Balance	**(264)**	(2,282)
Add: -		
Profit/(loss) for the year	**3,584**	1,690
Items of OCI recognised directly in retained earnings	**-**	
Actuarial gain/ loss	**(13)**	(64)
Other changes	**-**	392
Closing balance	**3,307**	(264)

(₹ in Million)

(iv) Capital and other reserves

	31st December, 2017	31st December, 2016
Opening Balance	**7,578**	7,578
Addition on account of merger	**115**	-
Closing Balance	**7,693**	7,578

(v) Capital Redemption Reserve

	31st December, 2017	31st December, 2016
Balance at beginning and end of year	**165**	165

(vi) General Reserve

	31st December, 2017	31st December, 2016
Opening Balance	**6,028**	6,028
Others	**-**	-
Closing Balance	**6,028**	6,028

(vii) Other reserves - Foreign currency translation reserve

	31st December, 2017	31st December, 2016
Opening Balance	**223**	343
Other Comprehensive Income	**708**	(120)
Closing Balance	**931**	223
Grand total	**33,372**	28,882

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 out of 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 (MIIPL), 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 Oct 31, 2014. The Schemes came into effect on Dec 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.

General reserve

General reserve of INR 5,767 million is revenue 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 dtd. December 27, 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 distribution.

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.

Notes to the Consolidated Financial Statements as at and for the year ended 31st December, 2017

(₹ in Million)

17. Borrowings

	Rate of Interest % p.a.	Maturity	**31st December, 2017**	31st December, 2016
Non- current borrowings				
Measured at amortised cost				
A. Secured borrowings:				
(a) Term loans				
1. From Banks	0.5% to 0.9%	Annual Upto 2019	**2,295**	3,581
Total secured borrowings			**2,295**	3,581
B. Unsecured Borrowings at amortised Cost				
(a) Loans from related parties	4.5%	Bullet 2020	**7,878**	5,744
Total unsecured Borrowings			**7,878**	5,744
Total non-current borrowings			**10,173**	9,325
Current Borrowings				
A. Secured Borrowings				
(a) Loans repayable on demand				
(1) From Banks			**752**	2,903
Total Secured Borrowings			**752**	2,903
B. Unsecured Borrowings				
(b) Loans from related parties	4.5%		**632**	810
(c) Other Loans			**412**	583
Total Unsecured Borrowings			**1,044**	1,393
Total Current Borrowings			**1,796**	4,296
Total borrowings			**11,969**	13,621

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.

Non-current borrowings have the following maturities:

	31st December 2017	31st December 2016
Between 1 and 2 years	**2,295**	309
Between 3 and 5 years	**7,878**	2,950
More than 5 years	**-**	6,066
	10,173	9,325

Non-current borrowings are secured by warranties. Current borrowings from banks are secured by current assets.

18. Trade payables

	31st December 2017	31st December 2016
Trade payable - Micro and small enterprises	**186**	10
Trade payable - Other than micro and small enterprises	**15,430**	15,183
Acceptances	**127**	67
	15,743	15,260
Of the above, trade payables from:		
- Related Parties	**380**	409
- Others	**15,363**	14,851
	15,743	15,260

(₹ in Million)

19. Other financial liabilities

	31st December, 2017	31st December, 2016
Non-Current		
(a) Creditors for capital supplies/services	**9**	16
	9	16
Current		
(a) Current maturities of long-term debt	**-**	296
(b) Creditors for capital supplies/services	**748**	337
	748	633

20. Provisions

	31st December, 2017		31st December, 2016	
	Current	**Non-Current**	Current	Non-Current
(a) Provision for employee benefits				
Long-term Employee Benefits (Note 30)	**100**	**2,422**	71	2,325
(b) Other Provisions				
(1) Warranty	**-**	**-**	18	-
(2) Other Provisions	**96**	**1,027**	104	971
Total Provisions	**196**	**3,449**	193	3,296

Details of Provision for employee benefits (Note 30)

	31st December, 2017		31st December, 2016	
	Current	**Non-Current**	Current	Non-Current
Provision for Gratuity	**72**	**25**	42	56
Provision for pension fund- non- funded	**-**	**1,963**	-	1,883
Provision for employee termination indemnities	**-**	**259**	-	213
Provision for compensated absences	**24**	**173**	25	162
Provision for voluntary retirement scheme	**4**	**2**	4	11
Total	**100**	**2,422**	71	2,325

Details of movement in other provisions – non- current

	Other Provisions
Balance at 31st December 2015	**262**
Acquired through business combinations	709
Balance at 31st December 2016	971
Additional provisions recognized/used	56
Balance at 31 December 2017	1,027

Provisions of INR 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 INR 587 million including penal charge of INR 102 million and late fee charge of INR 223 million. Presently the matter is being legally pursued. The group has provided INR 262 million towards arrears of water charges. Refer note 32 Contingent liabilities and commitments.

(₹ in Million)

Details of movement in other provisions current

	Warranty claims	Other Provisions	Total
Balance at 31st December 2015	**79**	**8**	**87**
Change in consolidation scope			
Additional provisions recognized/used	(61)	96	35
Balance at 31 December 2016	18	104	122
Change in consolidation scope			
Additional provisions recognized/used	(18)	(8)	(26)
Balance at 31 December 2017	**-**	**96**	**96**

21. Deferred taxes

Deferred tax assets -Tax credits	**Tax losses**	**Tax credits R&D, training**	**Others**	**Total**
Balance as on 31st December 2015	**1,084**	**375**	**(0)**	**1,459**
(Charged) against / credited to profit and loss	45	(172)	-	(127)
Changes/additions to consolidation	-	110	-	110
Other movements	-	-	133	133
Conversion differences	(15)	-	(1)	(16)
Balance as on 31st December 2016	**1,114**	**313**	**132**	**1,559**
(Charged) against / credited to profit and loss	(96)	(36)	(83)	(215)
Charged against / (credited) to equity	-	-	-	-
Conversion differences	70	20	-	90
Balance as on 31st December 2017	**1,088**	**297**	**49**	**1,434**

