

**MAHINDRA ELECTRIC MOBILITY LIMITED**

**ANNUAL REPORT**

**2020-21**

## NOTICE

Notice is hereby given that the **25<sup>TH</sup> ANNUAL GENERAL MEETING (AGM)** of MAHINDRA ELECTRIC MOBILITY LIMITED will be held on **Monday, 23<sup>rd</sup> August, 2021** at 10.00 a.m. through Video Conferencing (“VC”) facility / Other Audio-Visual Means (“OAVM”) to transact the following businesses.

The proceedings of the AGM shall be deemed to be conducted at the Registered Office of the Company at Mahindra Towers, Dr G. M. Bhosale Marg P.K. Kurne Chowk, Worli, Mumbai - 400018 which shall be the deemed venue of the AGM.

### **ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Financial Statement of the Company for the Financial Year ended 31<sup>st</sup> March, 2021 and Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Ruzbeh Irani (DIN: 01831944), who retires by rotation and, being eligible, offers himself for re-appointment.

### **SPECIAL BUSINESS**

3. **To appoint Mr. Rajesh Jejurikar (DIN: 00046823) as a Director of the Company**

To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

**“RESOLVED THAT** that pursuant to the provisions of section 152 and all other applicable provisions of the Companies Act, 2013 (“the Act”) and the Rules framed thereunder [including any statutory modification(s) or amendment(s) thereto or re-enactment(s) thereof for the time being in force], Mr. Rajesh Jejurikar (DIN: 00046823) who has been appointed by the Board of Directors as an Additional Director of the Company with effect from 21<sup>st</sup> January, 2021 under section 161 of the Act and who holds office up to the date of this Annual General Meeting of the Company and in respect of whom the Company has received a Notice in writing from a Member under section 160 of the Companies Act, 2013 proposing his candidature for the office of Director of the Company, be appointed as a Director of the Company, liable to retire by rotation.”

**Registered Office:**

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P.K. Kurne Chowk, Worli, Mumbai-400018  
Ph : +91 022-24901441  
CIN NO : U34101MH1996PLC325507

**Mahindra Electric Mobility Ltd**

**Corporate Office:** 8<sup>th</sup> Floor, Gold Hill Square Software Park  
#690, Hosur Road, Bommanahalli, Bangalore – 560068  
Ph : +91 80-46455555  
www.mahindraelectric.com

**4. To appoint Mr. Amit Kumar Sinha (DIN: 09127387) as a Director of the Company**

To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

**“RESOLVED THAT** that pursuant to the provisions of section 152 and all other applicable provisions of the Companies Act, 2013 (“the Act”) and the Rules framed thereunder [including any statutory modification(s) or amendment(s) thereto or re-enactment(s) thereof for the time being in force], Mr. Amit Kumar Sinha (DIN: 09127387) who has been appointed by the Board of Directors as an Additional Director of the Company with effect from 9<sup>th</sup> April, 2021 under section 161 of the Act and who holds office up to the date of this Annual General Meeting of the Company and in respect of whom the Company has received a Notice in writing from a Member under section 160 of the Companies Act, 2013 proposing his candidature for the office of Director of the Company, be appointed as a Director of the Company, liable to retire by rotation.”

**5. To appoint Ms. Suman Mishra (DIN: 06727958) as a Director of the Company**

To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

**“RESOLVED THAT** that pursuant to the provisions of section 152 and all other applicable provisions of the Companies Act, 2013 (“the Act”) and the Rules framed thereunder [including any statutory modification(s) or amendment(s) thereto or re-enactment(s) thereof for the time being in force], Ms. Suman Mishra (DIN: 06727958) who has been appointed by the Board of Directors as an Additional Director of the Company with effect from 13<sup>th</sup> July, 2021 under section 161 of the Act and who holds office up to the date of this Annual General Meeting of the Company and in respect of whom the Company has received a Notice in writing from a Member under section 160 of the Companies Act, 2013 proposing her candidature for the office of Director of the Company, be appointed as a Director of the Company, liable to retire by rotation.”

**6. Appointment of Ms. Suman Mishra (DIN: 06727958) as the Whole-time Director and Chief Executive Officer of the Company**

To consider and if thought fit to pass, with or without modification(s), the following resolution as a Special Resolution: -

**“RESOLVED THAT** pursuant to the provisions of 196, 197, 203, Schedule V and any other applicable provisions of the Companies Act, 2013 (“the Act”) and the rules made thereunder, (including any statutory modification(s) or re-enactment thereof, for the

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time being in force), Articles of Association of the Company and subject to such other approvals as may be necessary, the consent of the member(s) of the Company be and is hereby accorded to the appointment Ms. Suman Mishra (DIN: 06727958) as the Whole-time Director and Chief Executive Officer of the Company w.e.f. 14<sup>th</sup> August, 2021 for a period of 2 (two) years liable to retire by rotation, at an aggregate remuneration of Rs. 266.61 lakhs per annum in the scale of Rs. 250 lakhs to Rs. 350 lakhs per annum including the perquisites and performance pay and on other terms and conditions as decided by the Board of Directors.

Provided that the remuneration may exceed the limits prescribed under the provisions of Section 197, 198 and be within the limits prescribed under Schedule V to the Companies Act, 2013 in case of no profits/inadequate profits.

**RESOLVED FURTHER THAT** consent of the Members of the Company be and is hereby accorded that where in any Financial Year during the currency of the tenure of the Whole time Director, the Company has no profits or its profits are inadequate, the Company may pay to Ms. Suman Mishra the above remuneration as the minimum remuneration for a period not exceeding 2 (two) years from the date of appointment or such other period as may be statutorily permitted by way of salary, perquisites and other allowances and benefits subject to receipt of the requisite approvals, if any.

**RESOLVED FURTHER THAT** the Board of Directors of the Company or any Committee thereof be authorised to do all such acts, deeds, matters and things as in its absolute discretion it may think necessary, expedient or desirable; to settle any question or doubt that may arise in relation thereto in order to give effect to the foregoing Resolution and to seek such approvals / consents from the Government Departments, as may be required in this regard.

**RESOLVED FURTHER THAT** the Board of Directors of the Company or any Committee thereof be also authorised to from time to time amend, alter, modify or otherwise vary the terms and conditions of appointment of Ms. Suman Mishra, including the components of the above mentioned remuneration payable to her subject to the overall limit mentioned above.”

#### **7. Approval of limits u/s 180(1)(c) and u/s 180(1)(a) of the Companies Act, 2013**

To consider and, if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution:

“**RESOLVED THAT** in supersession of all earlier resolutions passed in this regard and pursuant to Section 180(1)(c) of the Companies Act, 2013 read with the Companies (Meetings of the Boards and its Powers) Rules 2014, the Company do borrow such sum or sums of monies in any manner from time to time at the discretion

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of the Board of Directors for the purpose of the business of the Company, with or without security and upon such terms and conditions as it may think fit, (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) up to Rs. 850 Crores (Rupees Eight Hundred Fifty Crores only) in excess of aggregate of the paid up capital of the Company, free reserves and securities premium of the Company to meet the requirements of Company for such period(s) and on such terms as may be decided by the Board of Directors or any Committee of the Board.

**RESOLVED FURTHER THAT** pursuant to Section 180(1)(a) of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules 2014, consent of the members be and is hereby accorded to create such charges, mortgages and hypothecations in addition or supplemental to the existing charges, mortgages and hypothecations, if any, by whatever name called on all or any of the assets, immovable and/or movable properties of the Company, wherever situated both present and future or the whole or substantially the whole of the undertaking or undertakings of the Company in such from and in such manner and on such terms and conditions as the Board of Directors may think it, in the course of business, in the favour of Banks/Lender(s) as the case may be to secure the borrowing of the Company including in the form of Rupee Term Loans, Corporate Loans, Foreign Currency Loans, Non-convertible Debentures, Guarantees and/or any other terms of loan of whatever nature up to a sum of Rs. 850 Crores (Rupees Eight Hundred Fifty Crores only) in excess of aggregate of the paid up capital of the Company, free reserves and securities premium of the Company to meet the requirement of the Company for such period(s) and on such terms as may be decided by the Board of Directors or any Committee of the Board.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things as may be required to be done in order to give effect to the above resolution."

**NOTES:**

1. In view of the present COVID-19 pandemic, the Ministry of Corporate Affairs ("MCA") has vide its circulars dated January 13, 2021 and May 5, 2020 read together with circulars dated April 8, 2020 and April 13, 2020 (collectively referred to as "MCA Circulars") permitted convening the Annual General Meeting through Video Conferencing ("VC") or Other Audio Visual Means ("OAVM"), without the physical presence of the members at a common venue. In accordance with the MCA Circulars and provisions of the Companies Act, 2013 ('the Act'), the AGM of the Company is being held through VC.

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2. Pursuant to the provisions of the Companies Act, 2013, generally, a Member entitled to attend and vote at the AGM is entitled to appoint a Proxy to attend and vote on his/her behalf and the Proxy need not be a Member of the Company. In line with the MCA Circulars, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM as it is being held through Video Conferencing. However, the Corporate members are entitled to appoint authorized representatives to attend the AGM through VC and participate thereat and cast their votes at the AGM. Corporate members intending to attend the meeting through their authorized representatives are requested to email to shah.jenny@mahindra.com, a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
3. In accordance with the Secretarial Standard-2 on General Meetings issued by the Institute of Company Secretaries of India ("ICSI") read with Clarification/Guidance on applicability of Secretarial Standards - 1 and 2 dated 15<sup>th</sup> April, 2020 issued by the ICSI, the proceedings of the AGM shall be deemed to be conducted at the Registered Office of the Company, which shall be the deemed venue of the AGM.
4. The Members can join the AGM through the VC, 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in this Notice. The facility of participation at the AGM through VC will be made available to all the members of the Company.
5. A member shall be entitled to attend and vote either by show of hands if the Chairman allows or by sending their assent/dissent via email parikh.jignesh@mahindra.com ("Designated email ID") with copy marked to shah.jenny@mahindra.com, in case a poll is demanded.
6. M/s. BSR & Co. LLP, Chartered Accountants, (ICAI Firm Registration Number: 101248W/W-100022) were appointed as statutory auditors of the Company at the 21<sup>st</sup> Annual General Meeting held on 19<sup>th</sup> July, 2017, for a consecutive term of 5 years from the conclusion of the said Annual General Meeting until the conclusion of 26<sup>th</sup> Annual General Meeting to be held in the year 2022. Pursuant to the Notification issued by the Ministry of Corporate Affairs on 7<sup>th</sup> May, 2018 amending section 139 of the Companies Act, 2013 and the Rules framed thereunder, the mandatory requirement for ratification of appointment of Auditors by members at every Annual General Meeting has been omitted, and hence the Company is not proposing an item on ratification of appointment of Auditors at this AGM.
7. The Company's Registrar and Transfer Agents for its share registry work (Electronic) are Link Intime India Pvt. Ltd. having its office at C-3, Pannalal Silk Mills Compound, LBS Marg, Bhandup (West), Mumbai 400 078.

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8. An Explanatory Statement as required under section 102 of the Companies Act 2013 in respect of item nos. 3 to 7 is annexed hereto and forms part of the Notice.
9. Additional information as per secretarial standards in respect of item no. 2 is provided in the Annexure to this Notice.
10. The Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Act, the Register of Contracts or Arrangements in which the directors are interested, maintained under Section 189 of the Act, and the relevant documents, if any, referred to in the Notice will be available electronically for inspection by the members during the AGM. All documents referred to in the Notice as available for inspection will also be available electronically for inspection without any fee by the members from the date of circulation of this Notice up to the date of the AGM i.e, 23<sup>rd</sup> August, 2021. Members seeking to inspect the registers during AGM or inspect documents can send an email to [shah.jenny@mahindra.com](mailto:shah.jenny@mahindra.com).
11. Members seeking any information with regard to the accounts or any matter to be placed at the AGM, are requested to write to the Company through their registered email IDs on [shah.jenny@mahindra.com](mailto:shah.jenny@mahindra.com) any time before and during the meeting.
12. Members attending the AGM through VC shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
13. Since the AGM will be held through VC, the Route Map is not annexed in this Notice. A copy of the Notice is available on the website of the Company at [www.mahindraelectric.com](http://www.mahindraelectric.com).
14. Instructions for members for attending the AGM through VC are as under:
  - i. Members can join the Meeting by clicking on the link provided in the email containing this Notice convening the AGM of the Shareholders.
  - ii. Members who need IT assistance before or during the AGM can contact Mr. Rakesh Wagh on 91-99876 63246 or Mr. Vinay Vaishya on 91-99671 50220.

**By Order of the Board**

**Jignesh Parikh**  
**Company Secretary**  
**ACS 20413**

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**Place:** Mumbai

**Date:** 29<sup>th</sup> July, 2021

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CIN: U34101MH1996PLC325507

Email Id: [parikh.jignesh@mahindra.com](mailto:parikh.jignesh@mahindra.com)

Tel: +91 22 2490 1441

Fax: +91 22 2287 5485

Website : [www.mahindraelectric.com](http://www.mahindraelectric.com)

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**ADDITIONAL INFORMATION WITH RESPECT TO ITEM NO. 2**

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**Details of Director seeking re-appointment at the 25<sup>th</sup> Annual General Meeting in pursuance of provisions of the Companies Act, 2013****ITEM NO. 2**

Mr. Ruzbeh Irani (DIN: 01831944), Director, being eligible, has offered himself for re-appointment at the 25<sup>th</sup> Annual General Meeting of the Company.

The following additional information, as required under Secretarial Standard for General Meeting, is provided in respect of Mr. Ruzbeh Irani (DIN: 01831944):

Name	Ruzbeh Irani
Age	57 years
Qualifications	He has completed Bachelor's degree in Commerce from Bombay University in 1983 and Masters in Management Studies from the Jamnalal Bajaj Institute of Management Studies, Mumbai in 1985. He is an alumnus of the Advanced Management Program at the Harvard Business School.
Experience	Mr. Ruzbeh Irani is the President - Group Human Resources & Communications of Mahindra & Mahindra Limited (M&M) since April 2020. He is also responsible for Corporate Social Responsibility and Corporate Services. He is a member of Mahindra's Group Executive Board. Mr. Irani joined the Mahindra Group in 2007, as Executive Vice President - Corporate Strategy, heading the Group's Strategy function. He became the Chief Brand Officer of the Group. During that time, he spearheaded Mahindra Group's entry into racing and led the development of the Group's brand position and core purpose, 'Rise'. He then moved to head International Operations for the Automotive and Farm Equipment Sectors of M&M. Subsequently he led Group Corporate Brand, PR and Communications, Ethics as well as Mahindra Group's Racing team.

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	Mr. Irani worked with Hindustan Lever and Unilever for close to 22 years, across geographies, in marketing, customer management and general management. This included stints as Marketing Manager - Home and Personal Care (with Unilever Central Asia), Regional Manager - Western India (with Hindustan Lever), Vice President - Customer Development (with Unilever's Africa Regional Group), and Customer Development Director on the Board of Unilever Maghreb.
Terms & conditions of appointment or re-appointment (along with details of remuneration sought to be paid and the remuneration last drawn by such person, if applicable)	Appointed as a Director of the Company w.e.f. 22 <sup>nd</sup> January, 2018  No remuneration or sitting fees is paid to Mr. Ruzbeh Irani
Date of first appointment on the Board	22 <sup>nd</sup> January, 2018
Shareholding in the company	58,248 Equity shares
Relationship with other Directors, Manager and other Key Managerial Personnel (KMPs) of the company	Mr. Ruzbeh Irani is not related to any of the Directors and KMPs of the Company.
The number of Meetings of the Board attended during the year	All six meetings held during the year
Directorships, Membership/ Chairmanship of Committees of other Boards	<p><u>Details of other Directorships</u></p> <ol style="list-style-type: none"> <li>1. Mahindra Holidays &amp; Resorts India Limited</li> <li>2. Mahindra Defence Systems Limited</li> <li>3. Mahindra Finance USA LLC</li> <li>4. The Mahindra United World College of India</li> <li>5. Mahindra Airways Limited</li> </ol> <p><u>Details of other Chairmanship and Memberships of Committee of other Boards:</u></p> <ol style="list-style-type: none"> <li>1. Mahindra Holidays &amp; Resorts India Limited- Audit Committee- Member</li> </ol>

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**EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013.**

**ITEM NO. 3**

Mr. Rajesh Jejurikar (DIN: 00046823) was appointed as an Additional Director of the Company by the Board of Directors on the recommendation of the Nomination & Remuneration Committee w.e.f. 21<sup>st</sup> January, 2021 to hold office up to the date of the forthcoming Annual General Meeting pursuant to section 161 of the Companies Act, 2013.

The Company has received, pursuant to Section 160 of the Companies Act, 2013, a notice in writing from a member proposing candidature of Mr. Rajesh Jejurikar to the office of Director of the Company.

Mr. Rajesh Jejurikar has given his consent to act as Director of the Company and also confirmed that he is not disqualified from being appointed as a Director of the Company as per Section 164(2) of the Companies Act, 2013.

The brief profile of Mr. Rajesh Jejurikar is as under:

Mr. Rajesh Jejurikar is Executive Director (Auto & Farm Sectors) at Mahindra & Mahindra Ltd.

Mr. Jejurikar has diverse experience across Packaged Goods, Advertising, Media, Automotive and Farm Equipment. He joined Mahindra in 2000 as Vice President – Marketing for Automotive Sector. In 2003, he was appointed Executive Vice President – Sales & Marketing. In 2005, he was given additional responsibility as the Managing Director of Mahindra Renault. In 2008, he became Chief of Operations of the Automotive Sector and when Automotive & Farm Equipment Sector (AFS) was formed in 2010, he was appointed Chief Executive for the Automotive Division and Member of the Group Executive Board.

In 2013, Mr. Jejurikar joined the Farm Equipment Sector as Chief Executive – Tractor & Farm Mechanization and became the Sector President in 2015.

An MBA from SP Jain Institute of Management, Mr. Jejurikar attended the Advanced Management Program at The Wharton School, University of Pennsylvania and was awarded the British Chevening Scholarship to study at the Manchester Business School, UK.

Mr. Jejurikar serves on the Governing Council of S P Jain Institute and is a Member of the Executive Committee of The Society of Indian Automobile Manufacturers (SIAM). He has been a Member of the CII National Council on Agriculture and has represented

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the Tractor Manufacturers Association (TMA) in India as its President on the National Council of the Confederation of Indian Industry (CII) in 2016 and 2017.

