

April 20, 2016

BSE Limited Corporate Relationship Department, P. J. Towers, Dalal Street, Fort, Mumbai - 400 001. BSE Scrip Code: 532756	National Stock Exchange of India Limited Corporate Relationship Department, Exchange Plaza, 5 th Floor, Plot No. C/1, G Block, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051. NSE Scrip Code: MAHINDCIE
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Sub: Intimation regarding Annual General Meeting (AGM), date of Book Closure, Cut-off date for e-Voting and submission of Annual Report along with AGM Notice

Dear Sir/Madam,

We wish to inform that, the 17th Annual General Meeting (AGM) of the Company will be held on Tuesday, the 17th day of May, 2016 at 3.30 P.M. at Ravindra Natya Mandir, Sayani Road, Prabhadevi, Mumbai - 400 025.

We further wish to inform you that, pursuant to Section 91 of the Companies Act, 2013 (the Act) read with Companies (Management and Administration) Rules, 2014 (the Rules) and Regulation 42 of the Securities And Exchange Board of India (Listing Obligations And Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), the Register of Members and the Share Transfer Books of the Company will remain closed from Wednesday, 11th May, 2016 to Tuesday, 17th May, 2016 (both days inclusive), for the purpose of the AGM.

Pursuant to Sections 101 & 136 of the Companies Act, 2013 ("the Act") read with Rule 18 of the Companies (Management and Administration) Rules 2014, the Notice of the AGM together with the Annual Report for the Financial Year April-December-2015 is being served through electronic mode to email address registered by members with their Depository Participant(s) or Registrar and Transfer Agent of the Company, Karvy Computershare Private Limited ("Karvy"), as the case may be.

In compliance with the provisions of Section 108 of the Act read with Rules as amended from time to time, and Regulation 44 of the Listing Regulations, the Company is pleased to offer e-Voting facility to its Members to exercise their right to vote in respect of the businesses to be transacted at the AGM. The Members may cast their votes using



the electronic voting system from a place other than the venue of the Meeting ('remote e-Voting'). The remote e-Voting platform is provided by Karvy Computershare Private Limited (Karvy). The detailed instructions in respect of remote e-Voting have been provided in note no. 16 of the Notice of AGM.

Further the facility for voting through ballot shall also be made available at the meeting and Members attending the meeting who have not already cast their vote by remote e-Voting shall be able to exercise their rights at the meeting.

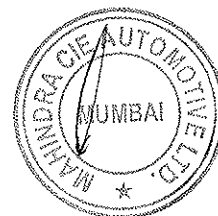
- a. The remote e-Voting facility will be available during the following period:
 - i. Day, date and time of commencement of remote e-Voting: Friday, 13th May, 2016 at 9.00 a.m.
 - ii. Day, date and time of end of remote e-Voting: Monday 16th May, 2016 at 5.00 p.m.

The remote e-Voting will not be allowed beyond the aforesaid date and time and the remote e-Voting module shall be disabled by Karvy upon expiry of aforesaid period.

- b. The cut-off date for identifying the Shareholders for determining the eligibility to vote by remote e-Voting facility or at the Meeting by Ballot - Tuesday, 10th May, 2016. A person whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the depositories as on the cut-off date only shall be entitled to vote on the resolutions either through the facility of remote e-Voting or by voting through Ballot at the Annual General Meeting.
- c. The Members who have cast their vote by remote e-Voting may also attend the meeting, however such member shall not be allowed to vote again.

Any person who acquires Shares of the Company and become Member of the Company after the dispatch of the AGM Notice and holds shares as on the cut-off date i.e. 10th May, 2016, may use the existing User Id and password if they are already registered with Karvy for e-voting or follow the detailed procedure mentioned in note No. 16 of the AGM notice or may obtain the User Id and password by sending request at evoting@karvy.com or call Karvy's Toll free number 1-800-3454-001.

In case of any queries, members may visit FAQ's and e-voting User Manual for shareholders available at the download section of <https://evoting.karvy.com> or contact



Mr. Prem Kumar of Karvy at 040-6716 1509 or at 1800-3454-001 (toll free) or email id: prem.kumar@karvy.com. In case of any grievances connected with the remote e-Voting can be addressed to Mr. Krishnan Shankar, the Company Secretary & Head - Legal at the registered office address of the Company or through e-mail sent at mcie.investors@mahindrachie.com or contact at 02135-663359.

The Notice of AGM can be downloaded from <http://www.mahindrachie.com/investors/downloads/notices.html#annual-general-meeting> and the Annual Report can be downloaded from <http://www.mahindrachie.com/investors/investor-relations/annual-report.html>

In case, a member wish to get a physical copy of the Annual Report and the AGM Notice (along with Attendance Slip and Proxy Form), the member may send request to mcie.investors@mahindrachie.com mentioning Folio No/ DP ID & Client ID Number and accordingly the Company will send the same, free of cost, upon receipt of a request from member.

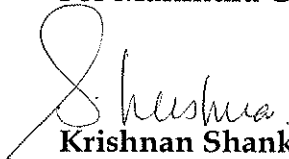
Pursuant to Regulation 34 read with Schedule V and Regulation 42 of the Listing Regulations, we are submitting herewith copy of Annual Report and AGM Notice.

Kindly take the same on the record.