Deferred tax assets – Others	**Non deductible provisions**	**Others**	**Total**
Balance as on 31st December 2015	**538**	**22**	**560**
(Charged) against / credited to profit and loss	(22)	(53)	(75)
Charged against / (credited) to equity	-	353	353
Changes/additions to consolidation	243	-	243
Conversion differences	(5)	(1)	(6)
Balance as on 31st December 2016	**754**	**321**	**1,075**
(Charged) against / credited to profit and loss	33	12	45
Charged against / (credited) to equity	-	2	2
Others	-	(52)	(52)
Transfers	117	(117)	-
Conversion differences	34	16	50
Balance as on 31st December 2017	**938**	**182**	**1,120**

Deferred tax liabilities	**Unrestricted amortization**	**Grants**	**Others**	**Total**
Balance as on 31st December 2015	**160**	**(5)**	**436**	**591**
(Charged) against / credited to profit and loss	(13)	(18)	8	(23)
Charged against / (credited) to equity	-	18	-	18
Changes/additions to consolidation	382	-	-	382
Transfers	-	19	-	19
Conversion differences	-	(18)	(1)	(19)
Balance as on 31st December 2016	**529**	**(4)**	**443**	**968**

(₹ in Million)

Deferred tax liabilities	Unrestricted amortization	Grants	Others	Total
(Charged) against / credited to profit and loss	(37)	(9)	-	(46)
Charged against / (credited) to equity	-	-	-	-
Changes/additions to consolidation	-	-	-	-
Transfers	443	-	(443)	-
Conversion differences	5	(3)	-	2
Balance as on 31st December 2017	**940**	**(16)**	**-**	**924**

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

(i) Amounts on which deferred tax asset has not been created:

	As at 31, Dec 2017
Unused Tax losses (revenue in nature)	**985**
	985

(ii) Deferred tax assets that were recognised by the Group at 31st December 2017 and 2016 are as follows: -

	31st December, 2017		31st December, 2016	
	Tax losses	**Others**	Tax losses	Others
Germany	**897**	**-**	850	-
Spain	**27**	**297**	113	313
Italy	**164**	**-**	151	-
India	**-**	**49**	-	132
	1,088	**346**	1114	445

Certain subsidiaries of the group have undistributed earnings of INR 6,829 Mio. (INR 5,215Mio. In Dec 2016) 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 these subsidiaries and is not expected to distribute these profits in the foreseeable future.

22. Corporate income tax expense

(i) Income Tax recognised in Profit or loss

	Year ended 31st December, 2017	Year ended 31st December, 2016
Current Tax:		
In respect of current year	**1,266**	745
Deferred Tax:		
In respect of current year origination and reversal of temporary differences	**217**	181
Total income tax expense on continuing operations	**1,483**	926

(ii) Income tax recognised on Other comprehensive income

	Year ended 31st December, 2017	Year ended 31st December, 2016
Income taxes related to items that will not be reclassified to profit or loss	**6**	35
	6	35

(₹ in Million)

(iii) Reconciliation of income tax expense and the accounting profit multiplied by Group's domestic tax rate:

	Year ended 31st December, 2017	Year ended 31st December, 2016
Profit before tax from continuing operations	5,067	2,616
Income tax expense calculated at 34.608%	1,754	906
Effect of tax rates in foreign jurisdictions	(159)	(135)
Reduction in tax rate		
Effect of income that is exempt from taxation	(43)	(79)
Effect of expenses that is non-deductible in determining taxable profit	109	49
Effect of tax incentives and concessions (research and development and other allowances)	(156)	(41)
Effect of current year losses for which no deferred tax asset is recognized	53	310
Effect of recognition of tax effect of previously unrecognised tax losses now recognised as deferred tax assets	(75)	(84)
Income tax expense recognised In profit or loss from continuing operations	**1,483**	**926**

23. Fair Value Measurements

Financial instruments by category	**31st December, 2017**			31st December, 2016		
	FVPL	**FVOCI**	**Amortised Cost**	**FVPL**	**FVOCI**	**Amortised Cost**
Financial assets						
1. Non- Current Assets						
Investments	-	-	14	-	-	36
Loans	-	-	2,389	-	-	2,426
2. Current Assets						
Investments	515	-	22	354	-	-
Trade Receivables	-	-	5,984	-	-	5,219
Loans	-	-	43	-	-	12
Cash and Cash Equivalents	-	-	677	-	-	944
Other Bank balances	-	-	42	-	-	37
Total financial assets	**515**	**-**	**9,171**	**354**	**-**	**8,674**
Financial liabilities						
1. Non-current						
Borrowings	-	-	10,173	-	-	9,325
Creditors for Capital supplies	-	-	9	-	-	16
2. Current						
Borrowings	-	-	1,796	-	-	4,296
Current Maturities of Long Term debt	-	-	-	-	-	296
Trade Payables	-	-	15,743	-	-	15,260
Creditors for Capital supplies	-	-	748	-	-	337
Total financial liabilities	**-**	**-**	**28,469**	**-**	**-**	**29,530**

(₹ in Million)

Fair Value Hierarchy

Particulars	31st December, 2017			31st December, 2016		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets						
Mutual Funds – Growth	515	-	-	354	-	-
Total	**515**	**-**	**-**	**354**	**-**	**-**

24. Other liabilities

		31st December, 2017		31st December, 2016	
		Current	Non-Current	Current	Non-Current
a.	Advances received from customers	**168**	**-**	120	-
b.	Government grant	**-**	**372**	-	348
c.	Taxes payable (other than income taxes)	**2,709**	**-**	495	-
d.	Employee Related	**1,316**	**-**	1,046	-
e.	Deferred Payment Liabilities & others	**112**	**348**	122	321
		4,305	**720**	1,783	669

25. Other Income:

		Year ended 31st December, 2017	Year ended 31st December, 2016
(a)	Interest Income		
	On Financial Assets at amortised cost	**25**	36
(b)	Dividend Income		
	From investments measured at fair value through profit or loss	**72**	72
(c)	Profit on sale of capital assets (net of loss on assets sold / scrapped / written off)	**-**	63
(d)	Miscellaneous income	**172**	143
		269	314

26. Cost of materials

Cost of material consumed

	Year ended 31st December, 2017	Year ended 31st December, 2016
Opening stock	**1,147**	627
Add: Purchases	**30,012**	22,047
	31,159	22,674
Less: Closing stock	**(1,826)**	(1,147)
Cost of materials consumed	**29,333**	21,527

27. Employee benefit expenses

		Year ended 31st December, 2017	Year ended 31st December, 2016
(a)	Salaries and wages, including bonus	**9,772**	9,184
(b)	Contribution to provident and other funds	**135**	144
(c)	Staff welfare expenses	**1,853**	1,697
		11,760	11,025