The following additional information as required under Secretarial Standard for General Meeting, other than qualification and experience which are given above, is provided in respect of Mr. Rajesh Jejurikar (DIN: 00046823):

Age	56 years
Terms & conditions of appointment / re-appointment (along with details of remuneration sought to be paid and the remuneration last drawn by such person, if applicable)	Appointed as an Additional Director of the Company w.e.f. 21 <sup>st</sup> January, 2021. He shall be liable to retire by rotation.  No remuneration will be paid by the Company to Mr. Jejurikar.
Date of first appointment on the Board	21 <sup>st</sup> January, 2021
Shareholding in the company	Nil
Relationship with other Directors, Manager and other Key Managerial Personnel (KMPs) of the company	Mr. Jejurikar is not related to any of the Directors and KMPs of the Company.
The number of Meetings of the Board attended during the year	Mr. Jejurikar has attended 2 Board meetings from 21 <sup>st</sup> January, 2021 to 31 <sup>st</sup> March, 2021.
Other Directorships, Membership/ Chairmanship of other Boards	<p><b><u>Details of other Directorships</u></b></p> <p>i. Mahindra &amp; Mahindra Ltd.  ii. Swaraj Engines Ltd.  iii. Classic Legends Private Limited  iv. Mahindra USA Inc  v. Mahindra Two Wheelers Europe Holdings S.à r.l.  vi. Peugeot Motorcycle SAS  vii. Mitsubishi Mahindra Agricultural Machinery Co. Ltd.  viii. Aliaxis S A, Switzerland  ix. Mahindra Automotive North America Inc  x. Automobili Pininfarina Gmbh</p> <p><b><u>Details of other Chairmanship and Memberships of Committee of other Boards:</u></b></p> <p>i. Mahindra &amp; Mahindra Ltd.  Risk Management Committee- Member</p>

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	<p>ii. <u>Swaraj Engines Ltd.</u> a. Nomination &amp; Remuneration Committee - Member</p> <p>iii. <u>Classic Legends Private Ltd.</u> Nomination &amp; Remuneration Committee - Chairman</p> <p>iv. <u>Peugeot Motorcycle SAS</u> a. Nomination &amp; Compensation Committee - Member b. Strategic Synergies Committee - Chairman c. Audit &amp; Finance Committee - Member</p> <p>v. <u>Aliaxis SA, Belgium</u> ERP Committee - Member</p>
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The Board is of the view that Mr. Rajesh Jejurikar's knowledge and experience will be of immense benefit and value to the Company and pursuant to the recommendation of the Nomination and Remuneration Committee, recommends his appointment to the Members of the Company.

Save and except Mr. Rajesh Jejurikar and his relatives, none of the other Directors, Key Managerial Personnel (KMP) of the Company and their relatives are, in any way, concerned or interested, financially or otherwise in the said Ordinary Resolution.

The Board recommends the Ordinary Resolution set out at item no. 3 of this Notice for the approval by the members.

#### **ITEM NO. 4**

Mr. Amit Kumar Sinha (DIN: 09127387) was appointed as an Additional Director of the Company on the recommendation of the Nomination & Remuneration Committee by the Board of Directors by a resolution passed by circulation w.e.f. 9<sup>th</sup> April, 2021 to hold office up to the date of this Annual General Meeting pursuant to section 161 of the Companies Act, 2013.

The Company has received, pursuant to Section 160 of the Companies Act, 2013, a notice in writing from a member proposing candidature of Mr. Amit Kumar Sinha to the office of Director of the Company.

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Mr. Amit Kumar Sinha has given his consent to act as a Director of the Company and also confirmed that he is not disqualified from being appointed as a Director of the Company as per Section 164(2) of the Companies Act, 2013.

The brief profile of Mr. Amit Kumar Sinha is as under:

Mr. Amit Sinha is the Chief Strategy Officer for Mahindra Group. In his current role, he is leading the Group Strategy Office and works with Group's overall portfolio of businesses for growth over the short and long-term. He also champions the international council and helps coordinate international synergies across America, Asia-Pacific and Africa. His portfolio also includes the Risk and Economist functions. He will also lead the Group's sustainability efforts. He is a member of Group Executive Board.

Prior to joining Mahindra group, Mr. Sinha was a Senior Partner and Director with Bain & Company. Over 18 years at Bain, he led some of their largescale strategy, organization. digital and performance improvement engagements. He has also led several commercial due diligences and full potential transformation projects for global Private Equity funds. Amit started his career with Tata Motors and worked with IGate Patni (now Capgemini) in technology leadership roles in India, Singapore and US.

Mr. Sinha holds dual MBA from The Wharton School, University of Pennsylvania, specializing in Finance and Strategy, where he was a Palmer scholar and received Siebel Scholarship. He holds a Bachelor of Engineering (Electrical and Electronics) from the Birla Institute of Technology, Ranchi. Amit is also an Ananta Aspen Fellow as part of their India leadership fellowship program.

The following additional information as required under Secretarial Standard for General Meeting, other than qualification and experience which are given above, is provided in respect of Mr. Amit Kumar Sinha (DIN: 09127387):

Age	48 years
Terms & conditions of appointment / re-appointment (along with details of remuneration sought to be paid and the remuneration last drawn by such person, if applicable)	Appointed as an Additional Director of the Company w.e.f. 9 <sup>th</sup> April, 2021. He shall be liable to retire by rotation.  No remuneration will be paid by the Company to Mr. Sinha.
Date of first appointment on the Board	9 <sup>th</sup> April, 2021

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Shareholding in the company	Nil
Relationship with other Directors, Manager and other Key Managerial Personnel (KMPs) of the company	Mr. Amit Kumar Sinha is not related to any of the Directors and KMPs of the Company.
The number of Meetings of the Board attended during the year	Not Applicable as he has been appointed after the end of the year.
Other Directorships, Membership/ Chairmanship of other Boards	<p><u>Details of other Directorships -</u>  Mahindra and Mahindra Financial Services Limited  Mahindra First Choice Wheels Limited  Mahindra Logistics Limited  Fifth Gear Ventures Limited</p> <p><u>Details of other Chairmanship and Memberships of Committee of other Boards:</u>  Mahindra First Choice Wheels Limited - Chairman of Nomination and Remuneration Committee</p>

The Board is of the view that Mr. Amit Kumar Sinha’s knowledge and experience will be of immense benefit and value to the Company and pursuant to the recommendation of the Nomination and Remuneration Committee, recommends his appointment to the Members of the Company.

Save and except Mr. Amit Kumar Sinha and his relatives, none of the other Directors, Key Managerial Personnel (KMP) of the Company and their relatives are, in any way, concerned or interested, financially or otherwise in the said Ordinary Resolution.

The Board recommends the Ordinary Resolution set out at item no. 4 of this Notice for the approval by the members.

### **ITEM NOS. 5 & 6**

The Board of Directors of the Company at their meeting held on 13<sup>th</sup> July, 2021 on the recommendation of the Nomination & Remuneration Committee appointed Ms. Suman Mishra, as an Additional Director of the Company with immediate effect to hold office up to the date of the forthcoming Annual General Meeting pursuant to section 161 of the Companies Act, 2013. The Board at the same meeting also appointed Ms. Suman Mishra as the Whole-time Director and Chief Executive Officer of the Company w.e.f. 14<sup>th</sup> August, 2021 for a period of two years liable to retire by rotation, at an aggregate remuneration of Rs. 266.61 lakhs per annum in the scale of Rs. 250

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lakhs to Rs. 350 lakhs per annum including the perquisites and performance pay and on other terms and conditions as decided by the Board of Directors subject to the approval of the Members.

The terms and conditions for appointment of Ms. Suman Mishra are proposed keeping in line with the objective of attracting and retaining professional with expertise and high competence on the Board.

The Company has received, pursuant to Section 160 of the Companies Act, 2013, a notice in writing from a member proposing candidature of Ms. Suman Mishra to the office of Director of the Company.

Ms. Suman Mishra has given her consent to act as Director as well as Whole -time Director and Chief Executive Officer of the Company and also confirmed that she is not disqualified from being appointed as a Director of the Company as per Section 164(2) of the Companies Act, 2013.

The following additional information as required by Schedule V to the Companies Act, 2013 is given below.

#### **I. General Information:**

- i) **Nature of Industry:** Manufacturing of Vehicles & Engineering service
- ii) **Date or expected date of commencement of commercial production:** 19<sup>th</sup> July 2001
- iii) **In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus:** Not Applicable
- iv) **Financial performance based on given indicators as per audited financial results for the period ended 31<sup>st</sup> March, 2021:**

(Rs. In Lakhs)

<b>Particulars</b>	<b>For the year ended 31<sup>st</sup> March, 2021</b>
Turnover and Other Income	21,269
Profit/(Loss) before tax as per Profit & Loss Account	(10713)
Profit/(Loss) after Tax	(10713)

- v) **Foreign Investments or collaborations, if any:** Not Applicable

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## II. Information about the appointee:

### i) Background details:

Ms. Suman Mishra is Senior Vice President – Business Transformation, Insights and Analytics for the Automotive Division of Mahindra & Mahindra Limited (M&M). She is responsible for shaping and implementing transformation initiatives in the automotive sector across business functions (e.g., product development, customer insights, cost, capacity) and new growth areas.

Prior to this role she managed capital allocation across the Mahindra Group helping businesses achieve clear path to profitability. She also led various strategy development and implementation initiatives across various businesses in the group.

Prior to joining M&M, Ms. Suman Mishra was Head, Corporate Project Management at Cipla and was responsible for 300+ product launches globally (USA, Europe, India and International). She was also responsible for various special projects for the CEO's office and a convenor of the Operating Committee responsible for handling product and process issues.

Before Cipla, Ms. Suman Mishra was an Associate Partner with McKinsey & Company. She has worked on large scale performance transformations at several Fortune 500 companies in USA, India, and Singapore across multiple industries (pharma, automotive, chemical, retail etc.) across multiple functions (sales, cost optimization, procurement and supply chain, product development etc.)

Suman is an MBA from University of Michigan, Ross School of Business where she graduated with high distinction. She is a Computer Engineer from NTU Singapore where she graduated with First Class Honours.

### ii) Past remuneration during the period ended 31<sup>st</sup> March, 2021: Not Applicable

### iii) Recognition or Awards:

Ms. Suman Mishra has been recognized as Economic Times 40 under 40 business leaders and Economic Times Woman Ahead.

### iv) Job profile and his suitability:

Taking into consideration Ms. Suman Mishra's expertise in relevant fields, she is best suited for the responsibilities of Whole – time Director and CEO of the Company currently assigned to her by the Board of Directors.

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v) **Remuneration Proposed:**

Aggregate remuneration Rs. 266.61 lakhs per annum in the scale of Rs. 250 lakhs to Rs. 350 lakhs per annum including the perquisites and performance pay.

vi) **Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin):**

Taking into consideration the prospective operations, business requirements, expertise and work profile of Ms. Suman Mishra, her responsibilities and the industry benchmarks, the remuneration proposed to be paid is commensurate with the remuneration packages paid to similar senior level appointee(s) in other companies in the industry.

vii) **Pecuniary relationship directly or indirectly with the Company, or relationship with the key managerial personnel or other director, if any:**

Besides the remuneration proposed, Ms. Suman Mishra does not have any other pecuniary relationship with the Company or relationship with the key managerial personnel.

**III. Other Information:**

i) **Reasons of loss or inadequate profits:**

The Company continues to invest highly in R&D for future products which contributes to significant expenditure. The projected volumes for the electric 3w took a significant hit due to Covid pandemic in the first two quarters while the sales bounced back to normalcy in the second half of the year. The product development income from customer also took a hit due to Covid's impact on development timelines.

ii) **Steps taken or proposed to be taken for improvement and Expected increase in productivity and profits in measurable terms:**

New e3w product launched for the last mile delivery segment in second half of the year has seen good traction due to boom of ecommerce after the pandemic. The product is expected to provide a boost to volumes this year. Along with it,

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2 new products are being launched for last mile segment which are expected to give incremental volumes.

**iii) Expected increase in productivity and profits in measurable terms:**

The Company achieved operational profitability in Q4 of last financial year. The addition of new products are expected to contribute to an overall growth in volumes of about 2x. The Company is working towards profitability this year with the achievement of these volumes.

The following additional information as required under Secretarial Standard for General Meeting, other than qualification and experience which are given above, is provided in respect of Ms. Suman Mishra (DIN: 06727958):

Age	42 years
Terms & conditions of appointment (along with details of remuneration sought to be paid and the remuneration last drawn by such person, if applicable)	Appointed as an Additional Director of the Company w.e.f. 13 <sup>th</sup> July,2021. Also appointed as Whole - time Director and CEO w.e.f.14 <sup>th</sup> August, 2021.  Proposed Remuneration: Aggregate remuneration Rs. 266.61 lakhs per annum in the scale of Rs. 250 lakhs to Rs. 350 lakhs per annum including the perquisites and performance pay.
Date of first appointment on the Board	13 <sup>th</sup> July, 2021.
Shareholding in the company	Nil
Relationship with other Directors, Manager and other Key Managerial Personnel (KMPs) of the company	Ms. Suman Mishra is not related to any of the Directors and KMPs of the Company.
The number of Meetings of the Board attended during the year	Not Applicable
Other Directorships, Membership/ Chairmanship of Committees of other Boards	<u>Details of other Directorships -</u> 1. Medwell Ventures Private Limited 2. Meru Travel Solutions Private Limited 3. Meru Mobility Tech Private Limited

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	<p>4. V-Link Fleet Solutions Private Limited</p> <p>5. V-Link Automotive Services Private Limited</p> <p><u>Details of other Memberships of Committees - Nil</u></p>
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The Board is of the view that Ms. Suman Mishra's knowledge and experience will be of immense benefit and value to the Company and pursuant to the recommendation of the Nomination and Remuneration Committee, recommends her appointment as a Director and also as a Whole - time Director to the Members of the Company.

In compliance with section 190 of the Companies Act, 2013, a Memorandum of terms of Service of Whole-time Director & CEO as well as Articles of Association of the Company is available for inspection by the Members in electronic form, as per note no. 10 mentioned above.

Save and except Ms. Suman Mishra and her relatives, none of the other Directors, Key Managerial Personnel (KMP) of the Company and their relatives are, in any way, concerned or interested, financially or otherwise in the said Resolutions.

The Board recommends the Ordinary resolution set out at item no. 5 and Special resolution set out at item no. 6 of this Notice for the approval by the members.

#### **ITEM NO. 7**

Section 180(1)(c) of the Companies Act, 2013 requires that the Board of Directors of the Company should obtain approval of the Shareholders by means of a Special Resolution, to enable the Board of Directors of the Company to borrow moneys, apart from temporary loans obtained from the Company's Bankers in the ordinary course of business, in excess of the aggregate of paid-up share capital, free reserves and securities premium of the Company.

In order to meet the increased requirements of funds in future, which may arise on account of long term / short term working capital requirement of the Company, the Company may require to raise loans / borrowings from financial institutions, banks and others. Accordingly, it is proposed to borrow funds up to Rs. 850 Crores in excess of aggregate of the paid-up capital of the Company, free reserves and securities premium of the Company.

Further, to secure the said borrowings by the Company from time to time, the Company may be required to create mortgages / charges / hypothecation in favour

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of the Lenders/Financial Institutions/others, on all or any of its movable and immovable properties. In order to create aforesaid mortgages / charges / hypothecation, the consent of the Shareholders by means of Special Resolution is required under section 180(1)(a) of Companies Act, 2013.

Accordingly, the consent of the members is, therefore, being sought for passing the aforesaid resolution at Item no. 7 of the notice as a Special Resolution.

None of the Directors and /or Key Managerial Personnel of the Company and /or their relatives are concerned or interested, financially or otherwise in the said Special Resolution.

**By Order of the Board**

**Jignesh Parikh**  
**Company Secretary**  
**ACS 20413**

**Place:** Mumbai

**Date:** 29<sup>th</sup> July, 2021

**Registered Office:**

Mahindra Towers, Dr. G.M. Bhosale Marg,  
P.K. Kurne Clowk, Worli, Mumbai - 400 018.

CIN: U34101MH1996PLC325507

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**DIRECTORS' REPORT**

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

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

(Rs. in Lakhs)

<b>Particulars</b>	<b>For the year ended 31<sup>st</sup> March, 2021</b>	<b>For the year ended 31<sup>st</sup> March, 2020</b>
Total Income	<b>21,269</b>	27,890
Loss before Depreciation, Finance costs and Taxation	<b>4,488</b>	28
Less: Depreciation & Amortisation	<b>5,662</b>	5,062
Loss before Finance costs and Taxation	<b>10,150</b>	5,090
Less: Finance costs	<b>563</b>	433
Loss before Tax	<b>10,713</b>	5,523
Less: Taxation	<b>-</b>	-
Loss for the year	<b>10,713</b>	5,523
Other Comprehensive Income	<b>57</b>	22
Total Comprehensive Income	<b>10656</b>	5501
Carry forward losses for the previous years	<b>79,518</b>	74,017
Networth	<b>25,508</b>	26,822

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

**OPERATIONS**

Your Company's total income is lower by 24% in a year that impacted the overall automobile industry to a much larger extent. The onset of the pandemic late Q4 FY20 had a major impact on your Company throughout the year with the biggest impact in Q1 of FY21 due to complete lockdown.

During the year under review, your Company recovered in terms of sales from Q2. While there were supply chain and remote working constraints in Q1, product development timelines weren't impacted too heavily. Your company ensured that it followed the mandated safety protocols in all aspects of the business including manufacturing once the facilities were reopened after the lockdown.

In terms of customer behavior, there were several changes affecting the demand for mobility. The shared mobility sector had the biggest impact which affected the Company's electric four wheeler business. Consumer preference shifted towards personal mobility due to safety norms. The biggest beneficiary of the lockdown has been the last mile delivery segment as demand for deliveries surged during the lockdown.

Your Company oversaw the blockbuster launch of TREO Zor, latest addition to the portfolio of products with the TREO platform to capitalize on the booming demand for last mile mobility products. The launch was extensively covered by both national and regional media. The TREO Zor also won the prestigious Apollo CV 'SCV of the year' award.

Backed on the successful launch of the TREO Zor, Your Company registered retail sales 9% higher compared to the previous year. In comparison, the overall 3w industry was down 66% during the same period. It's a proud moment for Your Company to announce that the TREO was the second biggest 3w player in Kerala for the month of September 2020. The Company also announced its successful partnership with Amazon India for the deployment of TREO Zor in its fleet across the country.