Thanking you,

Yours faithfully,

For Mahindra CIE Automotive Limited


Krishnan Shankar

Company Secretary & Head - Legal



NOTICE

THE SEVENTEENTH ANNUAL GENERAL MEETING OF MAHINDRA CIE AUTOMOTIVE LIMITED will be held at Ravindra Natya Mandir, Sayani Road, Prabhadevi, Mumbai - 400 025 on Tuesday, the 17th day of May, 2016 at 3.30 p.m. to transact the following businesses:

ORDINARY BUSINESS

- 1) To receive, consider and adopt:
 - a) the Audited Financial Statements of the Company for the Financial Year ended 31st December, 2015 (covering a period of nine months from 1st April, 2015 to 31st December, 2015) which includes the Audited Balance sheet as at 31st December, 2015 and the statement of Profit and Loss for the Financial Year ended on that date together with the Reports of the Board of Directors and Auditors thereon; and
 - b) the Audited Consolidated Financial Statements of the Company for the Financial Year ended 31st December, 2015 (covering a period of nine months from 1st April, 2015 to 31st December, 2015) which includes the Audited Consolidated Balance sheet as at 31st December, 2015 and Consolidated statement of Profit and Loss for the Financial Year ended on that date together with the Reports of the Auditors thereon.
- 2) To appoint a director in place of Mr. Hemant Luthra (DIN 00231420), who retires by rotation and, being eligible, offers himself for re-appointment.
- 3) To appoint a director in place of Mr. Jesus Maria Herrera Barandiaran (DIN: 06705854), who retires by rotation and, being eligible, offers himself for re-appointment.
- 4) **To consider and, if thought fit, to pass the following as an Ordinary Resolution:**

“RESOLVED THAT pursuant to Sections 139,141 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder and pursuant to the recommendation of the Audit Committee and the Board of Directors, Messrs. B. K. Khare & Co., Chartered Accountants (ICAI Firm Registration Number 105102W), the retiring Auditors of the Company, be re-appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting (“AGM”), until the conclusion of the next AGM of the Company, at a remuneration to be determined by the Board of Directors of the Company in addition to out of pocket expenses as may be incurred by them during the course of the Audit.”

SPECIAL BUSINESS

- 5) **To consider and, if thought fit, to pass the following as an Ordinary Resolution:**

“RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies

Act, 2013 (the Act) and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) (the Rules) and pursuant to the recommendation of the Audit Committee, Messrs. Dhananjay V. Joshi & Associates, Cost Accountants, (Firm Registration Number 000030), appointed by the Board of Directors of the Company as Cost Auditors, for conducting the audit of the cost records of the Company for the Financial Year 2016 commencing from 1st January, 2016 and ending on 31st December, 2016, be paid remuneration of ₹ 9,50,000/- (Rupees Nine Lacs Fifty Thousand only) plus taxes as may be applicable and reimbursement of such other out of pocket expenses, if any, as may be incurred by them during the course of Audit.

RESOLVED FURTHER THAT approval of the Company be accorded to the Board of Directors of the Company (including any Committee thereof) to do all such acts, deeds, matters and things and to take all such steps as may be required in this connection including seeking all necessary approvals to give effect to this Resolution and to settle any questions, difficulties or doubts that may arise in this regard.”

Notes:

1. In terms of Section 102 of the Companies Act, 2013, an explanatory statement setting out the material facts concerning special business to be transacted at the Meeting is annexed and forms part of this Notice.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER. THE INSTRUMENT APPOINTING A PROXY MUST BE DEPOSITED WITH THE COMPANY AT ITS REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**

A person can act as a proxy on behalf of Members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the company carrying voting rights. A member holding more than ten percent of the total share capital of the company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder. Proxies submitted on behalf of limited companies, societies, etc., must be supported by an appropriate resolution/ authority as applicable. Proxy holder shall prove his/her identity at the time of attending the meeting.

A proxy shall not have a right to speak at the Annual General Meeting. However, in case a member has not voted through the remote e-voting facility, the proxy may be entitled to vote through Ballot at 17th Annual General Meeting (AGM).

3. Members/Proxies/Representatives are requested to bring a copy of Annual Report along with the copy of Attendance Slip enclosed for attending the Meeting.
4. In the case of joint holders, the signature of any one holder on proxy form will be sufficient, but names of all the joint holders should be stated.
5. Bodies Corporate, whether a company or not, who are Members, may attend through their authorised representatives appointed under Section 113 of the Companies Act, 2013. A copy of authorisation letter/ resolution authorising the same should be deposited with the Company/RTA/Scrutinizer.
6. Members can avail of the facility of nomination in respect of shares held by them in physical form pursuant to the provisions of Section 72 of the Companies Act, 2013 read with Rule 19(1) of the Companies (Share Capital and Debentures) Rules, 2014. Members desiring to avail of this facility may send their nomination in the prescribed Form No. SH. 13 duly filled in to Karvy Computershare Private Limited on below mentioned address.
7. The Company's Registrar and Transfer Agents for its Share Registry Work (Physical and Electronic) are Karvy Computershare Private Limited having their Registered Office at Karvy Selenium, Tower B, Plot 31 & 32, Financial District, Gachibowli, Hyderabad, 500032.
8. The Register of Members and Transfer Books of the Company will be closed from 11th May, 2016 to 17th May, 2016 (both days inclusive).
9. Pursuant to Sections 101 and 136 of the Companies Act, 2013 read with Rule 18(1) of the Companies (Management and Administration) Rules, 2014, the Notice calling the AGM along with the Annual Report for the Financial Year ended 31st December, 2015, would be sent by electronic mode on the e-mail addresses as obtained from Depositories/ Registrar and Share Transfer Agent, unless the Members have requested for a physical copy of the same. For Members who have not registered their e-mail addresses, physical copies would be sent by the permitted mode.