(₹ in Million)

28. Finance costs

		Year ended 31st December, 2017	Year ended 31st December, 2016
(a)	Interest expense	**396**	423
(b)	Other borrowing cost	**149**	171
		545	594

29. Other expenses

		Year ended 31st December, 2017	Year ended 31st December, 2016
(a)	Tools & Stores consumed	**3,119**	2,678
(b)	Power & Fuel	**3,136**	2,918
(c)	Repairs and maintenance	**2,070**	1,804
(d)	Subcontracting, Hire and Service Charges	**4,347**	4,523
(e)	Expenditure on corporate social responsibility (CSR) under section 135 of the Companies Act, 2013.	**25**	3
(f)	Auditors remuneration and out-of-pocket expenses		
	(i) As Auditors	**8**	32
	(ii) For Taxation matters	**1**	4
	(iii) For Other services	**-**	14
(g)	Other Expenses	**3,965**	3,444
		16,671	15,420

30. Defined benefits and contribution

(a) Defined Contribution plan

The Group's contribution to Provident Fund aggregating INR 135 Million (INR 144 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. 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. Deferred payments are fair valued through P&L.

(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.

(₹ in Million)

(iv) Pension provisions are for operations in Germany and are entirely under internal fund. These benefits are in the nature of long term service awards and lifetime pension and retirement plans.

(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 (VRS) and Pensions:-

	Funded Plan		Unfunded Plans			
	Gratuity		VRS		Pension	
	2017	2016	**2017**	2016	**2017**	2016
Amounts recognised in comprehensive income in respect of these defined benefit plans are as follows:						
Service Cost						
Current Service Cost	**28**	19	**-**	-	**20**	18
Net interest expense	**6**	5	**1**	1	**31**	23
Components of defined benefit costs reconised in profit or loss	**34**	24	**1**	1	**51**	41
Remeasurement on the net defined benefit liability						
Actuarial gains and loss arising from changes in financial assumptions	**(7)**	32	**-**	-	**8**	68
Actuarial gains and loss arising from experience adjustments	**15**	(2)	**-**	-	**-**	-
Actuarial gains and loss arising from Demographic adjustments	**-**	1	**-**	-	**-**	-
Components of defined benefit costs recognised in other comprehensive income	**8**	31	**-**	-	**8**	68
Total	**42**	55	**1**	1	**59**	109
I. Net Asset/(Liability) recognised in the Balance Sheet as at 31st December						
1. Present value of defined benefit obligation as at 31st Dec	**350**	335	**7**	15	**1,963**	1,883
2. Fair value of plan assets as at 31st Dec	**253**	240		-	**-**	-
3. Surplus/(Deficit)	**97**	98	**7**	15	**(1,963)**	(1,883)
4. Current portion of the above	**72**	42	**4**	4	**-**	-
5. Noncurrent portion of the above	**25**	56	**3**	11	**1,963**	1883
II. Change in the obligation during the year ended 31st December						
1. Present value of defined benefit obligation at the beginning of the year	**312**	305	**15**	21	**1,883**	1889
2. Add/(Less) on account of Scheme of Arrangement/ Business	**16**	7	**-**	-	**-**	-
3. Expenses Recognised in Profit and Loss Account						
- Current Service Cost	**28**	19	**-**	-	**20**	18
- Interest Expense (Income)	**22**	22	**1**	1	**31**	23

(₹ in Million)

		Funded Plan		Unfunded Plans			
		Gratuity		VRS		Pension	
		2017	2016	**2017**	2016	**2017**	2016
4.	Recognised in Other Comprehensive Income						
	Remeasurement gains / (losses)						
	- Actuarial Gain (Loss) arising from:						
	i. Demographic Assumptions	**-**	-	**-**	-	**-**	-
	ii. Financial Assumptions	**(7)**	25	**-**	-	**8**	68
	iii. Experience Adjustments	**12**	(2)	**-**	-	**-**	-
5.	Benefit payments	**(33)**	(40)	**(8)**	(7)	**(106)**	(115)
6.	Others- Currency translation impact on opening	**-**	-	**-**	-	**127**	-
7.	Present value of defined benefit obligation at the end of the year	**350**	335	**8**	15	**1,963**	1,883
III.	**Change in fair value of assets during the year ended 31st December**						
1.	Fair value of plan assets at the beginning of the year	**223**	243	**-**	-	**-**	-
2.	Add/(Less) on account of Scheme of Arrangement/ Business Transfer	**16**	-	**-**	-	**-**	-
3.	Expenses Recognised in Profit and Loss Account						
	- Expected return on plan assets	**16**	17	**-**	-	**-**	-
4.	Recognised in Other Comprehensive Income						
	Remeasurement gains / (losses)						
	- Financial assumptions	**-**	(7)	**-**	-	**-**	-
	- Experience assumptions	**3**	(0)	**-**	-	**-**	-
5.	Contributions by employer (including benefit payments recoverable)	**28**	28	**-**	-	**-**	-
6.	Benefit payments	**(33)**	(40)	**-**	-	**-**	-
7.	Fair value of plan assets at the end of the year	**253**	240	**-**	-	**-**	-
IV.	Actuarial assumptions						
1.	Discount rate	**7.60%**	8.00%	**7.70%**	8.00%	**1.45%**	1.45%
2.	Expected rate of return on plan assets	**6.75% to 9.00%**	6.75% to 9.00%			**-**	-
3.	Attrition rate	**2% to 10%**	2% to 11%			**-**	-
4.	Salary Escalation	**7.0% to 8.5%**	7.0% to 8.5%			**1.75% to 2.30%**	1.75% to 2.30%

Other Information

	India	Germany
Life Expectancy of a person retiring at the year end		
Men	12-15 years	13-19 years
Women	12-15 years	19- 23 years

(₹ in Million)

	India	Germany
Life Expectancy of a person retiring 20 years after the year end		
Men	12-15 years	38- 86 years
Women	12-15 years	43-96 years

Percentage of variation of the defined benefit commitment to changes in the assumptions weighted is as follows:-