Your Company also started operations of its latest manufacturing hub in Chakan, Pune which will supply EV components manufactured in India to the world. It also continued investing in developing high voltage electric platforms for the future.

### **BUSINESS OUTLOOK AND FUTURE PROSPECTS**

With a robust product pipeline with great customer value propositions, Your Company is now poised to capture a large share of the growing last mile segment. The key focus areas for the next year will be entering new markets across the country and increase dealer penetration. The Company also looks to scale existing pilots in overseas markets of focus.

Your Company is working on launching two new products in the upcoming year; ATOM - Designed to appeal to the emerging new India and transform the face of last mile connectivity and eKUV100 - India's most affordable compact electric SUV. The company also continues its investments in the development of new high voltage electric vehicles and platforms to maintain its stronghold and stay ahead of the curve in the global EV landscape.

The COVID-19 pandemic and resulting deterioration of general economic conditions has impacted our business and results of operations in the past. It has also impacted our program development timelines. After safe reopening of your Company's offices we now have a stable outlook of our operations and timelines.

### **DIVIDEND**

In view of the losses, your Board of Directors do not recommend dividend for the year under review.

### **AMOUNTS TRANSFERRED TO RESERVES**

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

### **SHARE CAPITAL**

During the year, your Company at its Extra-Ordinary General Meeting held on 21<sup>st</sup> January, 2021 increased the Authorised Share Capital of the Company from Rs. 400,00,00,000/-

## Mahindra Electric Mobility Limited

(Rupees Four Hundred Crores) divided into 40,00,00,000 (Forty Crore) Equity Shares of Rs. 10/- each to Rs. 1000,00,00,000/- (Rupees one thousand Crores) divided into 100,00,00,000 (One hundred Crore) Equity Shares of Rs. 10/- each.

The paid-up Share Capital of your Company as on 31<sup>st</sup> March, 2021 stood at Rs. 358,41,63,450/- (Rupees Three Hundred and Fifty Eight Crores Forty One Lakh Sixty Three Thousand Four Hundred Fifty) divided into 35,84,16,345 (Thirty Five Crores Eighty Four Lakhs Sixteen Thousand Three Hundred Forty Five) Equity Shares of Rs. 10/- each.

During the year, your Company allotted 1,74,22,638 (One Crore Seventy Four Lakhs Twenty Two Thousands Six Hundred and Thirty Eight) Equity Shares and 1,74,28,376 (One Crore Seventy Four Lakhs Twenty Eight Thousand Three Hundred and Seventy Six) Equity Shares on 28<sup>th</sup> July, 2020 and 2<sup>nd</sup> October, 2020 respectively for cash at a price of Rs. 25.91 per share on rights basis.

Your Company also allotted 39,660 (Thirty Nine Thousand and Six Hundred Sixty), 1,73,582 (One Lakh Seventy Three Thousand Five Hundred Eighty Two), 14,630 (Fourteen Thousand Six Hundred Thirty), 1,500 (One Thousand Five Hundred) and 1,45,649 (One Lakh Forty Five Thousand Six Hundred And Forty Nine) Equity Shares on 2<sup>nd</sup> June, 2020, 28<sup>th</sup> July, 2020, 2<sup>nd</sup> October, 2020, 28<sup>th</sup> October, 2020 and 21<sup>st</sup> January, 2021 respectively for cash at a price of Rs. 24.90/- per share pursuant to exercise of stock options granted under the MEML Employees Stock Option Scheme – 2017.

### CONSOLIDATION OF THE COMPANY WITH MAHINDRA AND MAHINDRA LIMITED

The Board of Directors of the Company at its meeting held on 26<sup>th</sup> March, 2021 granted in-principle approval for the consolidation of the Company into Mahindra and Mahindra Limited, either by way of Scheme of Merger or Demerger of a business undertaking or by such other appropriate means as may be most efficient. The mode of consolidation will be approved subsequently by the Board.

### SUBSIDIARY, ASSOCIATE AND JOINT VENTURE COMPANY

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

### BOARD OF DIRECTORS

#### Composition:

The present composition of the Board of Directors of the Company is as under: -

Name of Director and DIN	Designation	Executive/Non-Executive Director	Independent / Non-Independent Director
Mr. Rajesh Jejurikar (DIN: 00046823) (w.e.f. 21 <sup>st</sup> January, 2021)	Chairman & Additional Director	Non-Executive Director	Non-Independent Director

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Ms. Sonali Kulkarni (DIN: 00203701)	Director	Non-Executive Director	Independent Director
Mr. Ravindra Dhariwal (DIN: 00003922)	Director	Non-Executive Director	Independent Director
Mr. Ruzbeh Irani (DIN: 01831944)	Director	Non-Executive Director	Non-Independent Director
Mr. Vijay Nakra (DIN:02638616) <i>(w.e.f. 6<sup>th</sup> May, 2020)</i>	Director	Non-Executive Director	Non-Independent Director
Mr. Mahesh Babu (DIN:08736697) <i>(w.e.f. 7<sup>th</sup> May, 2020)</i>	Managing Director	Executive Director	Non-Independent Director
Mr. Amit Kumar Sinha (DIN: 09127387) <i>(w.e.f. 9<sup>th</sup> April, 2021)</i>	Additional Director	Non-Executive Director	Non-Independent Director

Mr. Ruzbeh Irani retires by rotation at the forthcoming Annual General Meeting, and being eligible, has offered himself for re-appointment.

During the year, the Company had received Notices of resignation from Mr. Rajan Wadhera with effect from close of the business hours of 6<sup>th</sup> May, 2020 and Mr. Arvind Mathew with effect from close of the business hours of 28<sup>th</sup> July, 2020. The Board placed on record its deep appreciation for the valuable services rendered by them during their tenure as Directors of the Company.

Mr. Vijay Nakra and Mr. Mohammed Turra (DIN: 08736844) pursuant to the recommendations of the Nomination & Remuneration Committee, were appointed as the Additional Directors on the Board of the Company with effect from 6<sup>th</sup> May, 2020. At the Board Meeting held on 6<sup>th</sup> May, 2020, Mr. Mahesh Babu, Chief Executive Officer of the Company, pursuant to the recommendations of the Nomination & Remuneration Committee, was appointed as an Additional Director and also Managing Director of the Company designated as Managing Director and CEO of the Company with effect from 7<sup>th</sup> May, 2020. Mr. Vijay Nakra, Mr. Mohammed Turra and Mr. Mahesh Babu were appointed as Directors by the Members at the 24<sup>th</sup> Annual General Meeting (AGM) of the Company held on 28<sup>th</sup> July, 2020. Mr. Rajan Wadhera pursuant to the recommendations of the Nomination & Remuneration Committee, was appointed as an Additional Director on the Board of the Company with effect from 29<sup>th</sup> July, 2020.

Mr. Rajesh Jejurikar pursuant to the recommendation of the Nomination & Remuneration Committee, was appointed as an Additional Director on the Board of the Company with effect from 21<sup>st</sup> January, 2021. He holds office upto the date of the forthcoming Annual General Meeting (AGM) of the Company and it is proposed to appoint him as a Director at the said AGM. The Company has received the requisite Notice from a Member in writing proposing his candidature for appointment as a Director at the forthcoming AGM. The Board at its meeting held on 10<sup>th</sup> May, 2021 has appointed Mr. Rajesh Jejurikar as the Chairman of the Board.

After the year end, the Company received Notices of resignation from Mr. Rajan Wadhwa, Mr. V. S. Parthasarathy and Mr. Mohammed Turra with effect from 1<sup>st</sup> April, 2021 and from Dr. Pawan Goenka with effect from 2<sup>nd</sup> April, 2021. The Board placed on record its deep appreciation for the valuable services rendered by them during their tenure as Directors of the Company.

After the year end, Mr. Amit Kumar Sinha pursuant to the recommendation of the Nomination & Remuneration Committee, has been appointed as the Additional Director on the Board of the Company with effect from 9<sup>th</sup> April, 2021. Mr. Amit Kumar Sinha holds office upto the date of the forthcoming Annual General Meeting (AGM) of the Company, it is proposed to appoint him as a Director at the said AGM. The Company has received the requisite Notice from a Member in writing proposing his candidature for appointment as a Director at the forthcoming AGM.

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

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

Mr. Ravindra Dhariwal and Ms. Sonali Kulkarni, Independent Directors of the Company have registered themselves with the Indian Institute of Corporate Affairs (IICA) and their names have been included in the Independent director's Databank in compliance with Rule 6(1)(b) of the Companies (Appointment and Qualification of Directors) Rules, 2014.

### **Evaluation of performance**

Questionnaires/Feedback templates for annual evaluation were circulated to each Board member and duly filled in questionnaires/responses were submitted to the Chairman of the Board for facilitating the formal annual evaluation. Based on the feedback, the Board carried out the annual evaluation of performance of its own, its committees and individual Directors including independent directors at the meeting of the Board held on 10<sup>th</sup> May, 2021.

### **MEETINGS OF THE BOARD AND GENERAL MEETING:**

The Board met six times during the year under review, i.e. on 9<sup>th</sup> April, 2020, 6<sup>th</sup> May, 2020, 28<sup>th</sup> July, 2020, 28<sup>th</sup> October, 2020, 21<sup>st</sup> January, 2021 and 26<sup>th</sup> March, 2021. The gap between two consecutive Board Meetings did not exceed 120 days.

The 24<sup>th</sup> Annual General Meeting (AGM) of the Company was held on 28<sup>th</sup> July, 2020. An Extra-Ordinary General Meeting of the Company was held on 21<sup>st</sup> January 2021. All Board meetings were attended by the Directors through Video-conferencing facility. All General meetings were also held through Video-conferencing facility.



## Mahindra Electric Mobility Limited

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

Sr. No.	Name of Directors	No. of meetings attended out of 6 meetings held
1	Dr. Pawan Goenka	6
2	Mr. V S Parthasarathy	5
3	Ms. Sonali Kulkarni	5
4	Mr. Ravindra Dhariwal	6
5	Mr. Rajan Wadhera (resigned w.e.f. 6 <sup>th</sup> May, 2020 and appointed w.e.f. 28 <sup>th</sup> July, 2020)	5
6	Mr. Arvind Mathew (resigned w.e.f. 28 <sup>th</sup> July, 2020)	3
7	Mr. Ruzbeh Irani	6
8	Mr. Rajesh Jejurikar (appointed w.e.f. 21 <sup>st</sup> January, 2021)	2
9	Mr. Vijay Nakra (appointed w.e.f. 6 <sup>th</sup> May, 2020)	4
10	Mr. Mohammed Turra (appointed w.e.f. 6 <sup>th</sup> May, 2020)	5
11	Mr. Mahesh Babu (appointed w.e.f. 7 <sup>th</sup> May, 2020)	4

### DIRECTORS' RESPONSIBILITY STATEMENT

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

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

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

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

**MEETING OF INDEPENDENT DIRECTORS**

The Independent Directors of the Company met on 6<sup>th</sup> May, 2020 without the presence of the Chairman or other Non-Independent Directors or Chief Financial Officer or any other Management Personnel. The Meeting was conducted in an informal and flexible manner to enable the Independent Directors to discuss matters pertaining to, inter alia, review of performance of Non-Independent Directors and the Board as a whole, review the performance of the Chairman of the Company (taking into account the views of the Executive and Non-Executive Directors), assess the quality, quantity and timeliness of flow of information between the Company Management and the Board that was necessary for the Board to effectively and reasonably perform their duties.

**COMMITTEES OF THE BOARD**

**Audit Committee**

The present Composition of Audit Committee is as follows: -

<b>Name of Director</b>	<b>Designation</b>
Mr. Amit Kumar Sinha (appointed w.e.f. 9 <sup>th</sup> April, 2021)	Chairman
Ms. Sonali Kulkarni	Member
Mr. Ravindra Dhariwal	Member

The Audit Committee met six times during year under review, i.e. on 9<sup>th</sup> April, 2020, 6<sup>th</sup> May, 2020, 28<sup>th</sup> July, 2020, 28<sup>th</sup> October, 2020, 21<sup>st</sup> January, 2021 and 26<sup>th</sup> March, 2021 and complied with the terms of reference assigned to the Committee from time to time. All Committee members participated in all the meetings through Video-conferencing facility. The attendance of Members of the Committee at the meetings of the Audit Committee for the year under review, was as under:-

<b>Name of Director</b>	<b>No. of meetings attended out of 6 meetings held</b>
Mr. V S Parthasarathy	6
Ms. Sonali Kulkarni	5
Mr. Ravindra Dhariwal	6

Due to resignation of Mr. V. S. Parthasarathy w.e.f. 1<sup>st</sup> April, 2021, the Audit Committee was re-constituted w.e.f. 9<sup>th</sup> April, 2021 by induction of Mr. Amit Kumar Sinha as Chairman of the Committee.

All the recommendations of the Audit Committee were accepted by the Board.

**Nomination and Remuneration Committee**

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

<b>Name of Director</b>	<b>Designation</b>
Ms. Sonali Kulkarni	Chairperson
Mr. Rajesh Jejurikar (appointed w.e.f. 9 <sup>th</sup> April, 2021)	Member
Mr. Ruzbeh Irani (appointed w.e.f. 9 <sup>th</sup> April, 2021)	Member
Mr. Ravindra Dhariwal	Member

The Nomination and Remuneration Committee met four times during year under review, i.e. on 6<sup>th</sup> May, 2020, 28<sup>th</sup> July, 2020, 28<sup>th</sup> October, 2020 and 21<sup>st</sup> January, 2021. All Committee members participated in all the meetings through Video-conferencing facility.

The attendance of Members of the Committee at the meetings of the Nomination and Remuneration Committee for the year under review, was as under:-

<b>Name of Directors</b>	<b>No. of meetings attended out of 4 meetings held</b>
Ms. Sonali Kulkarni	4
Dr. Pawan Goenka	4
Mr. V S Parthasarathy	4
Mr. Ravindra Dhariwal	4

Due to resignation of Dr. Pawan Goenka w.e.f. 2<sup>nd</sup> April, 2021 and Mr. V. S. Parthasarathy w.e.f. 1<sup>st</sup> April, 2021, the Audit Committee was re-constituted w.e.f. 9<sup>th</sup> April, 2021 by induction of Mr. Rajesh Jejurikar and Mr. Ruzbeh Irani as members.

**KEY MANAGERIAL PERSONNEL**

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

1. Mr. Mahesh Babu - Managing Director and CEO
2. Mr. Ashish Lath - Chief Financial Officer
3. Mr. Jignesh Parikh - Company Secretary

During the year under review, Mr. Mahesh Babu, Chief Executive Officer of the Company was also appointed as Managing Director of the Company w.e.f. 7<sup>th</sup> May, 2020. Mr. Saroj Khuntia resigned as Chief Financial Officer of the Company w.e.f. 1<sup>st</sup> June, 2020 and Mr. Ashish Lath, was appointed as Chief Financial Officer of the Company w.e.f. 1<sup>st</sup> June, 2020. Mr. Jignesh Parikh resigned as Company Secretary of the Company w.e.f. 19<sup>th</sup> April, 2021 and has been appointed as Company Secretary of the Company w.e.f. 10<sup>th</sup> May, 2021.

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

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

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

**RISK MANAGEMENT POLICY**

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

**VIGIL MECHANISM**

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

**POLICY ON PREVENTION OF SEXUAL HARASSMENT**

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

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

**INTERNAL FINANCIAL CONTROLS**

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

## **STATUTORY AUDITORS & AUDIT REPORT**

M/s. B S R & Co. LLP, Chartered Accountants (Firm Registration Number 101248W/W-100022) were appointed as the Statutory Auditors of the Company to hold office for a period of 5 years from the conclusion of the 21<sup>st</sup> Annual General Meeting (AGM) till the conclusion of the 26<sup>th</sup> AGM of the Company to be held in the year 2022.

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

## **SECRETARIAL AUDITOR AND AUDIT REPORT**

During the year under review, Mr. Sachin Bhagwat, Company Secretary in practice, was appointed as the Secretarial Auditor for the year ended 31<sup>st</sup> March, 2021 pursuant to Section 204 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

In terms of provisions of sub section 1 of section 204 of Companies Act, 2013, the Company has annexed to this Board Report as **Annexure II**, a Secretarial Audit Report given by the Secretarial Auditors. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

## **REPORTING ON FRAUDS BY AUDITORS**

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

## **COST RECORDS**

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

## **CORPORATE SOCIAL RESPONSIBILITY**

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

## **SAFETY, HEALTH AND ENVIRONMENTAL PERFORMANCE**

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

## **HUMAN RESOURCES**

Your Company has about 661 people on its rolls as at March 31, 2021. Your Company acknowledges its commitment to regional development and improving the standard of living of the people in the region.

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

## **EMPLOYEE STOCK OPTION PLAN**

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

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

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

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

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

## **PUBLIC DEPOSITS AND LOANS / ADVANCES**

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



## Mahindra Electric Mobility Limited

Pursuant to Regulations 34(3) and 53(f) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 applicable to the Ultimate Holding Company, Mahindra & Mahindra Limited, the details of loans availed by the Company during financial year 2020-21 are as follows:

Name of the Company	Balance as on 31 <sup>st</sup> March, 2021	Rs. in lakhs
		Maximum outstanding during the year
Mahindra & Mahindra Limited (Ultimate Holding Company)	7,000.00	7,000.00

### PARTICULARS OF TRANSACTIONS WITH RELATED PARTIES

All transactions entered into by your Company with its related parties, during the year under review, were in the ordinary course of business and at arm's length. The particulars of the Material Related Party Transactions referred to under Section 188(1) of the Companies Act, 2013 are given in the prescribed form AOC-2 as **Annexure V**.

### ANNUAL RETURN

Pursuant to Section 92(3) of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014 and Companies (Amendment) Act, 2017, the Annual Return of the Company for the year ended on 31<sup>st</sup> March, 2021 in Form No. MGT-7 is available on the weblink <https://www.mahindraelectric.com/about-us/> under Investor Information section.

### GENERAL

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

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

**ACKNOWLEDGEMENT**

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

For and on behalf of the Board

Rajesh Jejurikar  
Chairman  
DIN: 00046823

Mumbai, 10<sup>th</sup> May, 2021

Annexure I to the Directors' Report

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

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**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 Electric Mobility Limited.