Members are requested to support this Green Initiative by registering/updating their e-mail addresses with the Depository Participant (in case of Shares held in dematerialised form) or with Karvy Computershare Private Limited (in case of Shares held in physical form), in the prescribed form which can be down loaded from the Company's website at <http://www.mahindrachie.com/investors/downloads/documents.html#other-documents-and-disclosures>.

Even after registering for e-communication, Members are entitled to receive such communication in printed form, upon making a request for the same. For any communication, the Members may also send requests to the Company's investor email id: mcie.investors@mahindrachie.com

Members may also note that the Notice of the AGM and the Annual Report for the Financial Year ended 31st December, 2015 will also be hosted on the Company's

website at (a) <http://www.mahindrachie.com/investors/downloads/notices.html#annual-general-meeting> and (b) <http://www.mahindrachie.com/investors/investor-relations/annual-report.html>, respectively for their download.

10. The Company has fixed Tuesday, 10th May, 2016 as the cutoff date for identifying the Shareholders for determining the eligibility to vote by remote e-voting facility or at the Meeting by Ballot. Instructions for exercising voting rights by remote e-voting are provided herewith at Note No. 16 and forms part of this Notice. A person whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the depositories as on the cut-off only shall be entitled to vote on the resolutions through the facility of remote e-voting or by voting through Ballot at the AGM.
11. Pursuant to the Integrated Scheme and the Composites Scheme Mahindra Ugine Steel Company Limited (MUSCO) and Mahindra Composites Limited (MCL) merged with the Company with effect from 10th December, 2014. Both MUSCO and MCL had unclaimed dividends which were transferred in the Books of the Company. Pursuant to the provisions of the Investor Education Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, the Company has hosted the details of said unpaid and unclaimed amounts now lying with the Company on the website of the Company at <http://www.mahindrachie.com/investors/downloads/documents.html#unclaimed-dividends>.
12. Under the Companies Act, 1956, dividends that are unclaimed for a period of seven years are required to be transferred to the Investor Education and Protection Fund (IEPF) administered by the Central Government. Pursuant to the provisions of Section 205C of the Companies Act, 1956 and Investor Education and Protection Fund (Awareness and Protection of Investors) Rules, 2001, the Company has transferred an amount of ₹ 7,21,599/- and amount of ₹ 1,85,345/-, being the unclaimed amount in respect of dividend declared by MUSCO and MCL respectively for the Financial Year 2007-08 to the IEPF. No claim lies against the Company in respect of these dividends.
13. Due dates for claiming the unclaimed and unpaid dividends declared by MUSCO and MCL (Amalgamated Companies) for the Financial Year 2008-09 and thereafter to IEPF are as under:

Financial Year ended	Date of declaration of dividend	Last date for claiming unpaid / unclaimed dividend
31 st March, 2010 (MUSCO)	27 th July, 2010	26 th August, 2017
31 st March, 2009 (MCL)	31 st July, 2009	30 th August 2016
31 st March, 2010 (MCL)	23 rd July, 2010	22 th August, 2017
31 st March, 2011 (MCL)	29 th July, 2011	28 th August, 2018

Members who have not encashed the dividend warrants so far in respect of the aforesaid periods, are requested to make their claim to Karvy Computershare Private Limited well in advance of the above due dates. It may be noted that once the amounts in the unpaid dividend accounts are transferred to IEPF, no claim shall lie against the IEPF or the Company in respect thereof and the Members would lose their right to claim such dividend.

14. Appointment/Re-appointment of Directors and their Shareholding in the Company.

Mr. Hemant Luthra and Mr. Jesus Maria Herrera Barandiaran are the Directors whose office is liable to retire by rotation and are seeking re-appointment at the AGM.

As on 22nd February, 2016, Mr. Hemant Luthra holds 3,28,273 equity shares of the Company. Mr. Jesus Maria Herrera Barandiaran do not hold any share(s) in the Company.

For the information to be provided under Regulations 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 pertaining to the Directors being appointed/re-appointed, brief resume of Directors proposed to be re-appointed, nature of their expertise in specific functional areas, names of the companies in which the person also holds the directorship and the membership of Committees of the board, shareholding and relationships between directors inter-se is provided in the Corporate Governance Report and forms part of the Annual Report.

15. Members are requested to:

- a) Intimate to the Company's Registrar and Transfer Agents, Karvy Computershare Private Limited at the abovementioned address, changes, if any, in their registered addresses at an early date, in case of Shares held in physical form;
- b) Intimate to the respective Depository Participant, changes, if any, in their registered addresses, mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s) at an early date, in case of Shares held in dematerialised form;
- c) Quote their folio numbers/Client ID/DP ID in all correspondence; and
- d) Consolidate their holdings into one folio in case they hold Shares under multiple folios in the identical order of names.

16. Electronic Voting through remote mode:

In compliance with the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended from time to time, and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to offer e-voting facility

to its Members to exercise their right to vote at the AGM by electronic means in respect of the businesses to be transacted at the AGM, through the remote e-Voting platform provided by Karvy Computershare Private Limited (Karvy).

The Members may cast their votes using an electronic voting system from a place other than the venue of the AGM ('remote e-voting'). Members attending the AGM who have not already cast their vote by remote e-Voting shall be able to exercise their rights at the meeting. Facility of voting through ballot shall also be made available at the AGM.