	India			Germany		
	Variation in Hypothesis	**Increase in Hypothesis**	**Decrease in Hypothesis**	**Variation in Hypothesis**	**Increase in Hypothesis**	**Decrease in Hypothesis**
Interest Rate	+/- 1.30%	7.34% to 12.73%	-6.06% to -10.83%	+/-0.25%	3.39% to 4.05%	-3.19% to -3.82%
Growth of pensions/ Salaries	+/- 1.00%	6.24% to 11.60%	-5.19% to -10.12%	+/-0.25%	1.86% to 3.30%	-1.79% to -3.15%

2. Provision for Employee Termination benefits

	Year ended 31st December, 2017	Year ended 31st December, 2016
Balance at the beginning of the year	**213**	201
Add:-		
Interest Expense/(income)	**4**	4
Provided during the year	**36**	13
Less:-		
Benefits paid	**(8)**	(3)
Exchange differences	**14**	(2)
Balance at the end of the year	**259**	213

31. Business combinations

In October 2016, Mahindra CIE Automotive Ltd completed the acquisition of all of the share capital of Bill Forge Pvt. Ltd., for purchase price amounting to INR13,028 million. The business combination for the control acquisition of Bill Forge Pvt. Ltd. is summarised below (the numbers refer to a 100% shareholding):

Purchase price:	13,028
Fair value of the net assets acquired	(3,232)
Goodwill (Note 7) (Previous Year – INR 9,359 Million)	9,796

This goodwill embodies the future economic benefits expected to derive from the business acquired and the synergies expected to be generated by its acquisition by the Group.

The recognised amounts of identifiable assets acquired, and liabilities assumed were as follows:

	Fair value of the net assets acquired
Property, plant and equipment	3,448
Other non-current assets	39
Deferred tax assets (Previous Year- INR 12 Million.)	243
Inventories	1,177
Accounts receivable	1,282

(₹ in Million)

	Fair value of the net assets acquired
Other current assets	147
Other current financial assets	48
Cash and cash equivalents	192
Assets acquired	6,576
Bank borrowings	1,356
Provisions (Previous Year – INR 45 Million.)	712
Deferred taxes	381
Accounts payable	723
Other liabilities	172
Liabilities assumed	3,344
Total net assets acquired	3,232

The fair value of the fixed assets acquired was established on the basis of appraisals performed by independent experts familiar with the market whose estimates, which did not factor in additional limitations or risks, were based on market purchase or new build prices and considering the various assets' residual useful lives.

While the Company completed the purchase price allocation in respect of its acquisition of Bill Forge Private Limited during the year ended Dec 31, 2016, the Company has, during the current year, recorded the fair value of a contingent liabilities amounting to INR 668 million (deferred taxes of INR 231 million) relating to Bill Forge Private Limited. This was not considered in purchase price allocation in 2016 and consequently, the amount has now been recorded as an adjustment to Goodwill in accordance with Ind AS 8.

The cash flows deriving from the transaction were as follows:

Amount satisfied in cash	6,913
Cash and cash equivalents in the subsidiary acquired	(192)
Cash outflow in the acquisition	6,721

32. Contingent Liabilities and Commitments

Contingent liabilities (to the extent not provided for)	**31st December, 2017**	31st December, 2016
(a) Claims against the Group not acknowledged as debt		
i. Income tax claims against which Group has preferred an appeal	**112**	75
ii. Disallowance of certain expenses under direct tax	**268**	279
iii. Excise cases against the Group, appealed at CESTAT	**165**	95
iv. Excise cases against the Group, appealed at High Court	**49**	49
v. Service Tax	**59**	67
vi. Sales Tax and VAT	**220**	218
vii. Stamp Duty, Government Cess and others	**64**	75
viii. Water Charges	**325**	325
ix. Labour cases	**1**	-
ix. 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	**31**	31

(₹ in Million)

Contingent liabilities (to the extent not provided for)	**31st December, 2017**	31st December, 2016
(b) Claims against subsidiary not acknowledged as debt		
Outstanding Letter of Credit issued by bank	**95**	-
(c) Commitment		
i. Estimated amount of contracts remaining to be exhausted on capital account (net of advances) and not provided for tangible assets	**781**	176

Water Charges:

The Company has an ongoing dispute pertaining to the Stamping Division of the Company [formerly known as Mahindra Ugine Steel Company Limited (MUSCO)] with the Irrigation Department (Water Resource Department) in respect of levy of charge for use of water from Patalganga River, for the period from July 1991 to May 2012 for an aggregate amount of INR 587 Million including penal charge of INR 102 Million and late fee charge of INR 223 Million. Presently the matter is pending before the Hon'ble High Court of Bombay ("the Court") where the Company had filed a writ and the Court, vide Order dated 2nd July, 2012, has admitted the writ petition of the Company. In compliance with the Order admitting the Company's petition, the Company has deposited an amount of INR 234 Million with the Irrigation Department, being the arrears of water charges for the period from July 1991 to May 2012 and has also given a bank guarantee towards penal rate charges of INR 102 Million claimed by the Irrigation Department. The High Court has also allowed the Irrigation Department to withdraw the amount of arrears of INR 29 Million deposited earlier by the Company with it in respect of disputed water charge claim for the period from July 1991 to March 2001. As per the Order, the Company is entitled to pursue the proceedings filed by it before the Honorable Bombay High Court and that the State of Maharashtra (Irrigation Department) shall not adopt any coercive steps for recovery of the aforesaid penal rate charges of INR 102 Million and the late fee INR 223 Million.

33. Related Party Transactions

(a) Names of Related Parties

Ultimate Holding Group – CIE Automotive S.A.

Holding Group – Participaciones Internacionales Autometal, DOS S.L

Associate Group - Mahindra Vehicle Manufactures limited the investing Group in respect of which the Group is an associate w.e.f. Dec 30, 2015

(b) Names of Related Parties where transactions have taken place during the period (Fellow Subsidiaries)

Fellow subsidiaries

No.	Name of the Group
1	CIE Berriz, S.L.
2	Grupo Componentes Vilanova, S.L.
3	CIE Mecauto, S.A., Sociedad Unipersonal
4	CIE Compiégne, S.A.S.
5	Praga Louny
6	Componentes de Automoción Recytec, S.L.U
7	Componentes de Dirección Recylan S.L.U.
8	Nova Recyd, S.A.U.
9	CIE Metal CZ, s.r.o.
10	Nanjing Automotive Forging Co., Ltd
11	CIE Automotive Parts, Co. Ltd.
12	Forjas de Celaya, S.A. de C.V.
13	Matic Dolares
14	Gameko Fabricación de Componentes, S.A.
15	Global Near S.L.
16	Pintura y Ensambles de México, S.A. de C.V.
17	CIEB México
18	Autoforjas, Ltda.