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

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

**"HR"** means the Human Resource department of the Company.

**"Key Managerial Personnel"** (KMP) refers to key managerial personnel as defined under the Companies Act, 2013 and as amended from time to time

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

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

**I. APPOINTMENT OF DIRECTORS**

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

## **REMOVAL OF DIRECTORS**

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

## **SENIOR MANAGEMENT PERSONNEL**

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

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

## **II. SUCCESSION PLANNING:**

### **Purpose**

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

### **Board:**

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

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

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

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

### **Senior Management Personnel:**

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

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

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

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

### Policy Statement

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

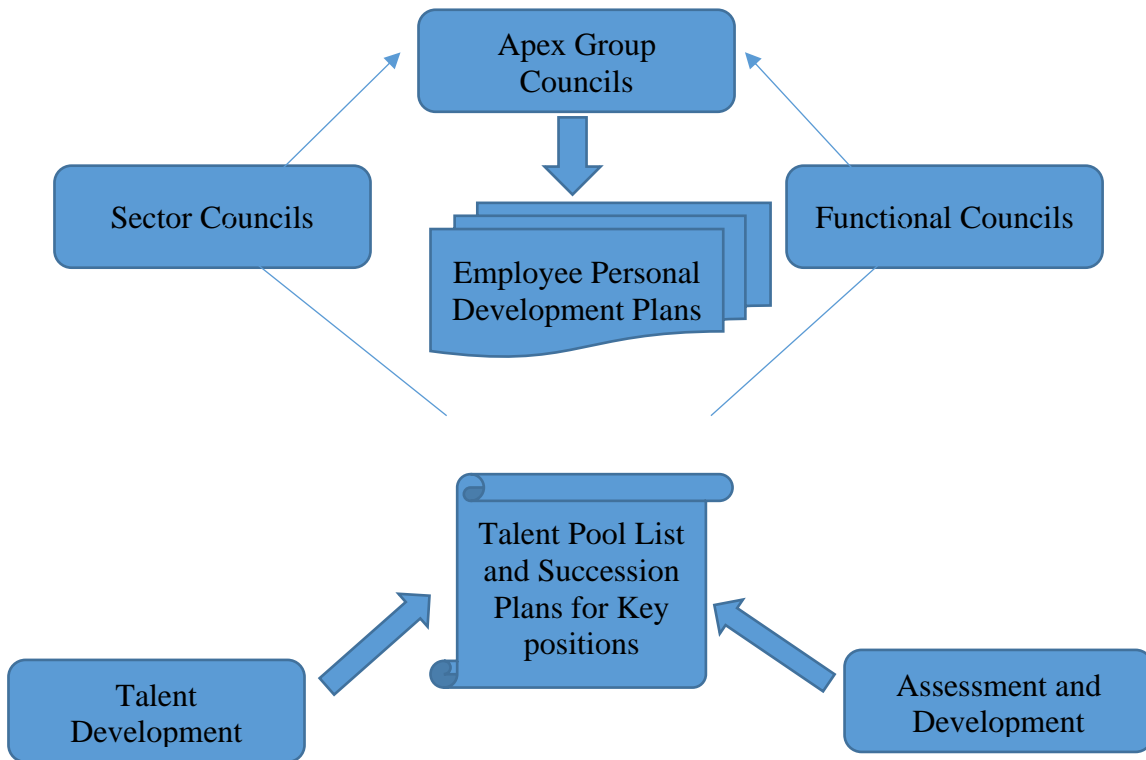
- 1) Given the strategic business plans, do we have the skills and competencies required to implement them? If not, how do we create them – by developing them internally or through lateral induction from outside?
- 2) For critical positions, what is the succession pipeline?
- 3) What are the individual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

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

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

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

The Talent Management process can be represented pictorially as under:



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



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

**Purpose**

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

**Policy Statement**

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

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

**NON-EXECUTIVE INCLUDING INDEPENDENT DIRECTORS:**

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

**Executive Directors:**

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

**Key Managerial Personnel (KMPs)**

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

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

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

### Employees

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

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

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

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

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

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

**Annexure II to the Directors' Report**

**Form No. MR-3**

**SECRETARIAL AUDIT REPORT**

FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH, 2021

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

To,  
The Members,  
Mahindra Electric Mobility Limited,  
Mahindra Towers,  
Dr G. M. Bhosale Marg,  
P.K. Kurne Chowk,  
Worli, Mumbai 400018

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Mahindra Electric Mobility Limited (CIN U34101MH1996PLC325507) (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 31 March, 2021, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

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

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder; (Not applicable to the Company)
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; (Not applicable to the Company during the audit period)
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; (Not applicable to the Company)

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; (Not applicable to the Company)

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; (Not applicable to the Company during the Audit period)

(d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; (Not applicable to the Company)

(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; (Not applicable to the Company)

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (Not applicable to the Company); and

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; (Not applicable to the Company)

I further report that having regard to the compliance system prevailing in the Company, the certificates of compliance placed before the Board at every meeting duly signed by the Chief Executive Officer of the Company, the representation made by the Company to me and on examination of the relevant documents in pursuance thereof, the Company has complied with the following law applicable specifically to the Company:

The Motor Vehicles Act, 1988 and the Rules made thereunder.

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

(i) Secretarial Standards issued by The Institute of Company Secretaries of India.

(ii) The Listing Agreements entered into by the Company with the Stock Exchange(s) and The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015; (Not applicable to the Company)

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

I further report that -

The Board of Directors of the Company is duly constituted with proper balance of Executive Director, Non-Executive Directors 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.

## Mahindra Electric Mobility Limited

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. Agenda and detailed notes on agenda were sent at a short notice for one meeting of the Board in respect of which the Company complied with the requirement of the Act in this regard. 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 Company issued 34,851,014 equity shares of Rs. 10 each at a premium of Rs. 15.91 per share on rights basis.

Signature:

Sachin Bhagwat

ACS: 10189

CP: 6029

UDIN: A010189C000134434

PR No.: 654/2020

Place: Pune

Date: 20 April, 2021

**Annexure III to the Directors' Report  
For the year ended 31<sup>st</sup> March, 2021**

Details of the Employees Stock Option Scheme:

(a)	options granted	1,24,17,871
(b)	options vested	38,68,494
(c)	options exercised	4,73,111
(d)	the total number of shares arising as a result of exercise of option	4,73,111
(e)	options lapsed	29,14,008
(f)	the exercise price	Rs. 24.90, Rs. 25.17, Rs 25.91
(g)	variation of terms of options	Difference in exercise price - Rs. 24.90, Rs.25.17 & Rs 25.91
(h)	money realized by exercise of options	Rs. 93,38,023
(i)	total number of options in force	90,30,753
(j)	employee wise details of options granted to (i) key managerial personnel (ii) any other employee who receives a grant of options in any one year of option amounting to five percent or more of options granted during that year (iii) identified employees who were granted option, during any one year, equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant	(i) Mahesh Babu - 11,23,448 (Managing Director & CEO) Ashish Lath - 67,277 (Chief Financial Officer)  (ii) Nil  (iii) Nil

For and on behalf of the Board

Rajesh Jejurikar  
Chairman  
DIN: 00046823

Mumbai, 10<sup>th</sup> May, 2021



**Annexure IV to the Directors' Report  
For the year ended 31<sup>st</sup> March, 2021**

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

**SECTION 134(3)(m) OF THE COMPANIES ACT, 2013 READ WITH RULE 8(3) OF THE COMPANIES (ACCOUNTS) RULES, 2014 FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2020**

**A. CONSERVATION OF ENERGY**

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

◆ **Specific energy consumption per FG is reduced by 26% by implementing**

1. Pneumatic lines synchronization with Phase-1 & 2 to eliminate running of two compressors at a time.
2. New Software in cell formation line controller system to avoid data loss and 6 hrs. of reprocessing the battery testing during any power shut off.
3. UPS Room Hot air duct provided to eliminate the AC running.
4. Optimizing the usage of AC in Phase-2 as per the climate conditions and operating on scheduled time.
5. VFD & IE3 and above motors are used in factory and recommended for all new installations and replacements.
6. 100% LED Lights & Natural lighting.

◆ **Specific fuel consumption per Equivalent vehicle is reduced by 22.4% by implementing**

1. Synchronization systems implemented in the DG for equalizing the power distribution as per load . If the load is less/more, automatically switch OFF/ON the other DG.
2. PLC based power changeover panel, which switches OFF the DG automatically once's power resumed ,thus idle running eliminated.
3. Periodical maintenance of Diesel generator as recommended by OEM to maintain the higher efficiency.
4. Stack monitoring & analysis for keeping DG emissions in control

(b) the steps taken by the company for utilizing alternate sources of energy:

◆ **4.5 % of Plant energy consumed from renewable energy (Solar - 30191 kW generated in F'21)**

1. Solar panel cleaning frequency increased from two weeks to weekly.
2. Net metering and providing to Grid for utilizing the solar power during holidays.

◆ **Specific water consumption reduced by 18% & 68% of water recycled by implementing.**

1. Phase-1 Rest rooms plumbing modified for utilizing the recycled water for flushing & gardening.
2. Manual tap replaced with auto sensing water tap in all rest rooms area and canteen dish wash area.
3. Water meter for main out going line for monitoring.
4. RO reject water is pumped back to STP and used for flushing & gardening
5. 156 KL of rainwater collected and reused.

◆ **Inbound logistics : 33% reduction in material Truck trips (Specific)**

1. Optimising the Trips by maximising the utilisation of truck space by modifying the packaging.
2. Initiating the Milk run concept in Pune suppliers.

(c) the capital investment on energy conservation equipment's:

No capital investment done on as energy conservation equipment.

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

- a) Your Company is using 100% LED lights at its Manufacturing facility.
- b) Your Company is having a 78.39 kWp Solar Park in its manufacturing facility.  
Average power Generated per day is 159 units in FY20.
- c) Specific water consumption per Equivalent vehicle is reduced by 28% over F19.
- d) 65% of water utilized at the facility is from re-used STP water in flushing and gardening.
- e) 23.08% of raw water consumption reduction in manufacturing facility compared to F19.
- f) 210 KL of rainwater is collected and reused in F20.
- g) Specific energy consumption per FG is reduced by 31.21% over F20 by various energy saving activities.
- h) Specific fuel consumption per Equivalent vehicle is reduced by 34.71% over F19.
- i) Inbound logistics cost reduced by 5% over F19 by optimising truck volume utilisation

## **B. TECHNOLOGY ABSORPTION**

I. The efforts made towards technology absorption:

Successful design and development of high voltage power trains for the first time for 350V (high performance EVs).

Successful delivery of D-sample drivetrain and in-house manufactured vehicle control unit for an international order consisting of:

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

Successful delivery of prototypes/first customer kit for the 350V platform

- Liquid cooled 40 kWh high energy dense battery pack
- 1.8kW DC-DC converter
- 6.6kW OBC complying with global charging standards
- 90kW, 255Nm, 12,000 RPM PMSM motor
- In-house 150kW, 400Nm, 15,000 RPM with fixed ratio transmission system
- In-house Vehicle Control Unit with Model Based Design & Layered Architecture (AUTOSAR)

Successful Delivery of C-sample in-house designed and developed 72V powertrain

- Air-cooled 3.3kW OBC complying with global charging standards
- 1.8kW DC-DC converter
- 40kW, 120Nm, 12000RPM Interior Permanent Magnet Motor
- 50kW, 120Nm, 12000RPM Multi-ratio Transmission Systems
- Liquid cooled battery pack system for operating in a wide range of temperature zone (0-50C)

II. The benefits derived like product improvement, cost reduction, product development or import substitution:

Due to its sustained R&D efforts, the Company continued to maintain its technology leadership in the electric vehicle technology in India. The product will be launched to capitalize on the new customer preference towards personal mobility after the onset of the pandemic

III. In case of imported technology (imported during the last three years reckoned from the beginning of the financial year) - During the year, your Company did not import any technology.

IV. The expenditure incurred on Research and Development :

(Rs. in Lakhs)

Description	Current Year	Previous Year
a) Capital	750	476
b) Recurring	9,237	10,349
Total	9,987	10,825
Total R&D expenditure as a percentage of total turnover	47.24%	38.81%

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO:**

Total Foreign exchange used and earned

(Rs. in Lakhs)

	<b>For the year ended 31<sup>st</sup> March, 2021</b>	For the year ended 31 <sup>st</sup> March, 2020
Foreign Exchange used	<b>11,953</b>	11,284
Foreign Exchange Earned	<b>1,650</b>	1,475

For and on behalf of the Board

Rajesh Jejurikar  
Chairman  
DIN: 00046823

Mumbai, 10<sup>th</sup> May, 2021

**Annexure V to the Directors' Report  
For the year ended 31<sup>st</sup> March, 2021**

**Particulars of Transactions with Related Parties for year ended 31<sup>st</sup> March 2021**

**FORM NO. AOC-2**

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

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

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

Sr. No	Name(s) of the related party & Nature of relationship	Nature of transactions	Transactions Value (Rs. in lakhs)	Duration of transactions	Salient terms of transactions	Date of approval by the board	Amount paid in advance
1.	Mahindra & Mahindra Limited	Sale of Goods	883	1 <sup>st</sup> April, 2020 to 31 <sup>st</sup> March, 2021	The Related Party Transactions (RPTs) entered during the year were in the ordinary course of business and on arms length basis.	Since these RPTs are in the ordinary course of business and are at arms length basis, approval of the Board is not applicable.  However, necessary approvals were granted by the Audit Committee from time to time.	Nil
		Rendering services	5202				
		Purchase of Goods	47				
		Interest Expenses	60				
		Rent Expenses	6				
		Reimbursement paid	1191				
		Reimbursement Received	489				
		Total	8062				

For and on behalf of the Board

Rajesh Jejurikar  
Chairman  
DIN: 00046823

Mumbai, 10<sup>th</sup> May, 2021

## INDEPENDENT AUDITOR'S REPORT

To the Members of Mahindra Electric Mobility Limited

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of **Mahindra Electric Mobility Limited** ("the Company"), which comprises the balance sheet as at 31 March 2021, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2021, and loss and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

#### Basis for Opinion

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

#### Other Information

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Report of the Board of Directors, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Management's and Board of Directors' Responsibility for the Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with

respect to the preparation of these financial statements that give a true and fair view of the state of affairs, profit / loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

#### Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we



are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

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

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

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

#### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. (A) As required by Section 143(3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books
  - c) The balance sheet, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under section 133 of the Act.

- e) On the basis of the written representations received from the directors as on 31 March 2021 taken on record by the Board of Directors, none of the directors are disqualified as on 31 March 2021 from being appointed as a director in terms of Section 164(2) of the Act.
  - f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- (B) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations as at 31 March 2021 on its financial position in its financial statements - Refer Note 17 and 35 to the financial statements;
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There were no amounts which were required to be transferred, to the Investor Education and Protection Fund by the Company.
  - iv. The disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2021.
- (C) With respect to the matter to be included in the Auditors' Report under section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

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

**Amrit Bhansali**  
Partner  
Membership No. 065155  
ICAI UDIN: 21065155AAAACK1306

**Place:** Bengaluru

**Date:** 10 May 2021

**ANNEXURE - A TO THE INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS OF MAHINDRA ELECTRIC MOBILITY COMPANY LIMITED FOR THE YEAR ENDED 31 MARCH 2021**

With respect to the Annexure A referred to in paragraph 1 under Report on Other Legal and Regulatory Requirements of the Independent Auditors' Report to the members of the Company on the IND AS financial statements for the year ended 31 March 2021, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, certain fixed assets were physically verified during the year. No material discrepancies were noticed on such verification. For fixed assets lying with third parties at the year end, the Company has obtained confirmations on a sample basis and no material discrepancies were observed between the confirmations and the books of accounts.
- (c) In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties included in property, plant and equipment are held in the name of the Company.
- (ii) The inventory, except goods-in-transit, has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. The discrepancies noticed on verification between the physical stock and the book records were not material. For stocks lying with third parties at the year-end, written confirmations have been obtained by the management.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act'). Accordingly, the

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

- (iv) According to the information and explanations given to us, there are no loans, investments, guarantees and security given in respect of which provisions of section 185 and 186 of the Act are applicable. Accordingly, the provisions of clause 3(iv) of the Order are not applicable to the Company.
- (v) The Company has not accepted any deposits from the public. Accordingly, the provisions of clause 3(v) of the Order are not applicable to the Company.
- (vi) The Central Government has not prescribed the maintenance of cost records under Section 148 of the Act for any of the products manufactured/services rendered by the Company.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income-tax, duty of customs, goods and services tax, cess and any other material statutory dues have been generally regularly deposited during the year by the Company with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employee state insurance, income-tax, duty of customs, goods and services tax, cess and any other material statutory dues were in arrears, as at 31 March 2021, for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, there are no dues of duty of customs or duty of excise which have not been deposited by the Company on account of disputes, except as mentioned in the below table. As explained to us, there were no dues of income tax or goods and service tax which have not been deposited by the Company on account of disputes.

Name of statute	Nature of dues	Amount (INR)	Period to which the amount relates	Forum where dispute is pending
Central Excise Act, 1944	Duty of Excise	5,142,000	AY 2009 -2011	High Court of Karnataka
Central Excise Act, 1944	Duty of Customs	9,600,000	AY 2016-2017	CESTAT

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to banks and Government. The Company did not have dues to financial institutions and debenture holders during the year.

- (ix) According to the information and explanations given to us and based on examination of the records of the Company, the term loans were applied for the purpose for which they were obtained. The Company has not raised any money by way of

initial public offer or further public offer (including debt instruments) during the year.

- (x) According to the information and explanations given to us, no material fraud on the Company by its officers and employees or fraud by the Company has been noticed or reported during the course of our audit.
- (xi) According to the information and explanations given to us and based on examination of the records of the Company, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, clause 3(xii) of the Order is not applicable to the Company.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act, where applicable, and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, clause 3(xv) of the Order is not applicable to the Company.