- i. The remote e-voting facility will be available during the following period:
 - a) Day, date and time of commencement of remote e-voting: Friday 13th day of May, 2016 at 9.00 a.m.
 - b) Day, date and time of end of remote e-voting beyond which remote e-voting will not be allowed: Monday 16th Day of May, 2016 at 5.00 p.m.
- ii. The voting rights of the Members holding shares in physical form or in dematerialized form, in respect of e-voting shall be reckoned in proportion to their shares of the paid up equity share as on the cut-off date being 10th May, 2016.
- iii. Any person who acquires Shares of the Company and become Member of the Company after the dispatch of the AGM Notice and holds shares as on the cut-off date i.e. 10th May, 2016, may obtain the User Id and password in the manner as mentioned below:
 - a) If the mobile number of the member is registered against Folio No./ DPID Client ID, the Member may send SMS:

 MYEPWD<space> E-Voting Event Number +Folio number or DPID Client ID to +91-9212993399

 Example for NSDL:
 MYEPWD<SPACE>IN12345612345678

 Example for CDSL:
 MYEPWD<SPACE>1402345612345678

 Example for Physical:
 MYEPWD<SPACE> XXXX1234567890
 - b) if e-mail address or mobile number of the member is registered against Folio No./ DPID Client ID, then on the home page of <https://evoting.karvy.com>, the Member may click "Forgot Password" and enter Folio No. or DPID Client ID and PAN to generate a password.
 - c) Member may call Karvy's Toll free number 1-800-3454-001.

- d) Member may send an e-mail request to evoting@karvy.com.
- iv. The remote e-voting will not be allowed beyond the aforesaid date and time and the e-voting module shall be disabled by Karvy upon expiry of aforesaid period.
- v. Details of Website: <https://evoting.karvy.com>
- vi. Details of persons to be contacted for issues relating to e-voting:
- Mr. Prem Kumar
Karvy Computershare Private Limited
Unit : Mahindra CIE Automotive Limited
Karvy Selenium Tower B, Plot 31-32,
Gachibowli, Financial District,
Hyderabad – 500 032.
Tel. No.: +91 40 67162222/67161509;
Toll Free No.: 18003454001
Fax No.: +91 40 23001153;
E-mail: evoting@karvy.com.
- vii. Details of Scrutinizer: Mr. Sachin Bhagwat, Practicing Company Secretary (Membership No. ACS 10189)
- viii. **The procedure and instructions for remote E-Voting facility are as follows:**
- A. **In case of shareholders receiving email from Karvy:**
- Open your web browser during the voting period and navigate to 'https://evoting.karvy.com'.
 - Enter the login credentials (i.e. User ID and password mentioned in the email). Your Folio No./DP ID – Client ID will be your User ID. However, if you are already registered with Karvy for e-voting, you can use your existing User ID and password for casting your vote.
 - After entering these details appropriately, click on "LOGIN".
- You will now reach password change menu wherein you are required to mandatorily change your login password in the new password field. The new password has to be minimum eight characters consisting of at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (like *, #, @, etc.). The system will prompt you to change your password and update your contact details like mobile number, email ID, etc., on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.
- iv. You need to login again with the new credentials.
- v. On successful login, the system will prompt you to select the E-Voting Event Number for Mahindra CIE Automotive Limited.
- vi. If you are holding shares in Demat form and had logged on to <https://evoting.karvy.com> and casted your vote earlier for any other company, then your existing login id and password are to be used.
- vii. On the voting page, enter the number of shares (which represents the number of votes) as on the cut-off date i.e. 10th May, 2016 under "FOR/ AGAINST" or alternatively, you may partially enter any number in "FOR" and partially in "AGAINST" but the total number in "FOR/AGAINST" taken together should not exceed your total shareholding as on the cut-off date.
- viii. You may also choose the option "ABSTAIN" and the shares held will not be counted under either head.
- ix. Members holding multiple folios/demat accounts shall choose the voting process separately for each of the folios/demat accounts.
- x. Voting has to be done for each item of the Notice separately. In case you do not desire to cast your vote on any specific item it will be treated as abstained.
- xi. You may then cast your vote by selecting an appropriate option and click on "Submit". A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify. Once you confirm, you will not be allowed to modify your vote.
- xii. During the voting period, Members can login any number of times till they have voted on the Resolution(s).
- xiii. Corporate/Institutional Members (i.e. other than Individuals, HUF, NRIs, etc.) are also required to send scanned certified true copy (PDF Format) of the Board Resolution/Authority Letter, etc., together with attested specimen signature(s) of the duly authorised representative(s), to the Scrutinizer at e-mail ID: sbhagwatcs@yahoo.co.in with a copy to evoting@karvy.com. They may also upload the same in the e-voting module in their login. The scanned image of the above mentioned documents should be in the naming format "Corporate Name_ EVENT NO."
- B. **In case of shareholders receiving Notice by post:**
- Initial password is provided at the bottom of the Attendance Slip
 - Please follow all steps from Sl. No. (i) to Sl. No. (xiii) above, to cast vote.
- C. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for

shareholders and e-voting User Manual for shareholders available at the download section of <https://evoting.karvy.com> or contact Mr. Prem Kumar of Karvy Computershare Private Limited at 040-6716 1509 or at 1800-3454-001 (toll free).