(c) Names of the Associate Companies exercising significant influence over the Company

1. Mahindra Vehicle Manufacturers Limited(MVML) (investing company in respect of which the Company is an Associate w.e.f 31st Dec 2015
2. Mahindra & Mahindra Limited (M&M) (Holding Company of the investing company in respect of which the Company is an Associate.

Subsidiary Companies of the investing compnay (MVML) of in respect of which the Company is an Associate w.e.f. 31st Dec 2015

1. Mahindra Intertrade Limited
2. Mahindra Steel Service Centre Limited
3. Mahindra Auto Steel Limited
4. Mahindra Electric Mobility Limited (Formerly known as Mahindra Reva Electric Vehicles Limited. Name Changed w.e.f. 15.02.2017)
5. Mahindra Heavy Engines Private Limited
6. Mahindra Two Wheelers Limited
7. Mahindra Electrical Steel Private Limited

Fellow Subsidiary Companies of the investing company(MVML)

1. Mahindra Sanyo Special Steels Private Limited
2. Gromax Agri Equipments Limited (Formerly known as Mahindra Gujarat Tractor Limited. Name Changed w.e.f. 24.08.2017)
3. Mahindra Trucks & Buses Private Limited
4. Mahindra Defence Systems Limited
5. Mahindra World City Developers Limited
6. Tech Mahindra Limited
7. Mahindra Logistics Limited
8. Bristlecone Limited
9. NBS International Limited
10. Mahindra Consulting Engineers Limited

Subsidiaries of fellow Subsidiary Companies of the investing company(MVML)

1. Mahindra Integrated Business Solutions Private Limited (Subsidiary of Mahindra Holding Limited

(d) Key Managerial Personnel (KMP)

No.	Name	Designation
1	Mr. Hemant Luthra	Chairman
2	Mr. Antonio Maria Pradera Jauregui	Director
3	Mr. Jesus Maria Herrera Barandiaran	Director
4	Mr. Ander Arenaza Alvarez	Executive Director
5	Mr. K. Ramaswami (upto Oct 3, 2017)	Managing Director
6	Mr. Daljit Mirchandani	Director
7	Mr. Dhananjay Mungale	Director
8	Mr. Manoj Maheshwari	Director
9	Mrs. Neelam Deo	Director
10	Mr. Juan Maria Bilbao Ugarizza	Director
11	Mr. Jose Sabino Velasco Ibanez	Director
12	Mr. Suhail Nathani	Director
13	Mr. Shriprakash Shukla	Director
14	Mr. Zhooben Dosabhoy Bhiwandiwala	Director
15	Mr. Romesh Kaul	Chief Executive – Forgings, Stampings & composites
16	Mr. Manoj Menon (w. e. f. Dec 14, 2017)	Chief Executive – Gears, Foundry & Magnetics
17	Mr. K Jayaprakash	C.F.O.
18	Mr. Krishnan Shankar (Pursuant to Sec 2(76) of the Companies Act, 2013)	Company Secretary and Head Legal

Notes to the Consolidated Financial Statements as at and for the year ended 31st December, 2017

(₹ in Million)

(e) Transactions with Related parties during the period

	For the year ended	Ultimate Holding company	Holding company	Entities having joint control/ significant influence over Group	Fellow Subsidiaries	Subsidiaries of Entities having joint control/ significant influence over Company	KMP of the Group and KMP of parent Group	Other related parties
Nature of transactions with Related Parties								
Sale of goods	**31-Dec-17**			**12,475**	**319**	**306**		
	31-Dec-16	-	-	9,014	819	472	-	-
Purchase of goods	**31-Dec-17**				**191**	**1,364**		
	31-Dec-16	-	-	-	191	1,649	-	-
Purchase of property and other assets	**31-Dec-17**			**1**				
	31-Dec-16	-	-	-	-	-	-	-
Receiving of services	**31-Dec-17**	**200**	**16**	**-**	**24**	**93**		
	31-Dec-16	200	15	2	21	3	-	-
Rent received	**31-Dec-17**					**1**		
	31-Dec-16					1		
Rent paid	**31-Dec-17**			**57**				
	31-Dec-16			18				
Interest Received	**31-Dec-17**	**43**						
	31-Dec-16	12	4	-	-	-	-	-
Interest paid	**31-Dec-17**	**2**	**197**		**97**			
	31-Dec-16	3	177	-	128	-	-	-
Reimbursements paid	31-Dec-17			32				
	31-Dec-16	-	-	75	-	-	-	-
Reimbursements received	31-Dec-17			-	1			
	31-Dec-16	-	-	1	-	-	-	-

(f) Balances with Related parties at the end of the period

	Balance as on	Ultimate holding company	Holding company	Entities having joint control/ significant influence over Group	Fellow subsidiaries	Subsidiaries of Entities having joint control/ significant influence over Company	KMP of the Group and KMP of parent Group	Other related parties
Nature of Balances with Related Parties								
Trade payables	**31-Dec-17**			**29**	**99**	**252**		
	31-Dec-16	-	-	50	99	260	-	-
Trade receivables	**31-Dec-17**			**1,501**	**77**	**38**		
	31-Dec-16	-	-	941	39	15	-	-
Loans & advances taken	**31-Dec-17**		**6,740**		**1,777**			
	31-Dec-16	-	3,874	-	2,681	-	-	-
Loans & advances given	**31-Dec-17**	**2,431**						
	31-Dec-16	2,312	115	-	-	-	-	-
Other balances	**31-Dec-17**			**-**				
	31-Dec-16	9	8	6	-	-	-	-

(₹ in Million)

(g) Remuneration to Key Managerial Personnel:

Details of Remuneration: -	**31st December, 2017**	31st December, 2016
Short term employee benefits	**96**	93
Employee Share based payments	**25**	30
Total	**121**	123

34. Leasing Disclosures

The Group has entered into operating lease arrangements for certain facilities and office premises. The leases are non-cancellable and are for a period of 1to5 years and may be renewed for a further period of 5 years based on mutual agreement of the parties. The lease agreements provide for an increase in the lease payments by 0 to 2% every year. Future Non-Cancellable minimum lease commitments

	For the year ended 31st December, 2017	For the year ended 31st December, 2016
Operating Lease		
not later than one year	**224**	213
later than one year and not later than five years	**699**	521
later than five years	**1,192**	1,121
	2,115	1,855

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 parent Group's shareholders by the weighted average number of ordinary shares in the year, excluding treasury shares acquired by the parent Group.