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

**For B S R & Co. LLP**

Chartered Accountants

Firm Registration Number: 101248W/W-100022

**Amrit Bhansali**

Partner

Membership No. 065155

ICAI UDIN:21065155AAAACK1306

**Place:** Bengaluru

**Date:** 10 May 2021

## ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS OF MAHINDRA ELECTRIC MOBILITY COMPANY LIMITED FOR THE YEAR ENDED 31 MARCH 2021

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

**(Referred to in paragraph 2(A)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

### Opinion

We have audited the internal financial controls with reference to financial statements of Mahindra Electric Mobility Limited ("the Company") as of 31 March 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2021, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

### Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

### Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and whether such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with

reference to financial statements included obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

### Meaning of Internal Financial controls with Reference to Financial Statements

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

### Inherent Limitations of Internal Financial controls with Reference to Financial Statements

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

**For B S R & Co. LLP**

Chartered Accountants

Firm Registration Number: 101248W/W-100022

**Amrit Bhansali**

Partner

Membership No. 065155

ICAI UDIN: 21065155AAAACK1306

**Place:** Bengaluru

**Date:** 10 May 2021

**BALANCE SHEET AS AT 31 MARCH 2021**

	Notes	As at 31 March 2021	(₹ in lakhs) As at 31 March 2020
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment.....	4	15,989	14,228
Capital work-in-progress.....	4	13,214	5,212
Right of Use Assets.....	5	3,609	3,646
Other intangible assets.....	6	4,932	4,662
Intangible assets under development.....	7	17,378	11,436
Financial assets			
Loans.....	8	206	310
Non-current tax assets.....	9	135	1,145
Other non-current assets.....	10(a)	1,525	1,218
		<u>56,988</u>	<u>41,857</u>
<b>Current assets</b>			
Inventories.....	11	5,049	3,369
Financial assets			
Trade receivables.....	12	1,488	4,497
Cash and cash equivalents.....	13	247	62
Other current assets.....	10(b)	13,723	7,072
		<u>20,507</u>	<u>15,000</u>
Assets held for sale.....	14	76	147
		<u>20,583</u>	<u>15,147</u>
<b>TOTAL ASSETS</b> .....		<u><b>77,571</b></u>	<u><b>57,004</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital.....	15	35,842	32,319
Other equity.....		(10,334)	(5,497)
<b>Total equity</b> .....		<u><b>25,508</b></u>	<u><b>26,822</b></u>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Financial Liabilities			
Borrowings.....	16(a)	27,534	10,701
Provisions.....	17(a)	849	1,004
		<u>28,383</u>	<u>11,705</u>
<b>Current liabilities</b>			
Financial liabilities			
Borrowings.....	16(b)	8,170	3,500
Trade payables.....	18		
Total outstanding dues of micro and small enterprises.....		181	188
Total outstanding dues of creditors other than micro and small enterprises.....		6,348	6,119
Other financial liabilities.....	19	4,612	5,853
Provisions.....	17(b)	2,419	550
Other current liabilities.....	20	1,950	2,267
		<u>23,680</u>	<u>18,477</u>
<b>TOTAL EQUITY AND LIABILITIES</b> .....		<u><b>52,063</b></u>	<u><b>30,182</b></u>
		<u><b>77,571</b></u>	<u><b>57,004</b></u>
Summary of significant accounting policies.....	2.3		

As per our report of even date attached:

**For B S R & Co. LLP**

Chartered Accountants

Firm registration number: 101248W/W-100022

**Amrit Bhansali**

Partner

Membership Number: 065155

Place: Bengaluru

Date: 10 May 2021

For and on behalf of the Board of Directors of:

**Mahindra Electric Mobility Limited**

**Rajesh Jejurikar** Chairman

DIN: 00046823

**Mahesh Babu** MD and Chief Executive Officer

DIN: 08736697

**Ashish Lath** Chief Financial Officer

**Jignesh Parikh** Company Secretary

Date: 10 May 2021

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2021

(₹ in lakhs except per share data)

	Notes	For the year ended 31 March 2021	For the year ended 31 March 2020
<b>Income</b>			
Revenue from operations.....	21	20,441	27,261
Other income.....	22	828	629
<b>Total Income</b> .....		<b>21,269</b>	<b>27,890</b>
<b>Expenses</b>			
Cost of materials consumed.....	23	9,467	13,576
Changes in inventories of finished goods.....	24	87	248
Employee benefits expense.....	25	6,220	6,263
Finance cost.....	26	563	433
Depreciation and amortisation expense.....	27	5,662	5,062
Other expenses .....	28	9,983	7,831
<b>Total Expenses</b> .....		<b>31,982</b>	<b>33,413</b>
<b>Loss before tax</b> .....		<b>(10,713)</b>	<b>(5,523)</b>
<b>Tax expense</b>			
Current tax.....		-	-
Deferred tax.....	36	-	-
<b>Loss for the year</b> .....		<b>(10,713)</b>	<b>(5,523)</b>
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Remeasurements of defined benefit plan, net of tax.....	32	57	22
		57	22
<b>Total comprehensive loss for the year attributable to the owners of the Company</b> .....		<b>(10,656)</b>	<b>(5,501)</b>
<b>Earnings per equity share of face value Rs. 10 each</b>			
Basic and Diluted Earnings per equity share .....	31	(3.12)	(1.72)
Summary of significant accounting policies .....	2.3		

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

As per our report of even date attached:

**For B S R & Co. LLP**

Chartered Accountants

Firm registration number: 101248W/W-100022

**Amrit Bhansali**

Partner

Membership Number: 065155

Place: Bengaluru

Date: 10 May 2021

For and on behalf of the Board of Directors of:

**Mahindra Electric Mobility Limited****Rajesh Jejurikar** Chairman

DIN: 00046823

**Mahesh Babu**

MD and Chief Executive Officer DIN: 08736697

**Ashish Lath**

Chief Financial Officer

**Jignesh Parikh**

Company Secretary

Date: 10 May 2021



**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2021**

(₹ in lakhs)

<b>Equity share capital*</b> .....	
<b>As at 1 April 2019</b> .....	30,735
<b>Issued during the year</b> .....	1,584
<b>Balance as at 31 March 2020</b> .....	32,319
<b>As at 1 April 2020</b> .....	32,319
<b>Issued during the year</b> .....	3,523
<b>Balance as at 31 March 2021</b> .....	<b>35,842</b>

\* Refer Note 15

**Other Equity**

(₹ in lakhs)

Particulars	Reserves and surplus			Items of Other Comprehensive Income	Total
	Securities premium	Share options outstanding account #	Retained earnings	Remeasurement of defined benefit liability, net of tax	
<b>Balance as at 1 April 2019</b> .....	70,797	527	(74,017)	-	(2,693)
<b>Total comprehensive income for the year</b> .....					
Loss for the year .....	-	-	(5,523)	-	(5,523)
Other Comprehensive Income .....	-	-	-	22	22
<b>Total Comprehensive Income</b> .....	-	-	(5,523)	22	(5,501)
Transferred to retained earnings .....	-	-	22	(22)	-
<b>Contributions by and distributions to owners</b> .....					
Issue of equity shares under ESOP .....	15	(10)	-	-	5
Issue of equity shares (Right Issues) .....	2,432	-	-	-	2,432
Share based payments # .....	-	260	-	-	260
Total contributions by and distributions to owners .....	2,447	250	22	(22)	2,697
<b>Balance as at 31 March 2020</b> .....	<b>73,244</b>	<b>777</b>	<b>(79,518)</b>	-	<b>(5,497)</b>
<b>Total comprehensive income for the year</b> .....					
Loss for the year .....	-	-	(10,713)	-	(10,713)
Other comprehensive income .....	-	-	-	57	57
<b>Total comprehensive income</b> .....	-	-	(10,713)	57	(10,656)
Transferred to retained earnings .....	-	-	57	(57)	-
<b>Contributions by and distributions to owners</b> .....					
Share Application Money Received .....	-	-	-	-	-
Issue of equity shares under ESOP .....	60	(4)	-	-	56
Issue of equity shares (Right Issues) .....	5,545	-	-	-	5,545
Share based payments # .....	-	218	-	-	218
Total contributions by and distributions to owners .....	5,605	214	57	(57)	5,819
<b>Balance as at 31 March 2020</b> .....	<b>78,849</b>	<b>991</b>	<b>(90,174)</b>	-	<b>(10,334)</b>

# Refer Note 33

**Nature and purpose of Reserves**

**(a) Securities Premium**

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

**(b) Share options outstanding Account**

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

As per our report of even date attached:

**For B S R & Co. LLP**

Chartered Accountants

Firm registration number: 101248W/W-100022

**Amrit Bhansali**

Partner

Membership Number: 065155

Place: Bengaluru

Date: 10 May 2021

For and on behalf of the Board of Directors of:

**Mahindra Electric Mobility Limited**

**Rajesh Jejurikar** Chairman

DIN: 00046823

**Mahesh Babu** MD and Chief Executive Officer

DIN: 08736697

**Ashish Lath** Chief Financial Officer

**Jignesh Parikh** Company Secretary

Date: 10 May 2021



## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2021

Particulars	Notes	(₹ in lakhs)	
		For the year ended 31 March 2021	For the year ended 31 March 2020
<b>Cash flows from Operating Activities</b>			
Loss before tax for the year.....		(10,713)	(5,523)
<b>Adjustments for:</b>			
Provisions no longer required written back.....		(546)	(581)
Allowances for expected credit losses on Financial Assets.....		1,035	56
Finance costs.....		563	433
Interest Income.....		–	(18)
Share-based payment expense.....		218	250
Loss on disposal of Property, Plant and Equipment.....		300	12
Marked to market loss on forward contract.....		101	–
Depreciation and Amortisation Expense.....		5,662	5,062
Provision for asset held for sale.....		56	–
Asset held for sale written off.....		15	–
Provision for disputes and contingencies.....		1,796	–
Advances written off.....		–	5
Net foreign exchange (gain)/ loss.....		(20)	76
<b>Operating Cash Flows before Working Capital changes.....</b>		<b>(1,533)</b>	<b>(228)</b>
<b>Changes in :</b>			
Trade Receivables, other current and non-current assets.....		(4,517)	(2,029)
Inventories.....		(1,680)	1,147
Trade and Other Payables and Provisions.....		569	1,288
<b>Cash (used) in / generated from operations.....</b>		<b>(7,161)</b>	<b>178</b>
Income taxes refund received / (paid).....		1,010	(408)
<b>Net cash flows used in operating activities.....</b>		<b>(6,151)</b>	<b>(230)</b>
<b>Cash flows from Investing Activities</b>			
Acquisition of Property, Plant and Equipment and Intangible Assets.....		(22,913)	(15,107)
Proceeds from disposal of Property, Plant and Equipment.....		65	88
<b>Net cash flows used in investing activities.....</b>		<b>(22,848)</b>	<b>(15,019)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of equity share capital (including securities premium)....		9,123	4,031
Proceeds from non-current borrowings.....	16.02	17,000	10,000
(Repayment) / proceeds of working capital loan.....	16.02	(2,330)	1,930
Proceeds from Inter Corporate Deposit.....	16.02	10,000	4,500
Repayment of non-current borrowings.....	16.02	(175)	(175)
Repayment of Inter Corporate Deposit.....	16.02	(3,000)	(4,500)
Interest paid.....		(1,402)	(510)

**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2021**

Particulars	Notes	(₹ in lakhs)	
		For the year ended 31 March 2021	For the year ended 31 March 2020
<b>Net cash flows from financing activities</b> .....		<b>29,216</b>	15,276
Net increase in cash and cash equivalents .....		<b>217</b>	27
Cash and cash equivalents at the beginning of the year.....		<b>30</b>	3
<b>Cash and cash equivalents at the end of the year</b> .....		<b>247</b>	30
<b>Components of cash and cash equivalents</b> .....	13		
Cash and cash equivalents .....		<b>247</b>	62
Less: Book Overdraft .....		<b>-</b>	(32)
		<b>247</b>	30
Summary of significant accounting policies.....	2.3		

## Note :

- i) The above Statement of Cash Flows has been prepared under the “indirect method” as set out in ‘Indian Accounting Standard (Ind AS) 7 – Statement of Cash Flows’.
- ii) The accompanying notes are an integral part of the IND AS financial statements.
- iii) Figures in brackets indicate Outflows.

As per our report of even date attached:

**For B S R & Co. LLP**

Chartered Accountants

Firm registration number: 101248W/W-100022

**Amrit Bhansali**

Partner

Membership Number: 065155

Place: Bengaluru

Date: 10 May 2021

For and on behalf of the Board of Directors of:

**Mahindra Electric Mobility Limited****Rajesh Jejurikar** Chairman DIN: 00046823**Mahesh Babu** MD and Chief Executive Officer DIN: 08736697**Ashish Lath** Chief Financial Officer**Jignesh Parikh** Company Secretary

Date: 10 May 2021

## NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

### 1. Reporting Entity

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

The Company is an unlisted public limited company domiciled in India and is incorporated under the provisions of the Indian Companies Act. The registered office of the Company is located at Mahindra Tower, Dr. G.M. Bhosale Marg, P.K. Kurne Chowk, Worli, Mumbai – 400018, Maharashtra.

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

#### 2.1. Statement of compliance

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

In the Board of Directors meeting held on 10 May 2021, the Board has approved to issue these IND AS financial statements to shareholders of the Company.

#### 2.2. Basis of preparation

##### a) Basis of measurement

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

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

##### b) Functional and presentation currency

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

##### c) Going concern

The Company has incurred a loss after tax of Rs. 10,713 Lakhs during the current year, incurred losses during the previous years and has resultant accumulated losses of Rs. 90,174 Lakhs as at 31 March 2021. The Company's current liabilities have exceeded its current assets by INR 3,097 Lakhs as at 31 March 2021. On 26 March 2021, the Company's Ultimate Holding Company has passed a resolution according its in-principle approval for consolidation of the Company with its Ultimate Holding Company either by way of a scheme of merger or demerger or by other appropriate means. The Company's management after considering the above indicators, has carried out an assessment of its going concern status and based on the below mentioned considerations, believe that the going concern assumption is appropriate:

- i) the Company has received continued support for the past several years from the Holding Company, Mahindra Vehicle Manufacturers Limited ('MVML'), through equity infusion. The Holding Company and the Ultimate Holding Company are committed to provide continuing financial support to the Company including meeting of its debt obligation, should the need arise for a period of at least 1 year from the Balance Sheet date i.e. 31st March, 2021; and
- ii) the Company or as a consolidated Division of the Ultimate Holding Company, is likely to scale up its operations in the 3-wheeler and 4-wheeler segments thereby generating additional cash flows to partially fund its requirements.

Also refer note 41.

##### d) Use of estimates and judgements

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

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

Information about assumptions, estimation uncertainties and judgements that have a significant risk of resulting in a material adjustment in the year ended 31 March 2021 are included in the following notes:

Particular	Assumptions, estimation uncertainties and judgements
Note 2.3 (c)	- Intangible assets: whether the Company recognises the expenditure incurred on technology development as an intangible asset or as an operating expense.
Note 2.3 (b) and (c)	- Useful lives of Property, plant and equipment and intangible assets.
Note 2.3 (d)	- Impairment of financial assets and non-financial assets: key assumptions over expected credit losses associated with its assets carried at amortised cost. Assumption on discount rate.
Note 2.3 (d)	- Impairment of non-financial assets: key assumptions underlying recoverable value.
Note 2.3 (e)	- Measurement of transaction price for the contract and to ascribe the transaction price to each distinct performance obligation. Determining whether the performance obligation is satisfied at a point in time or over a period of time. Judgement to estimate the future cost-to-completion of the contracts which is used to determine the degree of completion of the performance obligation.
Note 2.3 (g)	- Measurement of defined benefit obligations: key actuarial assumptions.
Note 2.3 (h)	- Assessment of lease term and the applicable discount rate.
Note 2.3 (i)	- Recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used.
Note 2.3 (k)	- recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.

##### e) Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. The Company has an established control framework with respect to the measurement of fair values. Significant valuation issues, if any, are reported to the Company's Management.

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

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

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to

## NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

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

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

- Note 2.3 (g) - Share-based payment transactions.
- Note 2.3 (p) - Financial instruments.

### 2.3 Significant accounting policies

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

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

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

All other assets are classified as non-current.

A liability is current when:

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

All other liabilities are classified as non-current.

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

#### b) Property, plant and equipment

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

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

Subsequent expenditure related to an item of property, plant and equipment is added to its book value only if it increases the future

benefits from its previously assessed standard of performance. All other expenses on existing property, plant and equipment, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

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

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

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

#### Depreciation

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

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

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

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

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

#### c) Intangible assets

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

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

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale;

## NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

- Its intention to complete and its ability and intention to use or sell the asset;
- How the asset will generate future economic benefits;
- The availability of resources to complete the asset; and
- The ability to measure reliably the expenditure during development.

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

Intangible assets are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

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

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

### Derecognition

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

### d) Impairment

#### i. Impairment of financial assets

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

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

Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

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

#### Measurement of expected credit losses

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

*Presentation of allowance for expected credit losses in the balance sheet*

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

#### Write-off

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

### ii. Impairment of non-financial assets

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

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

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

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

### e) Revenue recognition

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

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

Step 2: Identify the performance obligation in the contract.

Step 3: Determine the transaction price.

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

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

The Company exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Company considers indicators such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of such product or service, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer, etc.

#### Sale of goods

Revenue from the sale of goods is recognised upon transfer of control of promised goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. The Company provides normal warranty provisions



## NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

for general repairs on all its products sold, in line with the industry practice. A liability is recognised at the time the product is sold.

### Rendering of services

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

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

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

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

### Interest income

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

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

### f) Foreign currency transactions

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

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

### g) Employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the

contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset.

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

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

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

### Share based payment transactions

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

### h) Leases

#### As a lessee

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct cost incurred and an estimate of cost to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life or the end of the lease term. The estimated useful life of the right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payment of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of

## NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

### As a lessor

Lease income from operating leases, where the Company is a lessor, is recognised as income on a straight-line basis over the lease term.

### Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of use assets and lease liabilities for leases of low value assets and short-term leases. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

## i) Income taxes

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

### i. Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. Minimum Alternative Tax ('MAT') under the provisions of the Income-tax Act, 1961 is recognised as current tax in the statement of profit and loss. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

### ii. Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Company recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets unrecognised or recognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and

assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

## j) Earnings/ (loss) per share

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

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

## k) Provisions and contingent liabilities

### General

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

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

### Warranty provision

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

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

### Contingent liabilities

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

## l) Inventories

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



## NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

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

The method of determination of cost is as follows:

- Raw materials and components – on a weighted average basis
- Stores and spares – on a weighted average basis
- Work-in-progress – raw material costs and costs of conversion
- Finished goods – raw material costs and costs of conversion
- Goods in transit – at purchase cost

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

### m) Statement of cash flows

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

### n) Government grants

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

### o) Cash and cash equivalents

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

### p) Financial instruments

#### a. Non-derivative Financial Instruments

##### i. Recognition and initial measurement

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

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

##### ii. Classification and subsequent measurement

###### **Financial assets**

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

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

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

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

###### **Financial assets: Business model assessment**

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

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

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

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

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

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

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

- contingent events that would change the amount or timing of cash flows;

## NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

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

### **Financial assets: Subsequent measurement and gains and losses**

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

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

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

### **Financial liabilities: Classification, subsequent measurement and gains and losses**

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

### **iii. Derecognition**

#### **Financial assets**

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

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

#### **Financial liabilities**

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

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

### **iv. Offsetting**

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

### **b. Derivative financial instruments:**

The Company enters into derivative financial instruments, primarily foreign exchange forward contracts to manage its borrowing exposure to foreign exchange. The counterparty for these contracts is generally a bank.