- D. The Scrutinizer's decision on the validity of the vote shall be final.
 - E. Once the vote on a resolution stated in this notice is cast by shareholder through remote e-voting, the shareholder shall not be allowed to change it subsequently and such e-vote shall be treated as final. The Members who have cast their vote by remote e-voting may also attend the Meeting, however such member shall not be allowed to vote again.
 - F. The Scrutinizer after scrutinising the votes cast at the Meeting by Poll and through remote e-voting, will not later than two (2) days of conclusion of the Meeting, make a consolidated Scrutinizer's Report and submit the same forthwith to the Chairman of the Company or a person authorised by him in writing, who shall countersign the same.
 - G. The Results declared along with the consolidated Scrutinizer's Report shall be hosted on the website of the Company (www.mahindrachie.com) and on the website of Karvy (<https://evoting.karvy.com>). The Results shall simultaneously be communicated to BSE Limited and the National Stock Exchange of India Limited.
 - H. The Resolutions shall be deemed to be passed on the date of the Meeting, i.e. 17th May, 2016, subject to receipt of the requisite number of votes in favour of the Resolutions.
17. All documents referred in the accompanying notice and the statement pursuant to Section 102(1) of the Companies Act 2013, will be available for inspection at the registered

office of the Company during business hours on all working days except Saturdays and Sundays up to the date of the AGM of the Company.

18. Updation of Members' Details:

The format of the Register of Members prescribed by the Ministry of Corporate Affairs under the Companies Act, 2013 requires the Company/ Registrar and Transfer Agents to record additional details of Members, including their PAN details, e-mail address, etc. A form for compiling the additional details is being sent along with this Notice. Members holding shares in physical form are requested to submit the form duly completed to the Company or its Registrar and Transfer Agents. Members holding shares in electronic form are requested to submit the details to their respective Depository Participants.

19. The route map of the venue of the Meeting is given in the Notice. The prominent landmark for the venue is 'near to Sidhdhivinayak Temple'. The same has been hosted on the website of the Company at <http://www.mahindrachie.com/investors/downloads/notices.html#annual-general-meeting>.

By Order of the Board

Krishnan Shankar
Company Secretary & Head - Legal

Mahindra CIE Automotive Limited
CIN: L27100MH1999PLC121285

Registered Office:

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

[e-mail: mcie.investors@mahindrachie.com](mailto:mcie.investors@mahindrachie.com)

Website: www.mahindrachie.com

Tel: +91 22 24931441

Fax: +91 22 24915890

22nd February, 2016

Explanatory Statement in respect of the Special Business pursuant to Section 102 of the Companies Act, 2013

ITEM NO.5

The Board of Directors, at its Meeting held on 22nd February, 2016, on the recommendation of the Audit Committee, approved the re-appointment of Mr. Dhananjay V. Joshi & Associates, Cost Accountants, as Cost Auditors of the Company for conducting the audit of the cost records of the Company for the financial year ending 31st December, 2016, at a remuneration of ₹ 9,50,000/- (Rupees Nine Lacs Fifty Thousand only) plus taxes as may be applicable and reimbursement of such other out of pocket expenses, if any, as may be incurred by the Auditor during the course of Audit.

Pursuant to Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, Members of a company are required to ratify the remuneration to be paid to the cost auditors of the company.

Accordingly, consent of the Members is sought by passing an Ordinary Resolution as set out at Item No 5 of the Notice for ratification of the remuneration payable to the Cost Auditors for conducting the Audit of Cost records, if applicable and statutorily required for the Financial Year ending 31st December, 2016.

Route map for venue of the 17th Annual General Meeting:

Date: 17th May, 2016,

Time: 3.30 P.M.

(Prominent land mark- behind Shree Siddhivinayak Temple)

None of the Directors, Key Managerial Personnels of the Company and their relatives are in any way concerned or interested, financially or otherwise, in the aforesaid Resolution except to the extent of their shareholding, if any, in the Company.

The Directors recommend the Resolution set out at Item No. 5 as an Ordinary Resolution, for the approval of the Shareholders.

By Order of the Board

Krishnan Shankar

Company Secretary & Head - Legal

Mahindra CIE Automotive Limited

CIN: L27100MH1999PLC121285

Registered Office:

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

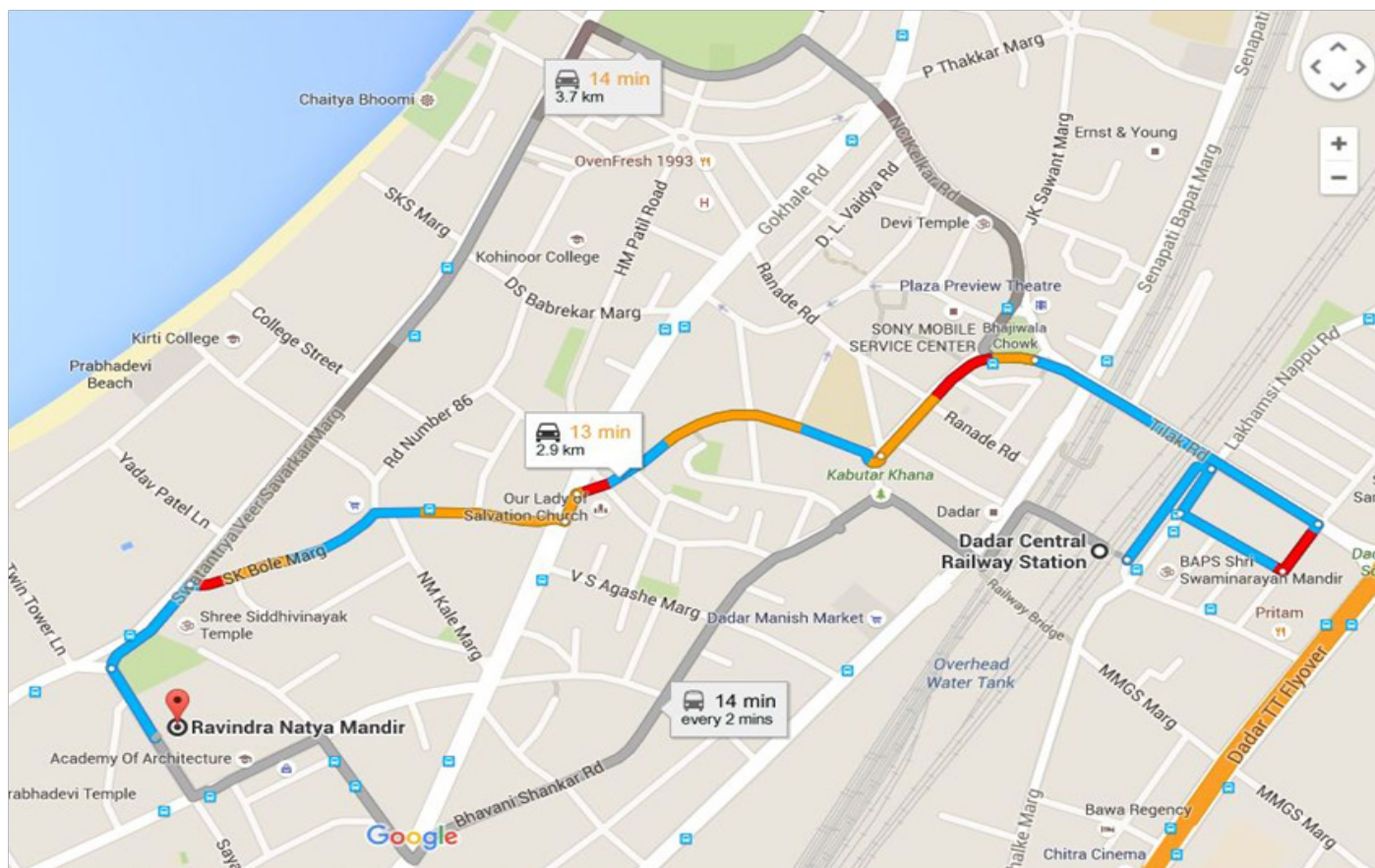
e-mail: mcie.investors@mahindrachie.com

Website: www.mahindrachie.com

Tel: +91 22 24931441

Fax: +91 22 24915890

22nd February, 2016



MAHINDRA CIE AUTOMOTIVE LIMITED

CIN: L27100MH1999PLC121285

Registered Office: Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400 018.

Website: www.mahindracie.com; e-mail: mcie.investors@mahindracie.com

Tel: +91 22 24901441 Fax: +91 22 24901667

PROXY FORM

Pursuant to Section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014

Name of the Member(s) :	
Registered address :	
E-mail Id :	
Regd. Folio No./ Client ID No./ DP ID:	

I / We, being the member(s) of _____ Shares of Mahindra CIE Automotive Limited, hereby appoint

1. Name _____ E-mail Id _____
Address _____
_____, Signature _____, or failing him
2. Name _____ E-mail Id _____
Address _____
_____, Signature _____, or failing him
3. Name _____ E-mail Id _____
Address _____
_____, Signature _____

as my/our proxy to attend and vote (on a ballot) for me/us and on my/our behalf at the Seventeenth Annual General Meeting of the Company to be held on Tuesday, the 17th day of May, 2016 at 3.30 p.m. at Ravindra Natya Mandir, Sayani Road, Prabhadevi, Mumbai - 400 025 and at any adjournment thereof in respect of such resolutions as are indicated below:

** I wish my above Proxy to vote in the manner as indicated in the box below:

Resolution No.	Resolutions	Optional **	
		For	Against
Ordinary Business			
1	To receive, consider and adopt a) Standalone Audited Financial Statements of the Company for the Financial Year ended 31 st December, 2015 (covering a period of nine months from 1 st April, 2015 to 31 st December, 2015) together with the Reports of the Board of Directors and Auditors thereon, and b) Audited Consolidated Financial Statements for the Financial Year 31 st December, 2015 (covering a period of nine months from 1 st April, 2015 to 31 st December, 2015) together with the Reports of the Auditors thereon.		
2	Re-appointment of Mr. Hemant Luthra (DIN 00231420), as director of the Company, who retires by rotation and being eligible, offers himself for re-appointment.		
3	Re-appointment of Mr. Jesus Maria Herrera Barandiaran (DIN: 06705854), as director of the Company, who retires by rotation and being eligible, offers himself for re-appointment.		

Resolution No.	Resolutions	Optional **	
		For	Against
4	Re-appointment of Messrs. B. K. Khare & Co., Chartered Accountants (ICAI Firm Registration Number 105102W), Chartered Accountants as Auditors of the Company from the conclusion of this Annual General Meeting ("AGM") until the conclusion of the next AGM of the Company at a remuneration to be determined by the Board of Directors of the Company in addition to out of pocket expenses as may be incurred by them during the course of the Audit.		
Special Business			
5	Approval for the Remuneration payable to Messrs. Dhananjay V. Joshi & Associates, Cost Accountants, (Firm Registration Number 000030) as the Cost Auditor of the Company.		

Signed this day of 2016

Signature of proxy holder

Affix
Revenue
Stamp

Notes:

Signature of shareholder

- (1) This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
- (2) A Proxy need not be a member of the Company.
- (3) A person can act as proxy on behalf of Members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. Further, a Member holding more than ten percent, of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or Member.
- (4) ** This is only optional. Please put a 'TICK' in the appropriate column against the resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all the resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.
- (5) Appointing a proxy does not prevent a member from attending the meeting in person if he so wishes.