	For the year ended 31st December, 2017	For the year ended 31st December, 2016
	₹ Per Share	₹ Per Share
Basic earnings per share		
From continuing operations	**9.48**	5.01
Diluted Earnings per share		
From continuing operations	**9.46**	4.99

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 earning per share

	For the year ended 31st December, 2017	For the year ended 31st December, 2016
Profit for the year attributable to owners of the Group	**3,584**	1,690
Weighted average number of equity shares	**378,293,423**	337,156,525
Earnings per share from continuing operations – Basic	**9.48**	5.01

(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, Stock options and Convertible bonds for the respective periods. Since, the effect of the conversion of Preference shares was anti-dilutive, it has been ignored.

	For the year ended 31st December, 2017	For the year ended 31st December, 2016
Profit for the year	**3,584**	1,690
Weighted average number of equity shares used in the calculation of Basic EPS	**378,293,423**	337,156,525
Add: Effect of Warrants,		
Others if any	**440,460**	1,430,039
Weighted average number of equity shares used in the calculation of Diluted EPS	**378,733,883**	338,586,564
Diluted EPS	**9.46**	4.99

Notes to the Consolidated Financial Statements as at and for the year ended 31st December, 2017

(₹ in Million)

36. Other information

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 to Micro and Small Enterprises, which were outstanding are given below:

		31st December, 2017	31st December, 2016
(i)	Principal amount remaining unpaid to any supplier as at the end of the accounting year	**186**	10
(ii)	Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	**2**	-
(iii)	Principal amount paid beyond due date	**133**	-
(iv)	The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	**(1)**	-
(iv)	The amount of interest due and payable for the year	**3**	-
(v)	The amount of interest accrued and remaining unpaid at the end of the accounting year	**1**	1

37. Exceptional Costs

Exceptional Items relates to onetime payment made to employees opting for early retirement under The Voluntary Retirement Scheme declared in November 2017.

As per Report of even date

For **Price Waterhouse Chartered Accountants LLP**
Firm Registration No. 012754N/N500016

Jeetendra Mirchandani
Partner
Membership No. 48125
Mumbai, 20th February, 2018

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

Hemant Luthra
Chairman

K. Jayaprakash
Chief Financial Officer

Ander Alvarez
Director

Daljit Mirchandani
Director

Krishnan Shankar
Company Secretary & Head-Legal

Mumbai, 20th February, 2018

Additional information on subsidiaries as required by Sch.III of Companies Act, 2013.

(₹ in Million)

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 a % of consolidated	Amount	As a % of consolidated	Amount	As a % of consolidated	Amount	As a % of consolidated
1	Stokes Group Limited (SGL)	317	1.8%	(94)	(2.6%)	-	0.0%	(94)	(2.6%)
2	Stokes Forgings Dudley Limited (subsidiary of SGL)	-	-	-	-	-	0.0%	-	
3	Stokes Forgings Limited (subsidiary of SGL)	-	-	-	-	-	0.0%	-	
4	Mahindra Forgings Europe AG (MFE) (subsidiary of MCIE)	135	0.8%	124	3.4%	-	0.0%	124	3.5%
5	Jeco Jellinghaus GmbH (subsidiary of MFE	566	3.2%	9	0.3%	6	(49.1%)	16	0.4%
6	Gesenkschmiede Schneider GmbH (subsidiary of MFE	2,075	11.9%	25	0.7%	(9)	72.4%	16	0.4%
7	Falkenroth Unformtechnik GmbH (subsidiary of MFE)	188	1.1%	13	0.4%	-	0.0%	13	0.4%
8	Schonoeweiss & Co GmbH (subsidiary of MFE)	1,766	10.1%	62	1.7%	11	(86.8%)	74	2.1%
9	Metalcastello S.p.A (MC) (subsidiary of Galfor)	1,826	10.5%	315	8.8%	(10)	80.2%	305	8.5%
10	UAB CIE Galfor SA (Galfor)	(2,601)	-14.9%	1,428	39.8%	-	0.0%	1,428	40.0%
11	CIE Legazpi SA (subsidiary of Galfor)	(377)	-2.2%	239	6.7%	-	0.0%	239	6.7%
12	UAB CIE LT Forge (subsidiary of Galfor	1,500	8.6%	190	5.3%	-	0.0%	190	5.3%
13	Bill Forge Private Limited(BF)	4,795	27.5%	625	17.4%	(5)	37.4%	620	17.4%
14	BF Precision Private Limited (subsidiary of BF)	5	0.0%	15	0.4%	-	0.0%	15	0.4%
15	Bill Forge Mexico S. DE R. L. DE C V (subsidiary of BF)	563	3.2%	(37)	(1.0%)	-	0.0%	(37)	(1.0%)
16	Mahindra Gears & Transmissions Pvt. Limited*	-	-	57	1.6%	-	0.0%	57	1.6%
17	Mahindra Forgings International Limited*	-	-	(33)	(0.9%)	-	0.0%	(33)	(0.9%)
18	Mahindra Forgings Global Limited*	-	-	32	(0.9%)	-	0.0%	32	0.9%
19	Mahindra Gears Global Limited*	-	-	(38)	(1.1%)	-	-	(38)	(1.1%)

* Companies Merged with Mahindra CIE Automtive Limited w.e.f. 1st July, 2017. Results of these Companies are for the period 1st January, 2017 to 30th June, 2017 i.e. prior to merger.

Additional information on subsidiaries as required by Sch.III of Companies Act, 2013.