Although the Company believes that these derivatives constitute hedges from an economic perspective, they may not qualify for hedge accounting under Ind AS 109, Financial Instruments. Any derivative that is either not designated a hedge or is so designated but is ineffective as per Ind AS 109, is categorized as a financial asset or financial liability, at fair value through profit or loss.

Derivatives not designated as hedges are initially recognized at fair value at the date, the contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain/ loss is recognized in the Statement of profit and loss. Assets/ liabilities in this category are presented as current assets/current liabilities if they are either held for trading or are expected to be realized within 12 months after the balance sheet date.

## **2.4 Recent Indian Accounting Standards (Ind AS)**

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

**NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021**
**4. Property, plant and equipment**

Particulars	(Rs. in lakhs)										Total	
	Freehold Land	Factory Buildings	Leasehold Improvements	Plant & Machinery	Tools & Fixtures	Office Equipment	Computer Equipment	Furniture and Fixtures	Vehicles	Batteries		
<b>At Cost (Gross Carrying Amount)</b>												
<b>As at 01 April 2019</b>	836	3,879	12	5,187	8,838	211	780	144	245	1,741		21,873
Additions during the year	-	131	-	2,121	-	15	103	23	119	-		2,512
Disposals during the year	-	-	-	(30)	(12)	-	-	-	(28)	(300)		(370)
<b>As at 31 March 2020</b>	<b>836</b>	<b>4,010</b>	<b>12</b>	<b>7,278</b>	<b>8,826</b>	<b>226</b>	<b>883</b>	<b>167</b>	<b>336</b>	<b>1,441</b>		<b>24,015</b>
<b>As at 01 April 2020</b>	<b>836</b>	<b>4,010</b>	<b>12</b>	<b>7,278</b>	<b>8,826</b>	<b>226</b>	<b>883</b>	<b>167</b>	<b>336</b>	<b>1,441</b>		<b>24,015</b>
Additions during the year	-	49	-	3,475	1,396	49	56	43	73	-		5,141
Disposals during the year	-	-	-	(497)	(716)	-	-	-	(8)	(312)		(1,533)
<b>As at 31 March 2021</b>	<b>836</b>	<b>4,059</b>	<b>12</b>	<b>10,256</b>	<b>9,506</b>	<b>275</b>	<b>939</b>	<b>210</b>	<b>401</b>	<b>1,129</b>		<b>27,623</b>

**Accumulated Depreciation**

<b>As at 01 April 2019</b>	-	461	7	1,133	4,070	106	485	89	134	844		7,329
Depreciation expense for the year	-	138	1	513	1,625	29	142	10	74	196		2,728
On disposals	-	-	-	(18)	(5)	-	-	-	(25)	(222)		(270)
<b>At 31 March 2020</b>	-	<b>599</b>	<b>8</b>	<b>1,628</b>	<b>5,690</b>	<b>135</b>	<b>627</b>	<b>99</b>	<b>183</b>	<b>818</b>		<b>9,787</b>
<b>As at 01 April 2020</b>	-	<b>599</b>	<b>8</b>	<b>1,628</b>	<b>5,690</b>	<b>135</b>	<b>627</b>	<b>99</b>	<b>183</b>	<b>818</b>		<b>9,787</b>
Additions during the year	-	153	1	647	1,579	37	121	13	91	379		3,021
Disposals during the year	-	-	-	(319)	(604)	-	-	-	(7)	(244)		(1,174)
<b>As at 31 March 2021</b>	-	<b>752</b>	<b>9</b>	<b>1,956</b>	<b>6,665</b>	<b>172</b>	<b>748</b>	<b>112</b>	<b>267</b>	<b>953</b>		<b>11,634</b>

**Net Carrying Amount**

<b>As at 31 March 2020</b>	<b>836</b>	<b>3,411</b>	<b>4</b>	<b>5,650</b>	<b>3,136</b>	<b>91</b>	<b>256</b>	<b>68</b>	<b>153</b>	<b>623</b>		<b>14,228</b>
<b>As at 31 March 2021</b>	<b>836</b>	<b>3,307</b>	<b>3</b>	<b>8,300</b>	<b>2,841</b>	<b>103</b>	<b>191</b>	<b>98</b>	<b>134</b>	<b>176</b>		<b>15,989</b>

Capital work-in-progress as on 31 March 2020

**Capital work-in-progress as on 31 March 2021**

												5,212
												<b>13,214</b>

**Notes:**

- Vehicles as on 31 March 2021 includes self generated assets at cost aggregating to Rs. 319 lakhs (31 March 2020 - Rs. 264 lakhs).
- Gross carrying amount of tools and fixtures as on 31 March 2021 includes tools aggregating to Rs. 8,953 lakhs (31 March 2020 - Rs. 8,165 lakhs) lying with third party vendors.
- Batteries are given to customers on Operating Lease Arrangement.
- Refer note 16.01 for details of assets placed as security against borrowings.
- Refer note 40 for Management's assessment of impairment on Property, plant and equipment.
- The capital work in progress mainly represents cost incurred on the Company's Chakan plant amounting to Rs. 8,823 lakhs which is expected to be fully capitalised in a phased manner by March 2023.

**NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021**
**5. Right of Use Assets**

Particulars	(Rs. in lakhs)	
	Leasehold Land	
<b>Gross carrying value as at 01 April 2019</b>	-	
Reclassified on account of adoption of Ind AS 116	3,684	
Addition	-	
Disposals during the year	-	
<b>As at 31 March 2020</b>	<b>3,684</b>	
<b>As at 01 April 2020</b>	<b>3,684</b>	
Addition	-	
Disposals during the year	-	
<b>As at 31 March 2021</b>	<b>3,684</b>	
<b>Accumulated depreciation</b>		
<b>As at 01 April 2019</b>	-	
Depreciation for the year	38	
On disposals	-	
<b>As at 31 March 2020</b>	<b>38</b>	
<b>As at 01 April 2020</b>	<b>38</b>	
Reclassified on account of adoption of Ind AS 116	-	
Depreciation for the year	37	
On disposals	-	
<b>As at 31 March 2021</b>	<b>75</b>	
<b>Net Carrying amount</b>		
<b>As at 31 March 2020</b>	<b>3,646</b>	
<b>As at 31 March 2021</b>	<b>3,609</b>	

**6. Other Intangible Assets**

Particulars	(Rs. in lakhs)		
	Product Development	Computer Software	Total
<b>Cost (Gross carrying amount)</b>			
<b>As at 01 April 2019</b>	21,619	1,593	23,212
Additions during the year	-	622	622
<b>As at 31 March 2020</b>	<b>21,619</b>	<b>2,215</b>	<b>23,834</b>
<b>As at 01 April 2020</b>	<b>21,619</b>	<b>2,215</b>	<b>23,834</b>
Additions during the year	2,520	361	2,881
Written off during the year	(10)	-	(10)
<b>At 31 March 2021</b>	<b>24,129</b>	<b>2,576</b>	<b>26,705</b>
<b>Accumulated amortisation</b>			
<b>As at 01 April 2019</b>	16,183	693	16,876
Amortisation for the year	1,949	347	2,296
<b>As at 31 March 2020</b>	<b>18,132</b>	<b>1,040</b>	<b>19,172</b>
<b>As at 01 April 2020</b>	<b>18,132</b>	<b>1,040</b>	<b>19,172</b>
Amortisation for the year	2,170	434	2,604
Written off during the year	(3)	-	(3)
<b>As at 31 March 2021</b>	<b>20,299</b>	<b>1,474</b>	<b>21,773</b>
<b>Net Carrying amount</b>			
<b>As at 31 March 2020</b>	<b>3,487</b>	<b>1,175</b>	<b>4,662</b>
<b>As at 31 March 2021</b>	<b>3,830</b>	<b>1,102</b>	<b>4,932</b>

6.01 Refer note 40 for Management's assessment of impairment on Intangible assets.

**7. Intangible Assets under Development**

Particulars	(Rs. in lakhs)	
	31 March 2021	31 March 2020
Opening balance	11,436	2,384
Development cost incurred during the year	8,920	9,675
Less: Capitalised / reclassified during the year	(2,978)	(622)
<b>Closing balance</b>	<b>17,378</b>	<b>11,436</b>

**8. Loans**

Particulars	(Rs. in lakhs)	
	31 March 2021	31 March 2020
<b>Non-current</b>		
<b>Security Deposits</b>		
Unsecured, considered good	206	310
Unsecured, considered doubtful	8	8
	214	318
Less: Allowance for expected credit losses	(8)	(8)
<b>Total</b>	<b>206</b>	<b>310</b>

**9. Non-current tax assets**

Particulars	(₹ in lakhs)	
	31 March 2021	31 March 2020
Tax deducted at source	135	1,145
<b>Total</b>	<b>135</b>	<b>1,145</b>

**10. Other Assets**

Particulars	(Rs. in lakhs)	
	31 March 2021	31 March 2020
<b>(a) Non-current</b>		
Capital advances (A)	1,525	1,218
Advances other than capital advances		
Unsecured, considered doubtful		
- Advances recoverable in cash or kind	27	182
- Balances with government authorities	230	30
	(B) 257	212
Less: Allowance for expected credit losses (C)	(257)	(212)
<b>Total (A) + (B) - (C)</b>	<b>1,525</b>	<b>1,218</b>

**(b) Current**

Particulars	(Rs. in lakhs)	
	31 March 2021	31 March 2020
Unsecured, considered good		
Balances with government authorities (Refer note 10.01)	9,914	6,070
Unbilled revenue	3,185	512
Advances recoverable in cash or kind	575	435
Prepaid expenses	49	55
<b>Total</b>	<b>13,723</b>	<b>7,072</b>

10.01 Includes Rs. 165 lakhs (31 March 2020: Rs. 165 lakhs) paid under protest against disputed demands pertaining to Income Tax.

**NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021**
**11. Inventories**

(at lower of cost and net realisable value)

Particulars	(Rs. in lakhs)	
	31 March 2021	31 March 2020
Raw materials (includes raw materials in transit Rs. 132 lakhs (31 March 2020: Rs. 523 lakhs) - net of provision of Rs. 89 lakhs (31 March 2020: Rs. 398 lakhs)	4,306	2,565
Finished goods -net of provision of Rs. Nil (31 March 2020: Rs. 3 lakhs)	255	342
Stores and Spares - net of provision of Rs. 253 lakhs (31 March 2020: Rs. 58 lakhs)	488	462
<b>Total</b>	<b>5,049</b>	<b>3,369</b>

11.01 Out of the above, inventories lying with third parties as at 31 March 2021 is Rs. 85 lakhs (31 March 2020: Rs. 94 lakhs).

11.02 The Company has availed working capital facilities and other non-fund based facilities viz. letters of credit, which are secured by hypothecation of inventories. Refer note 16.01.

11.03 Mode of valuation of inventories is stated in Note 2.3(l).

**12. Trade Receivables**

Particulars	(Rs. in lakhs)	
	31 March 2021	31 March 2020
Unsecured, considered good	1,488	4,497
Unsecured, considered doubtful	1,129	332
	2,617	4,829
Less: Allowance for Expected Credit Losses	(1,129)	(332)
<b>Total</b>	<b>1,488</b>	<b>4,497</b>
<b>Of the above, trade receivables from:</b>		
– Related parties (Refer Note 37)	787	3,975
– Others	1,830	854
<b>Total</b>	<b>2,617</b>	<b>4,829</b>

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

12.02 The Company has availed working capital facilities and other non-fund based facilities viz. letters of credit, which are secured by hypothecation of Trade receivables. Refer to note 16.01.

**13. Cash and Cash Equivalents**

Particulars	(Rs. in lakhs)	
	31 March 2021	31 March 2020
Cash on hand	-	-
Balances with banks:		
Current accounts	247	62
<b>Total</b>	<b>247</b>	<b>62</b>

For the purpose of the Statement of Cash Flows, Cash and Cash Equivalents comprise the following :

Particulars	(Rs. in lakhs)	
	31 March 2021	31 March 2020
Cash and Cash Equivalents	247	62
Book Overdraft	-	(32)
<b>Total</b>	<b>247</b>	<b>30</b>

**14. Assets Held for Sale**

Particulars	(Rs. in lakhs)	
	31 March 2021	31 March 2020
Assets held for sale	198	213
Less: Provision against Assets held for Sale	(122)	(66)
<b>Total</b>	<b>76</b>	<b>147</b>

**15. Equity Share Capital**

(Rs. in lakhs except per share data)

Particulars	(Rs. in lakhs except per share data)	
	31 March 2021	31 March 2020
<b>Authorised</b>		
1,00,00,00,000 (31 March 2020 : 40,00,00,000) equity shares of Rs. 10 each	100,000	40,000
<b>Issued, subscribed and fully paid-up</b>		
35,84,16,345 (31 March 2020 : 32,31,90,310) equity shares of Rs. 10 each	35,842	32,319

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

(Rs. in lakhs except per share data)

Particulars	31 March 2021		31 March 2020	
	Number of shares	Amount	Number of shares	Amount
At the commencement of the year	323,190,310	32,319	307,351,775	30,735
Issued during the year *#	35,226,035	3,523	15,838,535	1,584
At the end of the year	<b>358,416,345</b>	<b>35,842</b>	<b>323,190,310</b>	<b>32,319</b>

**\* Rights Issue**

During the year, the Company allotted 3,48,51,014 (31 March 2020: 1,57,40,445) fully paid equity shares of face value of Rs.10 each for cash at a price of Rs. 25.91 (31 March 2020: Rs. 25.48) per fully paid equity share including a premium of Rs. 15.91 (31 March 2020: Rs. 15.48) per fully paid equity share aggregating to Rs. 9,030 lakhs (31 March 2020: Rs. 4,011 lakhs) pursuant to rights issue. Equity shares were issued pursuant to the rights issue approved by the Board of Directors at their meetings on 28 July 2020 and 28 October 2020 (31 March 2020: 24 July 2019 and 21 October 2019).

# During the year, the Company has allotted 3,75,021 (31 March 2020 : 98,090) shares pursuant to the options exercised by the eligible employees under the Mahindra Electric Mobility Limited ESOP Scheme ('MEML ESOP - 2017'). Also refer note 33.

**b. Rights, preference and restrictions attached to:**
**Equity shares of Rs. 10 each**

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

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

**Share based payments**

Terms attached to stock options granted to employees are described in Note 33 on 'Employee Share Based Payment Plan'.

**NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021**

- c. Details of Equity Shares held by shareholders holding more than 5% of the aggregate shares in the Company's Issued, Subscribed and Paid-up share capital:

Name of the Shareholder	31 March 2021		31 March 2020	
	Number	Percentage	Number	Percentage
Mahindra Vehicle Manufacturers Limited (Holding Company)	356,082,447	99.35%	321,357,564	99.43%

**d. Equity shares reserved for issue under options**

(Rs. in lakhs except per share data)

Particulars	31 March 2021		31 March 2020	
	Number	Amount	Number	Amount
Under Employee Stock Option plan, equity shares of Rs. 10 each	9,030,753	903	9,333,000	933

- e. No shares are held by the Ultimate Holding Company, their subsidiaries and associates other than Mahindra Vehicle Manufacturers Limited.
- f. There are no bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date.

**16. Borrowings**

(Rs. in lakhs)

	31 March 2021	31 March 2020
<b>(a) Non-current</b>		
<b>Secured</b>		
Rupee Term loan from bank	21,000	10,000
Foreign Currency Term loan from bank	6,008	–
<b>Unsecured</b>		
Term loan from Council of Scientific and Industrial Research	701	876
Less: Amount of current maturities disclosed under other financial liabilities, current (Refer note 19)	(175)	(175)
<b>Total</b>	<b>27,534</b>	<b>10,701</b>
<b>(b) Current</b>		
<b>Secured</b>		
Working capital loan	1,170	3,500
<b>Unsecured</b>		
Inter corporate deposit from related party	7,000	–
<b>Total</b>	<b>8,170</b>	<b>3,500</b>

**16.01 Details of Borrowings:**

Description of the instrument	Currency of Loan	Outstanding Amount (Rs. In Lakhs)	Interest Rate p.a.	Repayment Bullet (or) Instalment	Number of Instalments	Security	Period of repayment
<b>Secured</b>							
Term loan from bank Axis Bank	INR	10,000	1 Month MCLR + 5BPS	Instalment	8 equal quarterly instalments of Rs.1,250 lakhs each	Pari-passu charge on fixed assets, both present and future.	February 2023 to November 2024
Term loan from bank Axis Bank	INR	6,000	1 Year MCLR + 0.25%	Instalment	8 equal quarterly instalments of Rs.750 lakhs each	Pari-passu charge on all present and future fixed assets of the Company.	August 2023 to May 2025
Term loan from Kotak Mahindra Bank	INR	5,000	REPO + 2.75%	Instalment	08 equal quarterly instalments of Rs.625 lakhs each	First pari passu hypothecation charge on all existing and future moveable fixed assets. First pari passu Registered mortgage charge on specific immovable properties.	March 2023 to December 2024
Term loan from ICICI Bank Foreign Currency Term Loan Hedged	USD	6,008	USD 81,65,652 @ 2.12%	Instalment	8 equal quarterly instalments	First ranking charge on all existing and future fixed assets of the Company to be shared on a pari - passu basis.	March 2024 to December 2025
<b>Unsecured</b>							
Term loans from other parties:							
Council of Scientific and Industrial Research	INR	701	3%	Instalment	4 equal annual instalments of Rs.175 lakhs each	Not Applicable	October 2015 to October 2024
<b>Secured</b>							
Working capital loan	INR	1,170	8.35% - 9.1%	Repayment Bullet	Not Applicable	First and exclusive hypothecation charge on all existing & future receivables/ current assets of the Company.	On Demand
<b>Unsecured</b>							
Inter Corporate Deposit from Mahindra & Mahindra Limited*	INR	7,000	6.25%	Repayment Bullet	Not Applicable	Not Applicable	06 months from date of disbursement
		<b>35,879</b>					

\* Subordinated to some of the Company's non-current borrowings.



**NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021**
**16.02 Reconciliation of movement in borrowings to cash flows from financing activities**

Particulars	(Rs. in lakhs)	
	31 March 2021	31 March 2020
<b>Opening Balance</b>		
Non Current Borrowing	10,701	876
Current maturities of Long term debt	175	175
Working Capital Loan	3,500	1,570
	<u>14,376</u>	<u>2,621</u>
<b>Cash flow movement</b>		
Proceeds from non-current borrowings	17,000	10,000
Repayment of non-current borrowings	(175)	(175)
Proceeds from Inter corporate deposit	10,000	–
Repayment of Inter corporate deposit	(3,000)	–
(Repayment) / proceeds from Working capital loan (Net)	(2,330)	1,930
	<u>21,495</u>	<u>11,755</u>
Movement on account of foreign currency loss not reflected in the statement of Cash flow	8	–
	<u>21,503</u>	<u>11,755</u>
<b>Closing Balance</b>		
Non Current Borrowing	27,534	10,701
Current maturities of Long term debt	175	175
Inter corporate deposit	7,000	–
Working Capital Loan	1,170	3,500
	<u>35,879</u>	<u>14,376</u>

16.03 The financial covenants applicable to term loan from bank are as follows:

Covenants	Parameter
<b>Axis Bank</b>	
Fixed Assets Cover ratio	Not below 1.25 times
TTL/Equity*	Not above 1:1 times
Mahindra Group shareholding	Not below 51%
<b>Kotak Mahindra Bank</b>	
Fixed Assets Cover ratio	Not below 1.25 times
Total Debt /Equity	Not above 1.5x
Mahindra Group shareholding	Not below 51%
<b>ICICI Bank</b>	
Fixed Assets Cover ratio	Not below 1.25 times
TTL/Equity*	Not to exceed 1.0 times

\* TTL means sum of all senior debt, junior debt, lease obligation and unsecured debt other than promoters' unsecured loan (to the extent of undertaking for non-interest bearing, non-repayable during tenor of bank loan).

The Company has complied with the above financial covenants.

**17. Provisions**

Particulars	(Rs. in lakhs)	
	31 March 2021	31 March 2020
<b>(a) Non Current</b>		
Provision for employee benefits (Refer Note 32)		
Compensated absences	227	350
Gratuity benefits	183	130

Particulars	31 March 2021	31 March 2020
Other Provisions		
Warranty & service coupon	366	303
Provision for disputes and contingencies	73	221
<b>Total</b>	<u>849</u>	<u>1,004</u>
<b>(b) Current</b>		
Provision for employee benefits (Refer Note 32)		
Compensated absences	54	92
Gratuity benefits	146	146
<b>Other Provisions</b>		
Warranty & Service Coupon	419	294
Provision for disputes and contingencies*	1,796	–
Discount	4	18
<b>Total</b>	<u>2,419</u>	<u>550</u>

**Warranties**

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

\* It represents provision for amount linked to sales under certain technology agreement. These amounts are disputed by the Company and the quantum of actual payment is likely to be decided only upon final settlement of the matter with concerned vendor.

**17.01 Details of movement in Provisions is as follows:**

Particulars	(Rs. in lakhs)		
	Warranty and Service Coupon	Disputes and contingencies	Discount
<b>Balance at 01 April 2019</b>	367	453	239
Additional provisions recognised	736	5	–
Amounts used during the year	(506)	(51)	(62)
Unused amounts reversed during the year	–	(186)	(159)
<b>Balance at 31 March 2020</b>	<u>597</u>	<u>221</u>	<u>18</u>
Additional provisions recognised	829	1,801	–
Amounts used during the year	(641)	–	–
Unused amounts reversed during the year	–	(153)	(14)
<b>Balance at 31 March 2021</b>	<u>785</u>	<u>1,869</u>	<u>4</u>

**18. Trade Payables**

Particulars	(Rs. in lakhs)	
	31 March 2021	31 March 2020
Total outstanding dues of micro and small enterprises (Refer Note 39)	181	188
Total outstanding dues of creditors other than micro and small enterprises	6,348	6,119
<b>Total</b>	<u>6,529</u>	<u>6,307</u>



**NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021**
**19. Other Financial Liabilities**

Particulars	(Rs. in lakhs)	
	31 March 2021	31 March 2020
Current Maturities of Long-term Debt (Refer Note 16)	175	175
Interest accrued	186	95
Accrued salary and benefits	1,327	1,181
Creditors for capital goods	2,823	4,402
Marked to market loss on forward contracts*	101	-
<b>Total</b>	<b>4,612</b>	<b>5,853</b>

\* at Fair Value Through Profit and Loss

**20. Other Liabilities**

Particulars	(Rs. in lakhs)	
	31 March 2021	31 March 2020
<b>Current</b>		
Advances received from customers	1,531	966
Deferred government grant*	5	13
Book overdraft	-	32
Deferred revenue	71	917
Statutory dues	343	339
<b>Total</b>	<b>1,950</b>	<b>2,267</b>

\* The Company had received a non-recurring grant-in-aid of Rs. 69 lakhs in 2016-17 for a pilot project to install DC Fast Charging infrastructure. Amount of grant recognised as income for the year is Rs. 8 lakhs (31 March 2020: Rs. 13 lakhs).

**21. Revenue from Operations**

Particulars	(Rs. in lakhs)	
	31 March 2021	31 March 2020
<b>Sale of products</b>		
Revenue from sale of products	13,596	18,640
<b>(A)</b>	<b>13,596</b>	<b>18,640</b>
<b>Sale/Rending of Services</b>		
Product development and design fee	6,685	8,252
Income from leasing	107	263
After sales service	30	76
<b>(B)</b>	<b>6,822</b>	<b>8,591</b>
<b>Other Operating Revenue</b>		
Scrap sale	23	30
<b>(C)</b>	<b>23</b>	<b>30</b>
<b>Total</b>	<b>(A) + (B) + (C)</b>	
	<b>20,441</b>	<b>27,261</b>

21.01 The following customer had transactions for more than 10% of the revenue.

Name of the Customer	Business segment	(Rs. in lakhs)	
		31 March 2021	31 March 2020
Mahindra & Mahindra Ltd.	Sale of Product and Product development and design fee	6,085	11,116

21.02 Revenue disaggregation by geography is as follows:

Geography	(Rs. in lakhs)	
	31 March 2021	31 March 2020
India	18,435	24,191
South Korea	1,663	1,874

**Geography**

	31 March 2021	31 March 2020
Nepal	144	904
Others	92	29
<b>Total</b>	<b>20,334</b>	<b>26,998</b>

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

Note: The amount of Rs. 107 lakhs (31 March 2020: Rs. 263 lakhs) pertaining to lease income has not been considered in the above revenue disclosure.

21.03 Revenue to be recognised for performance obligation(s) not satisfied or partially satisfied at the end of the current year in respect of contracts with customer that are in place (i.e. signed agreements / Pos / WOs, etc) at the end of 31 March 2021:

Time Band	(Rs. in lakhs)	
	31 March 2021	31 March 2020
< 1 year	9,403	8,374
> 1 year but < 5 year	-	6,366
<b>Total</b>	<b>9,403</b>	<b>14,740</b>

21.04 Changes in unbilled revenue or contract assets are as follows:

Particulars	(Rs. in lakhs)	
	31 March 2021	31 March 2020
Opening balance of unbilled revenue or contract assets	512	2,461
Additions during the year	4,776	6,866
Reclassification adjustments:		
- Billing from opening balance of contract assets to trade receivables	(512)	(2,461)
- Billing from contract assets transferred to trade receivables	(1,591)	(6,354)
<b>Closing balance of unbilled revenue or contract assets</b>	<b>3,185</b>	<b>512</b>

21.05 Changes in Deferred Revenue or Contract Liabilities are as follows:

Particulars	(Rs. in lakhs)	
	31 March 2021	31 March 2020
Opening balance of deferred revenue or contract liabilities	1,883	1,098
Additions during the year	2,022	2,452
Reclassification Adjustments:		
- Adjustment from opening balances of contract liabilities to revenue	(1,308)	(866)
- Transfer from contract liabilities to revenue	(995)	(801)
<b>Closing balance of Deferred Revenue or Contract Liabilities</b>	<b>1,602</b>	<b>1,883</b>

\* Deferred Revenue or Contract Liabilities includes Advances received from customers.

21.06 Reconciliation of Revenue from Contracts with Customers

Particulars	(Rs. in lakhs)	
	31 March 2021	31 March 2020
Revenue from contracts with customers as per the contract price	20,192	29,268
Adjustments made to contract price on account of :-		
a) Discounts/Rebates/Incentives	-	-
b) Sales Returns/Reversals	(139)	(1,485)

**NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021**

Particulars	31 March 2021	31 March 2020
c) Deferment of revenue	(1,027)	(1,651)
e) Recognition of revenue out of opening balance of contract liability	1,308	866
<b>Revenue from Contracts with Customers</b>	<b>20,334</b>	<b>26,998</b>

**22. Other Income**

(Rs. in lakhs)		
Particulars	31 March 2021	31 March 2020
<b>Interest Income on Financial Assets Carried at Amortized Cost</b>		
Security deposits	-	18
<b>Other non-operating income</b>		
Profit on assets sold/discarded (Net)	-	6
Net Foreign Exchange gain	75	-
Income from Government Grant	9	13
Liabilities no longer required written back	546	581
Interest on income tax refunds	73	-
Miscellaneous income	125	11
<b>Total</b>	<b>828</b>	<b>629</b>

**23. Cost of Materials Consumed**

(Rs. in lakhs)		
Particulars	31 March 2021	31 March 2020
Inventories at the beginning of the year (Refer Note 11)	3,027	3,925
Add: Purchases made during the year	11,948	13,810
	14,975	17,735
Less: Issued for Product Development & Captive Consumption	(714)	(1,132)
Less: Inventories at the end of the year (Refer Note 11)	(4,794)	(3,027)
<b>Cost of materials consumed</b>	<b>9,467</b>	<b>13,576</b>

**24. Changes in Inventories of Finished Goods**

(Rs. in lakhs)		
Particulars	31 March 2021	31 March 2020
Inventories at the end of the year:		
Finished goods (Refer Note 11)	255	342
	255	342
Inventories at the beginning of the year:		
Finished goods (Refer Note 11)	342	590
	342	590
<b>Decrease in Inventories</b>	<b>87</b>	<b>248</b>

**25. Employee benefits expense**

(Rs. in lakhs)		
Particulars	31 March 2021	31 March 2020
Salaries and Wages, including bonus	5,215	5,187
Contribution to provident and other funds	545	550
Share based payments (Refer Note 33)	218	250
Staff welfare expenses	242	276
<b>Total</b>	<b>6,220</b>	<b>6,263</b>

**26. Finance cost**

(Rs. in lakhs)		
Particulars	31 March 2021	31 March 2020
<b>Interest expenses on</b>		
Financial Liabilities measured at amortised cost	513	400
Defined benefit obligation (Refer Note 32)	17	11
Others	33	22
<b>Total</b>	<b>563</b>	<b>433</b>

**27. Depreciation and Amortisation Expense**

(Rs. in lakhs)		
Particulars	31 March 2021	31 March 2020
Depreciation of Property, Plant and Equipment (Refer Note 4)	3,021	2,728
Depreciation of Right of Use Assets (Refer Note 5)	37	38
Amortisation of Intangible Assets (Refer Note 6)	2,604	2,296
<b>Total</b>	<b>5,662</b>	<b>5,062</b>

**28. Other expenses**

(Rs. in lakhs)		
Particulars	31 March 2021	31 March 2020
Power and Fuel	73	111
Rent	220	268
Rates and Taxes	19	20
Insurance	36	22
Repairs and Maintenance		
– Buildings	22	43
– Machinery	309	423
– Others	119	148
Advertisement	793	493
Net Foreign Exchange Loss	-	50
Marked to market loss on forward contract	101	-
Freight Outward	670	679
Sales Promotion expenses	150	461
Travelling and Conveyance Expenses	88	399
Allowances for expected credit losses	1,035	56
Provision for Disputes and Contingencies	1,796	-
Auditors remuneration and out-of-pocket expenses		
– As auditors	18	17
– For other services	1	3
– For reimbursement of expenses	1	1
Legal and Professional Expenses	1,989	2,162

**NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021**

Particulars	(Rs. in lakhs)	
	31 March 2021	31 March 2020
Materials used in Customer Projects	334	612
Communication Costs	31	19
Sub-contracting Expenses	532	425
Security Charges	87	99
Recruitment Expenses	59	187
Research Costs	55	98
Warranties and Service Coupons	829	736
Loss on Assets Sold / Discarded (Net)	300	18
Provision for assets held for sale	56	-
Bank Charges	40	32
Other Miscellaneous Expenses	220	249
<b>Total</b>	<b>9,983</b>	<b>7,831</b>

**29. Financial Instruments**

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

Particulars	Note	(Rs. in lakhs)		
		31 March 2021 Carrying Value	31 March 2020 Carrying Value	
<b>Financial Assets</b>				
<b>Measured at Amortised Cost</b>				
Loans	8	206	310	
Trade Receivables	12	1,488	4,497	
Cash and Cash Equivalents	13	247	62	
<b>Total Financial Assets</b>		<b>1,941</b>	<b>4,869</b>	
<b>Financial liabilities</b>				
<b>Measured at amortised cost</b>				
Borrowings	16	35,704	14,201	
Trade Payables	18	6,529	6,307	
Other Financial Liabilities	19	4,511	5,853	
<b>Total Financial Liabilities</b>		<b>46,744</b>	<b>26,361</b>	
<b>Particulars</b>	<b>Amount</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Financial Liabilities at fair value through profit and loss				
Marked to market loss on forward contracts	101	-	101	-

**29.01 Fair value hierarchy**

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

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

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

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

The Company has not separately disclosed the fair values for financial assets and liabilities because their carrying amounts are a reasonable approximation of the fair value.

**29.02 Risk management framework**

The Company's board of directors has overall responsibility for the establishment and oversight of the risk management framework. The Company's management

oversees how management monitors compliance with the risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The management is assisted in its oversight role by internal audit. Internal audit undertakes both regular and adhoc reviews of risk management controls and procedures, the results of which are reported to the Board.

**29.03 Financial Risk Management Objective And Policies**

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

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

- Credit risk
- Liquidity risk
- Market risk

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

**29.04 Credit risk**

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

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

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

Particulars	(Rs. in lakhs)	
	31 March 2021	31 March 2020
Outstanding for more than 6 months	928	290
Others	1,689	4,539
<b>Total:</b>	<b>2,617</b>	<b>4,829</b>

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

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

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

**Information about major customers**

Revenue from single external customer is approximately Rs. 6,085 lakhs (31 March 2020: Rs. 11,116 lakhs) representing 30% (31 March 2020: 41%) of Company's total revenue from operations for the year ended 31 March 2021. Receivables from single external customer is approximately Rs. 716 lakhs (31 March 2020: Rs. 3,127 lakhs) representing 48% (31 March 2020: 70%) of Company's total receivables (after allowance for external credit loss) as at 31 March 2021. Apart from the aforesaid single customer, the Company does not have a significant credit risk exposure to any other single counterparty.

## NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

### 29.05 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company has an appropriate liquidity risk management framework for the management of short, medium and long term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate cash reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

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

As of 31 March 2021, the Company has a working capital of Rs. 3,097 lakhs (Negative) (31 March 2020: Rs. 3,331 lakhs (Negative)), including Book Overdraft of Rs. Nil (31 March 2020: Rs. 32 lakhs) and cash and cash equivalents of Rs. 247 lakhs (31 March 2020: Rs. 62 lakhs).

The table below provides details regarding the contractual maturities of significant financial liabilities as at 31 March 2021 and 31 March 2020:

(Rs. in lakhs)					
Particulars	1 year or less	1 year to 5 years	5 years or more	Adjustments	Total
<b>As on 31 March 2021</b>					
Borrowings(including interest)	10,622	31,918	–	–	42,540
Trade Payables	6,529	–	–	–	6,529
Other Financial Liabilities	4,437	–	–	–	4,437
<b>Total</b>	<b>21,588</b>	<b>31,918</b>	<b>–</b>	<b>–</b>	<b>53,506</b>
<b>As on 31 March 2020</b>					
Borrowings(including interest)	4,549	12,946	–	–	17,495
Trade Payables	6,307	–	–	–	6,307
Other Financial Liabilities	5,678	–	–	–	5,678
<b>Total</b>	<b>16,534</b>	<b>12,946</b>	<b>–</b>	<b>–</b>	<b>29,480</b>

### 29.06 Market risk

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

#### – Currency risk

Foreign Currency Exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in Foreign Currency Exchange rates. The Company's exposure to currency risk relates primarily to the Company's operating activities including anticipated sales, purchases and borrowings where the transactions are denominated in a currency other than the Company's functional currency.

#### Unhedged Foreign Currency Exposure as on 31 March 2021

Particulars	Receivable		Payable	
	Foreign Currency (Rs. in Lakhs)	Local Currency (Rs. in Lakhs)	Foreign Currency (Rs. in Lakhs)	Local Currency (Rs. in Lakhs)
USD	1,001,387	737	1,689,321	1,243
EURO	579,767	499	473,126	408
GBP	4,923	5	213	0
CAD	–	–	78,200	46
<b>Total</b>	<b>1,586,077</b>	<b>1,241</b>	<b>2,240,860</b>	<b>1,697</b>

#### Unhedged Foreign Currency Exposure as on 31 March 2020

Particulars	Receivable		Payable	
	Foreign Currency (Rs. in Lakhs)	Local Currency (Rs. in Lakhs)	Foreign Currency (Rs. in Lakhs)	Local Currency (Rs. in Lakhs)
USD	1,436,829	1,083	3,629,949	2,736
EURO	27,767	23	158,591	132
GBP	20,026	19	1,445	1
CAD	–	–	78,200	41
<b>Total</b>	<b>1,484,622</b>	<b>1,125</b>	<b>3,868,185</b>	<b>2,910</b>

#### Sensitivity Analysis of Unhedged Foreign Currency Exposure

Particulars	31 March 2021		31 March 2020	
	10% increase - Profit/(Loss)	10% decrease - Profit/(Loss)	10% increase - Profit/(Loss)	10% decrease - Profit/(Loss)
USD	(50)	50	(165)	165
EURO	9	(9)	(11)	11
GBP	0	(0)	2	(2)
CAD	(5)	5	(4)	4
<b>Total</b>	<b>(46)</b>	<b>46</b>	<b>(178)</b>	<b>178</b>

## NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

### – Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is having non current borrowings in the form of Term Loan from bank. The Company is exposed to interest rate risk associated with its term loan due to floating rates of interest.