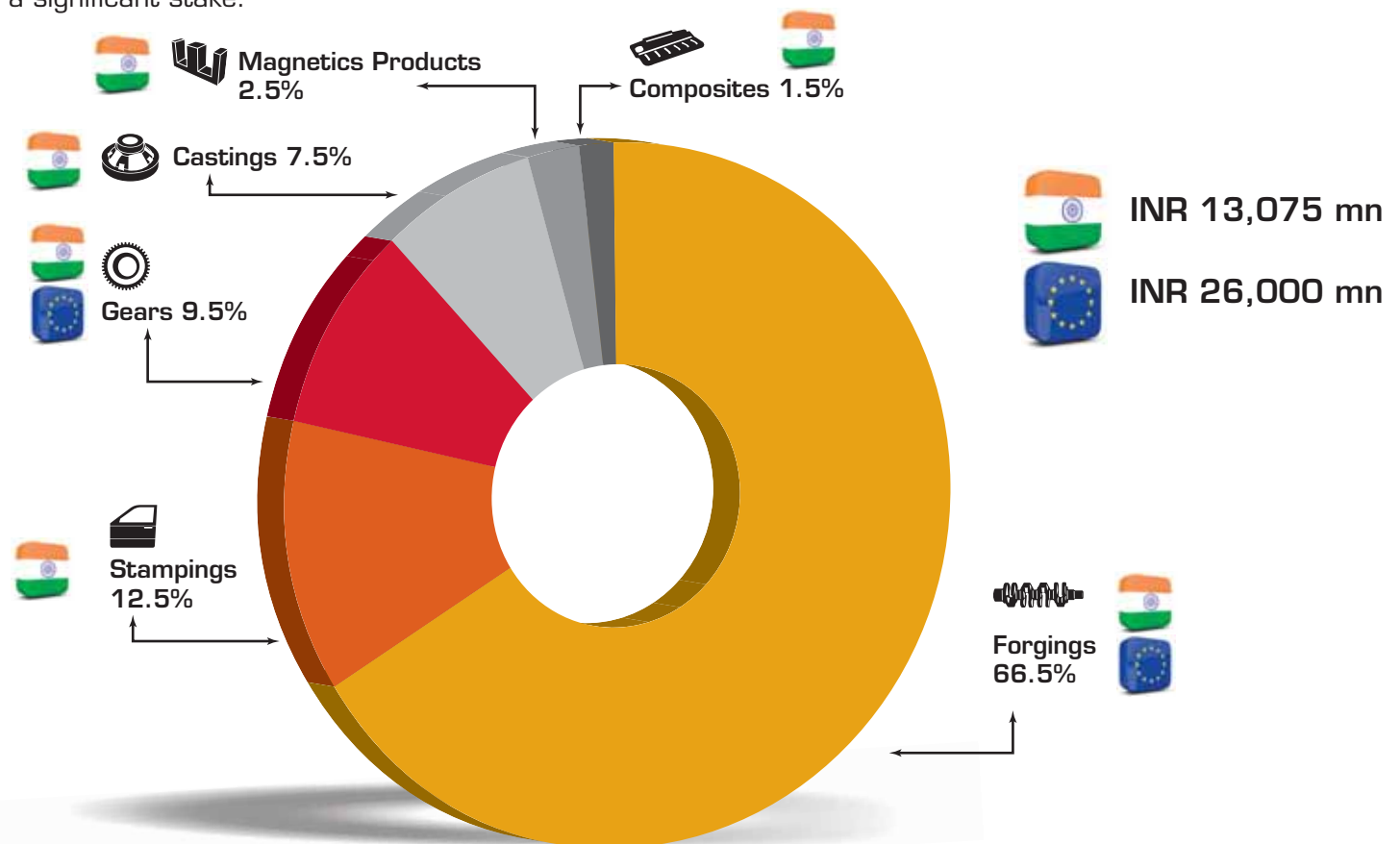
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Mahindra CIE Business Overview

Mahindra CIE is a multi-technology automotive components supplier listed on Stock Exchanges in India. We are an alliance between the CIE group which holds the majority stake and the Mahindra group which also has a significant stake.





Dear Shareholders,

Since the formation of Mahindra CIE less than 18 months ago, the partnership between Mahindra & CIE has coalesced into a cohesive global unit which is an integral part of CIE's global strategy and organization. As a result Mahindra CIE continues to make progress in realizing its vision of transforming itself into a multi – technology automotive component company capable of servicing its customers locally with the most cost effective solutions for their ongoing needs.

I am pleased to report that the integration of both men and machines and hearts and minds across geographies is working well and as a result this year has seen Mahindra CIE make steady progress.

We have made impressive headway in turning around the European operations, and the focus on consolidation is starting to help us improve cost structures and margins. The Indian operations have been hurt by a decline in market size and share of some of our customers, but the concentrated effort on managing costs to maintain profitability have borne fruit. As we go to press, a flurry of new product launches by our major customers in India and the Met Department forecast of a normal monsoon, augur well for a pickup in demand in the near future.

The investing community has rewarded our progress handsomely and this is evidenced by Fortune magazine (India), naming us as one of the top value creators in the Indian markets. In the month of March 2016, the Mahindra CIE stock has also been included in the FTSE's Asian Equity Small Cap Index.

Mahindra CIE has worked on a two phased strategy. The first phase which focused on a financial consolidation while the second will focus on growth especially through M&A. The financial consolidation is on track and we are working on growth opportunities.