(₹ in Million)

Company	Subsidiary Relationship	Activity	Registered office	% effective shareholding of Mahindra CIE Direct	% effective shareholding of Mahindra CIE Indirect
Mahindra CIE Automotive, Ltd.	Participaciones Internacionales Autometal Dos S.L.	Manufacture of automotive components	India		
Stokes Group Limited	Mahindra CIE Automotive Limited.	Manufacture of automotive components	UK	100%	-
Stokes Forgings Limited	Stokes Group Limited	Investment Company	UK		100%
Stokes Forgings Dudley Limited	Stokes Group Limited	Investment Company	UK		100%
Mahindra Forgings Europe AG	Mahindra CIE Automotive Limited	Holding Company	Germany	100%	-
Gesenkschmiede Schneider GmbH	Mahindra Forgings Europe AG	Manufacture of automotive components	Germany	-	100%
Jeco Jellinghaus GmbH	Mahindra Forgings Europe AG	Manufacture of automotive components	Germany	-	100%
Falkenroth Umformtechnik GmbH	Mahindra Forgings Europe AG	Manufacture of automotive components	Germany	-	100%
Schoneweiss& Co. GmbH	Mahindra Forgings Europe AG	Manufacture of automotive components	Germany	-	100%
CIE Galfor, S.A.U.	Mahindra CIE Automotive Limited.	Manufacture of automotive components	Spain	100%	-
CIE Legazpi, S.A.U.	CIE Galfor, S.A.U.	Manufacture of automotive components	Spain	-	100%
UAB CIE LT Forge	CIE Galfor, S.A.U.	Manufacture of automotive components	Lithuania	-	100%
Metalcastello S.p.A.	CIE Galfor, S.A.U.	Manufacture of automotive components	Italy	-	100%
Bill Forge Private Limited	Mahindra CIE Automotive, Ltd.	Manufacture of automotive components	India	100%	
BF Precision Private Limited	Bill Forge Private Limited	Manufacture of automotive components	India		100%
Bill Forge Mexico, S. DE R. L. DE C V	Bill Forge Private Limited	Manufacture of automotive components	Mexico		100%

Form AOC - 1

Pursuant to proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014

Statement containing salient features of the financial statements of subsidiaries included in the Consolidated Financial Statements

(₹ In Million)

Sr. No.	Name of the Subsidiary	Date since when the subsidiary was Acquired	Reporting Currency	Exchange Rate as on the last date of the relevant Financial year	Share Capital (including Preference Capital)	Reserves & Surplus	Total Assets	Total Liabilities	Investments (excluding investments in subsidiaries	Gross Turnover	Profit /(Loss) before Tax	Provision for Tax	Profit / (Loss) After Tax	Proposed Dividend and Tax thereon	Extent of shareholding (in percentage)	Proportion of voting power where different
1	Stokes Group Limited	01 April 2007	GBP	86.13	129.2	(422.3)	477.0	770.1	-	946.0	(93.8)	-	(93.8)	-	100%	
2	Stokes Forgings Dudley Limited (a)	01 April 2007	GBP	86.13	-	-	-	-	-	-	-	-	-	-	100%	
3	Stokes Forgings Limited (a)	01 April 2007	GBP	86.13	5.9	(5.9)	-	-	-	-	-	-	-	-	100%	
4	Mahindra Forgings International Limited (b)	01 April 2007	EURO	76.49	-	-	-	-	-	-	(33.3)	-	(33.3)	-	100%	
5	Mahindra Forgings Europe AG	01 April 2007	EURO	76.49	382.4	(2,764.7)	6,981.3	9,363.6	-	97.5	(161.2)	166.1	5.0	-	100%	
6	Jeco Jellinghaus GmbH	01 April 2007	EURO	76.49	392.4	94.9	656.5	169.3	-	41.6	(9.8)		(9.8)	-	100%	
7	Gesenkschmiede Schneider GmbH	01 April 2007	EURO	76.49	938.5	549.4	3,586.1	2,098.1	3.3	7,751.5	328.3	13.8	342.0	-	100%	
8	Falkenroth Umformtechnik GmbH	01 April 2007	EURO	76.49	78.4	101.3	859.0	679.4	-	2,421.1	(41.2)	(0.2)	(41.4)	-	100%	
9	Schonoeweiss & Co GmbH	01 April 2007	EURO	76.49	382.4	1,152.9	3,608.1	2,072.8	-	6,941.8	1.5	4.4	5.9	-	100%	
10	Mahindra Forgings Global Limited (b)	01 April 2007	EURO	76.49	-	-	-	-	-		32.3	-	32.3	-	100%	
11	Mahindra Gears & Transmissions Private Limited (c)	01 October 2013	INR	1.00	-	-	-	-	-	876.3	87.8	(30.4)	57.4	-	100%	
12	Mahindra Gear Global Limited (d)	01 October 2013	EURO	76.49	-	-	-	-	-	-	(37.7)	-	(37.7)	-	100%	
13	Metalcastello S.p.A. (e)	01 October 2013	EURO	76.49	764.9	916.6	3,457.2	1,775.7	-	4,128.9	383.1	(67.7)	315.4	-	99.96%	
14	CIE Galfor SA	01 October 2013	EURO	76.49	191.3	4,864.2	11,760.4	6,704.9	10.5	11,098.4	1,863.3	(435.2)	1,428.1	-	100%	
15	UAB CIE LT Forge	01 October 2013	EURO	76.49	576.8	539.8	2,170.2	1,053.7	-	1,528.2	159.0	30.8	189.7	-	100%	
16	CIE LEGAZPI, S.A.	01 October 2013	EURO	76.49	191.2	875.4	4,325.5	3,258.9	-	4,809.2	439.6	(200.5)	239.1	-	100%	
17	Bill Forge Private Limited	01 October 2016	INR	1.00	11.7	3,883.4	6,045.7	2,150.7	-	6,757.5	964.7	(340.0)	624.6	-	100%	
18	BF Precisions Private Limited	01 October 2016	INR	1.00	0.1	6.6	82.3	75.6	-	123.3	18.5	(4.0)	14.5	-	100%	
19	Bill Forge Mexico S. DE. R. L. DE CV	01 October 2016	INR	1.00	0.0	(76.2)	118.4	194.6	-	307.7	(60.8)	24.0	(36.8)	-	100%	
21	Crest Geartech Private Limited (g)	01 October 2016	INR	1.00					-	-	-	-	-	-	99.96%	

The reporting period of the subsidiaries and that of the Company is same 1st January, 2017 to 31st December, 2017

a) Stokes Forgings Limited and Stokes Forgings Dudley Ltd are dormant companies.

b) Mahindra Forgings International Limited, Mahindra Forgings Global Limited, Mauritius Holding Companies are merged with Mahindra CIE Automotive Limited w.e.f. 1st July, 2017.