### Sensitivity Analysis of Interest Rate Risk Exposure

Particulars	(Rs. in lakhs)			
	31 March 2021		31 March 2020	
	100 basis points increase - Profit/(Loss)	100 basis points decrease - Profit/(Loss)	100 basis points increase - Profit/(Loss)	100 basis points decrease - Profit/(Loss)
Term Loan from Bank	(282)	282	(100)	100
<b>Total</b>	<b>(282)</b>	<b>282</b>	<b>(100)</b>	<b>100</b>

### 29.07 Capital Management

The objective of Company's capital management is:

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

The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions, requirements of the financial covenants and the risk characteristics of the underlying assets. The Company monitors capital on the basis of the carrying amount of equity including share application, securities premium and profit and loss account as presented on the face of the statement of financial position and on the basis of net debt to equity and maturity profile of overall debt portfolio of the Company.

Net debt and Equity is given in the table below

Particulars	(Rs. in lakhs)	
	31 March 2021	31 March 2020
Total Shareholders' Equity as reported in Balance Sheet	25,508	26,822
Non current borrowings (including current maturities)	27,709	10,876
Current borrowings	8,170	3,500
Less: Cash and cash equivalents	247	(62)
<b>Net Debt</b>	<b>36,126</b>	<b>14,314</b>
<b>Total Capital Employed</b>	<b>61,634</b>	<b>41,136</b>
<b>Gearing Ratio</b>	<b>59%</b>	<b>35%</b>

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. No change were made in the objectives, policies or processes for managing capital during the year ended 31 March 2021.

### 30. Leases

Particulars	(Rs. in lakhs)	
	31 March 2021	31 March 2020
<b>Details of leasing arrangements</b>		
<b>As Lessor</b>		
<i>Operating Lease</i>		
The Company has leased out power pack batteries on operating lease for a period of upto 5 years and such assets are to be returned to the Company at the end of lease term.		
<i>Future minimum lease receipts</i>		
Within one year	2	101
After one year but not more than five years	–	2
More than five years	–	–
<b>Total</b>	<b>2</b>	<b>103</b>

(Rs. in lakhs)

Particulars	31 March 2021	31 March 2020
	<b>As Lessee</b>	
<i>Short term lease</i>		
Expense relating to short-term leases	220	251
	<b>220</b>	<b>251</b>

### 31. Earnings per share

(Rs. in lakhs except per share data)

Particulars	31 March 2021	31 March 2020
<b>Basic and Diluted Earnings per Share</b>		
Loss for the year	(10,713)	(5,523)
Weighted average number of equity shares outstanding (Nos.)	343,805,897	320,558,707
<b>Basic and Diluted Earnings per Share of Rs.10 each</b>	<b>(3.12)</b>	<b>(1.72)</b>

### 32. Employee benefits

#### (a) Defined contribution plan

The Company's contribution to Provident Fund aggregating to Rs. 405 lakhs (31 March 2020: Rs. 394 lakhs) has been recognised in the Statement of Profit and Loss under the head Employee Benefits Expense.

#### (b) Defined benefit plan:

##### Gratuity

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

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

##### Asset volatility

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

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

##### Changes in bond yields

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

##### Life expectancy

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

**Note:** An entity shall disclose description of any plan amendments, curtailments and settlements.

The significant actuarial assumptions used for the purposes of the actuarial valuations were as follows:

Particulars	Actuarial Assumptions	
	31 March 2021	31 March 2020
Discount rate(s)	6.53%	6.78%
Expected rate(s) of salary increase	7.00%	8.00%
Average longevity	Indian Assured Lives Mortality (2012-14) ultimate	Indian Assured Lives Mortality (2012-14) ultimate





## NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

pursuant to resolution passed at its meeting held on 02 November 2017 read with special resolution passed by the shareholders at the Extraordinary General Meeting held on 10 November 2017. The plan entitles the employees with a right but not an obligation to purchase or subscribe at a future date the shares underlying the option at a pre-determined price, subject to compliance with vesting conditions; all exercised options shall be settled by physical delivery of equity shares or as provided under the MEML ESOP - 2017 plan. As per the plan, holders of vested options are entitled to purchase one equity share of Rs.10 each for every option at an exercise price of Rs. 24.90 each or Rs. 25.17 or Rs. 25.48 or Rs. 25.91 each as per ESOP offer letter.

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

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

Employees entitled	Vesting conditions	(No. of options)	
		For the year ended 31 March 2021	For the year ended 31 March 2020
Specified employees	One to four years of service from grant date	9,030,753	9,333,000
<b>Total share options outstanding</b>		<b>9,030,753</b>	<b>9,333,000</b>

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

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

Particulars	As at 31 March 2021	As at 31 March 2020
Outstanding at the beginning	9,333,000	9,168,000
Granted during the year	169,490	1,417,940
Forfeited and expired during the year	(96,716)	(1,154,850)
Settled during the year	(375,021)	(98,090)
Outstanding at the end	9,030,753	9,333,000
Exercisable at the end	3,395,379	1,725,133

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

Measurement of fair value	Number of options	Range of fair value per option
From 1 April 2020 to 31 March 2021	9,030,753	Rs.10.40 - Rs.16.70
From 1 April 2019 to 31 March 2020	9,333,000	Rs.10.40 - Rs.16.70

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

- d) **Assumptions**

	For the year ended 31 March 2021	For the year ended 31 March 2020
Risk free interest rate	4.9% - 7.99%	6.0% - 7.99%
Dividend yield	-	-
Expected volatility	42.3% - 56.1%	42.3% - 53.1%
Expected life	5 years	5 years

- e) During the year, the Company recorded a share based payment expense of Rs. 218 lakhs (31 March 2020 : Rs. 250 lakhs) in the Statement of Profit and Loss.
- f) The weighted average contractual life of options granted is 7.5 years (31 March 2020: 7.5 years).

### 34. Segment reporting

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

### 35. Contingent Liabilities and Commitments

Contingent Liabilities	(Rs. in lakhs)	
Particulars	31 March 2021	31 March 2020
(a) Central Excise/Service tax matters under dispute #	147	304
(b) Bank Guarantees	113	77
(c) In February 2019, Hon'ble Supreme Court of India in its judgement clarified that certain special allowances should be considered to measure obligations under Employees Provident Fund Act, 1952. The Company had been legally advised that there are interpretative challenges on the application of judgement retrospectively and as such does not consider there is any probable obligations for past periods. Accordingly, based on legal advice the Company had made a provision for provident fund contribution from the date of Supreme Court order.		

### Commitments

Particulars	(Rs. in lakhs)	
	31 March 2021	31 March 2020
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for	23,559	19,823

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

### 36. Unrecognised Deferred Tax Assets/(Liability) (Net)

Particulars	(Rs. in lakhs)	
	31 March 2021	31 March 2020
<b>Deferred tax liability</b>		
Property, Plant and Equipment	1,787	1,856
	<b>1,787</b>	<b>1,856</b>
<b>Deferred Tax Assets</b>		
On Carry Forward Business Losses, Unabsorbed Depreciation and unabsorbed capital R&D expenditure claimed u/s 35(1)(iv)	25,518	24,765
Provisions	1,458	752
	<b>26,976</b>	<b>25,517</b>
Deferred Tax Assets/(Liability) (Net) (Refer Note below)	-	-

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



## NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

36.01 Amount and Expiry date of Unused Tax Losses for which no Deferred Tax Assets is recognised :

Particulars	(Rs. in lakhs)	
	31 March 2021	31 March 2020
Upto Five years	44,173	37,356
More than Five years	12,326	28,908
No Expiry	41,648	28,984
	<u>98,147</u>	<u>95,248</u>

### 37. Related party disclosures

#### Names of related parties and related party relationship

##### a) Related parties where control exists:

###### Name of the party

Mahindra & Mahindra Limited ("M&M Ltd.")

###### Description of relationship

Ultimate Holding Company

##### b) Related parties where control exists:

###### Name of the party

Mahindra Vehicles Manufacturers Limited ("MVML")

###### Description of relationship

Holding Company

##### (c) Related parties with whom transactions have taken place:

###### Name of the party

NBS International Limited ("NBS")

###### Description of relationship

Fellow subsidiary

Meru Mobility Tech Private Limited ("MMTPL")

Fellow subsidiary

Ssang Yong Motor Company ("SYMC") (Till 24 December 2020)

Fellow subsidiary

Mahindra Retail Limited ("MRL")

Fellow subsidiary

Lords Freight India Pvt Ltd ("LFIPL")

Fellow subsidiary

Mahindra Logistics Limited ("MLL")

Fellow subsidiary

Mahindra Integrated Business Solutions Private Limited ("MIBSPL")

Fellow subsidiary

Mahindra Steel Services Centre Limited ("MSSCL")

Fellow subsidiary

Mahindra Intertrade Limited ("MIL")

Fellow subsidiary

Mahindra Auto Steel Private Limited ("MASPL")

Fellow subsidiary

Mahindra Engineering and Chemical Products Limited ("MECPL")

Fellow subsidiary

Mahindra CIE Automotive Limited ("MCAL")

Associate company of the Ultimate Holding Company

##### (d) Key management personnel:

Mr. Mahesh Babu (CEO from 01 December 2016)

Mr. Ashish Lath (CFO from 01 June 2020)

Mr. Saroj Khuntia (CFO till 31 May 2020)

Mr. Narayana Swamy (Manager) (Till 10 December 2019)

Mr. Jignesh Parikh (Company Secretary)

## NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

## 37. Related Party Transactions (contd..)

(Rs. in lakhs)

Particulars	Year	MG&M Ltd.	MVMIL	NBS	MIL	MMTPL	SYMC	KMPs	MCAL	MECPL	MRL	LFIPL	MILL	MIBSPL	MASPL	MSSCL	Total
<b>Transactions during the year</b>																	
Sale of Goods and Services	31 March 2021	883	159	175	-	-	191	-	-	-	-	-	-	-	-	-	1,408
	31 March 2020	5,841	671	53	-	1	379	-	-	-	-	-	-	-	-	-	6,945
Development Fee	31 March 2021	5,202	-	-	-	-	1,062	-	-	-	-	-	-	-	-	-	6,264
	31 March 2020	5,275	-	-	-	-	1,482	-	-	-	-	-	-	-	-	-	6,757
Purchase of Goods and Services	31 March 2021	47	-	-	7	-	-	-	498	3	1	34	424	53	2	76	1,145
	31 March 2020	1,335	20	-	-	-	-	-	509	-	2	19	469	43	-	20	2,417
Purchase of Property, Plant & Equipment	31 March 2021	-	-	-	-	-	-	-	263	-	-	-	-	-	-	-	263
	31 March 2020	7	-	-	-	-	-	-	3	-	-	-	-	-	-	-	10
Inter Corporate Deposit Taken	31 March 2021	10,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	10,000
	31 March 2020	3,000	1,500	-	-	-	-	-	-	-	-	-	-	-	-	-	4,500
Inter Corporate Deposit Repaid	31 March 2021	3,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,000
	31 March 2020	3,000	1,500	-	-	-	-	-	-	-	-	-	-	-	-	-	4,500
Interest Expenses	31 March 2021	60	-	-	-	-	-	-	-	-	-	-	-	-	-	-	60
	31 March 2020	71	10	-	-	-	-	-	-	-	-	-	-	-	-	-	81
Rent Expenses	31 March 2021	6	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6
	31 March 2020	5	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5
Reimbursement of expenses by the Company	31 March 2021	1,191	67	1	19	-	-	-	-	-	-	-	-	-	-	-	1,278
	31 March 2020	564	65	11	-	-	-	-	-	-	-	-	-	-	-	-	640
Cross charge of expenses to others	31 March 2021	489	-	-	-	-	-	-	-	-	-	-	-	-	-	-	489
	31 March 2020	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2
Alotment of Equity Shares (including premium)	31 March 2021	-	8,997	-	-	-	-	-	-	-	-	-	-	-	-	-	8,997
	31 March 2020	-	4,000	-	-	-	-	-	-	-	-	-	-	-	-	-	4,000
<b>Remuneration to key management personnel</b>																	
Mahesh Babu	31 March 2021	-	-	-	-	-	-	184	-	-	-	-	-	-	-	-	184
	31 March 2020	-	-	-	-	-	-	167	-	-	-	-	-	-	-	-	167
Ashish Lath	31 March 2021	-	-	-	-	-	-	69	-	-	-	-	-	-	-	-	69
	31 March 2020	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Narayana Swamy	31 March 2021	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	31 March 2020	-	-	-	-	-	-	21	-	-	-	-	-	-	-	-	21
Saroj Khuntia	31 March 2021	-	-	-	-	-	-	11	-	-	-	-	-	-	-	-	11
	31 March 2020	-	-	-	-	-	-	64	-	-	-	-	-	-	-	-	64
<b>Balances as at year end</b>																	
Deferred Revenue	31 March 2020	917	-	-	-	-	-	-	-	-	-	-	-	-	-	-	71
Unbilled revenue	31 March 2020	2,676	-	-	-	-	-	-	-	-	-	-	-	-	-	-	917
Amount Receivables	31 March 2020	105	-	-	-	-	407	-	-	-	-	-	-	-	-	-	2,676
Amount Payables	31 March 2020	716	71	-	-	-	-	-	-	-	-	-	-	-	-	-	512
Advance Paid	31 March 2020	3,127	77	-	-	-	771	-	-	-	-	-	-	-	-	-	787
Advance from customers	31 March 2020	216	8	-	-	0	-	-	207	0	0	202	3	-	-	17	653
	31 March 2020	608	27	-	-	0	-	-	138	-	1	4	87	5	-	4	874
	31 March 2020	171	-	-	-	-	-	-	-	-	-	-	-	-	-	-	171
	31 March 2020	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	31 March 2020	-	-	4	-	-	-	-	-	-	-	-	-	-	-	-	4
	31 March 2020	-	-	17	-	-	-	-	-	-	-	-	-	-	-	-	17

**Note:**

- i) The remuneration to the KMP does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the Company as a whole.  
ii) The remuneration to KMP includes short-term employee benefit of Rs. 76 lakhs and other long-term benefits of Rs.3 lakhs.

**Terms and conditions**

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

## NOTES TO THE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

### 38. Research and Development Expenditure

Particulars	(Rs. in lakhs)	
	31 March 2021	31 March 2020
Debited to Statement of Profit or loss, including certain expenditure based on allocations made by the Company (excluding depreciation and amortization)	317	674
Development expenditure, computer software, patent and trademark expenditure	8,920	9,675
Capital expenditure/Non-recurring expenditure	750	476
<b>Total</b>	<b>9,987</b>	<b>10,825</b>
<b>Break-up of Research and Development Expenditure</b>		
Raw Material and Components	436	508
Salaries and Wages	4,355	3,924
Professional Charges	4,059	5,234
Rent	-	112
Travel expenses	12	4
Computer Software	161	327
Capital expenditure	750	476
Others	214	240
<b>Total</b>	<b>9,987</b>	<b>10,825</b>

### 39. Disclosures related to micro, small and medium enterprises

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

	(Rs. in lakhs)	
	31 March 2021	31 March 2020
(a) Dues remaining unpaid		
– Principal	168	164
– Interest on the above	13	15
(b) Interest paid in terms of Section 16 of the MSMED Act along with the amount of payment made to the supplier beyond the appointed day during the year		
– Principal paid beyond the appointed date	-	-
– Interest paid in terms of Section 16 of the MSMED Act	-	-
(c) Amount of interest due and payable for the period of delay on payments made beyond the appointed day during the year	-	-
(d) Further interest due and payable even in the succeeding years, until such date when the interest due as above are actually paid to the small enterprises	-	2
(e) Amount of interest accrued and remaining unpaid	13	24

As per our report of even date attached:

#### For B S R & Co. LLP

Chartered Accountants

Firm registration number: 101248W/W-100022

#### Amrit Bhansali

Partner

Membership Number: 065155

Place: Bengaluru

Date: 10 May 2021

### 40. Management's assessment on impairment of Property, plant and equipment and Intangible assets:

The Company tests whether Property, plant and equipment and Intangible assets have suffered any impairment on an annual basis as at 31 March every year. The recoverable amount of a cash generating unit ('CGU') is determined based on Value-In-Use calculations by forecasting the latest cash flows of next nine years and applying a growth rate beyond approved forecast period. The growth rates used in the value-in-use calculation reflect those inherent within the Company's budgets, which is primarily a function of the Company's cycle plan assumptions, past performance, and management expectations of future market developments through to 2029-30. The calculations use pre-tax cash flow projections based on financial budgets approved by the management. An average of the range of each assumption used is mentioned below:

Assumptions	31 March 2021	31 March 2020
Revenue growth for 9 years (31 March 2020: 10 years)	35%	27%
Operating EBITDA to revenue % (Average)	10%	12%
Discount rate	18%	24%
Terminal growth rate	5%	5%

The above discount rate is based on the Weighted Average Cost of Capital (WACC) which represents the weighted average return attributable to all the assets of the CGU. These estimates are likely to differ from future actual results of the operations and cash flows. Based on the above assessment, there has been no impairment on these assets.

### 41. Impact of COVID-19

The spread of COVID-19 has severely impacted businesses around the globe. In many countries, including India, there has been severe disruption to regular business operations due to lock downs, disruptions in transportation, supply chain, travel bans, quarantines, social distancing and other emergency measures. The plants and offices were under nationwide lockdown since March 24, 2020. Effective middle of May 2020 as per the directives of Ministry of Home Affairs (MHA) wherein some relaxation was announced, the Company opened up its manufacturing activities in its locations across the country after putting in place the due safety precautions and standard norms and processes prescribed by the MHA and the respective State Governments. While the Company believes strongly that it has adequate capabilities to partner with customers, the impact on future revenue streams could come from reduction in customer requirements arising from overall reduction in Automotive sector.

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

The Company has taken steps to assess the cost budgets required to complete its performance obligations in respect of contracts and have noted that there is no significant impact of likely delays / increased cost in meeting its obligations as at 31 March 2021. The Company has also assessed the impact of any delays and inability to meet contractual commitments and has taken appropriate remedial actions to ensure that revenue recognition in such cases reflect realisable values. The Company has evaluated its liquidity position and of recoverability and carrying values of its assets and has concluded that no material adjustments are required at this stage in the Ind AS financial statements.

For and on behalf of the Board of Directors of:

#### Mahindra Electric Mobility Limited

**Rajesh Jejurikar** Chairman DIN: 00046823

**Mahesh Babu** MD and Chief Executive Officer DIN: 08736697

**Ashish Lath** Chief Financial Officer

**Jignesh Parikh** Company Secretary

Date: 10 May 2021