c) Mahindra Gears and Transmissions Pvt. Ltd, is merged with Mahindra CIE Automotive Limited w.e.f. 1st July, 2017.

d) Mahindra Gears Global Limited , Mauritius holding company, is merged with Metalcastello S.p.A. w.e.f. 31st May, 2017. Investment held by Mahindra CIE Automotive Limited in Mahindra Gears Global Limited is transferred to CIE Galfor SA, spain.

e) Metalcastello S.p.A., Italy, has become Direct subsidiary of CIE Galfor SA w.e.f. 31st May, 2017, post merger of its holding company Mahindra Gears Global Limited.

f) Bill Forge Global DMCC,Dubai, is de- registered w.e.f. 25th September, 2017.

g) Crest Geartech Private Limited, India is merged with Mahindra CIE Automotive Limited w.e.f. 1st July, 2017.

h) All other subsidiaries are operational except Jeco Jellinghaus GmbH which is operationally closed

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

Hemant Luthra
Chairman & Executive Director

Ander Arenaza Álvarez
Executive Director

Daljit Mirchandani
Director

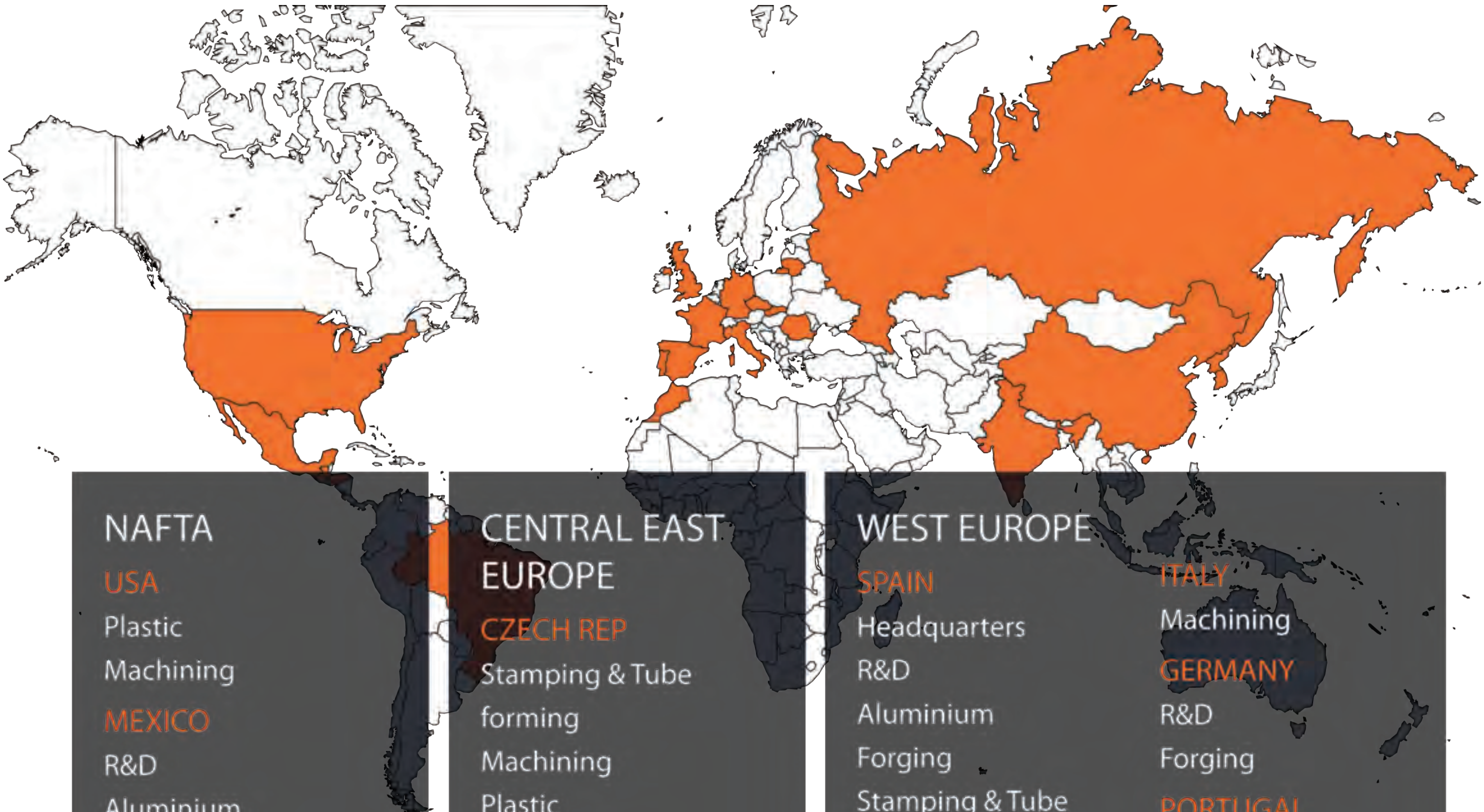
K. Jayaprakash
Chief Financial Officer

Krishnan Shankar
Company Secretary & Head Legal

Mumbai, 20th February, 2018.

Notes

CIE: GLOBAL FOOTPRINT



NAFTA

USA
Plastic
Machining

MEXICO
R&D
Aluminium
Forging
Stamping & Tube forming
Machining
Plastic
Roof Systems

SOUTH AMERICA

BRAZIL
R&D
Forging
Stamping & Tube forming
Aluminium
Machining
Plastic
Casting

CENTRAL EAST EUROPE

CZECH REP
Stamping & Tube forming
Machining
Plastic
Cold Forging

LITHUANIA
Forging

ROMANIA
Aluminium
Roof Systems

SLOVAKIA
Machining

RUSSIA
Aluminium

AFRICA

MOROCCO
Plastic

WEST EUROPE

SPAIN
Headquarters
R&D
Aluminium
Forging
Stamping & Tube forming
Machining
Plastic
Roof Systems

FRANCE
R&D
Machining
Roof Systems

ITALY
Machining

GERMANY
R&D
Forging

PORTUGAL
R&D
Plastic

UK
Forging

ASIA & OCEANIA

CHINA
Forging
Stamping & Tube forming
Machining
Plastic
Roof Systems

INDIA
R&D
Forging
Stamping & Tube forming
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Composites

Mahindra CIE

FORGINGS

CASTINGS

STAMPINGS

GEARS

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