We intend to build on the solid foundations that have been created. We have set for ourselves ambitious targets in coming years with respect to both growth and profitability and therefore value creation for our stakeholders.

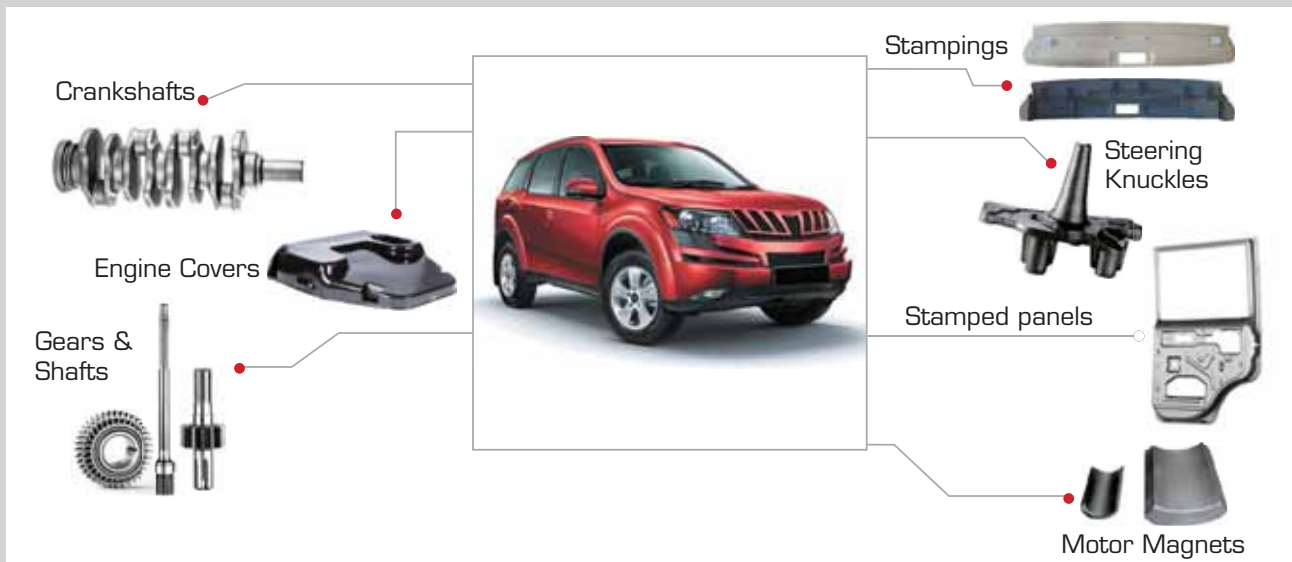
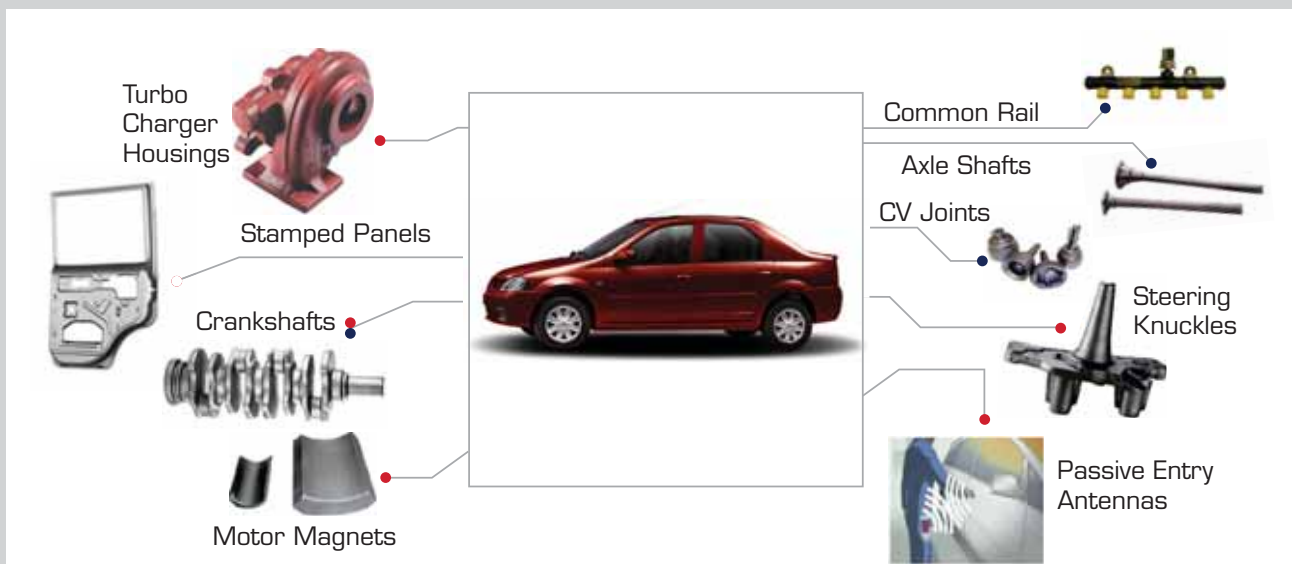
Manufacturing and Corporate processes are being fine tuned to enable us to leverage the embedded DNA of both CIE and Mahindra CIE to execute on both organic and inorganic growth.

In order to align our fiscal reporting to that of CIE, we have changed our reporting to calendar year format with effect from the current year. For calendar year 2015, we are reporting a nine-month period of operations.

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

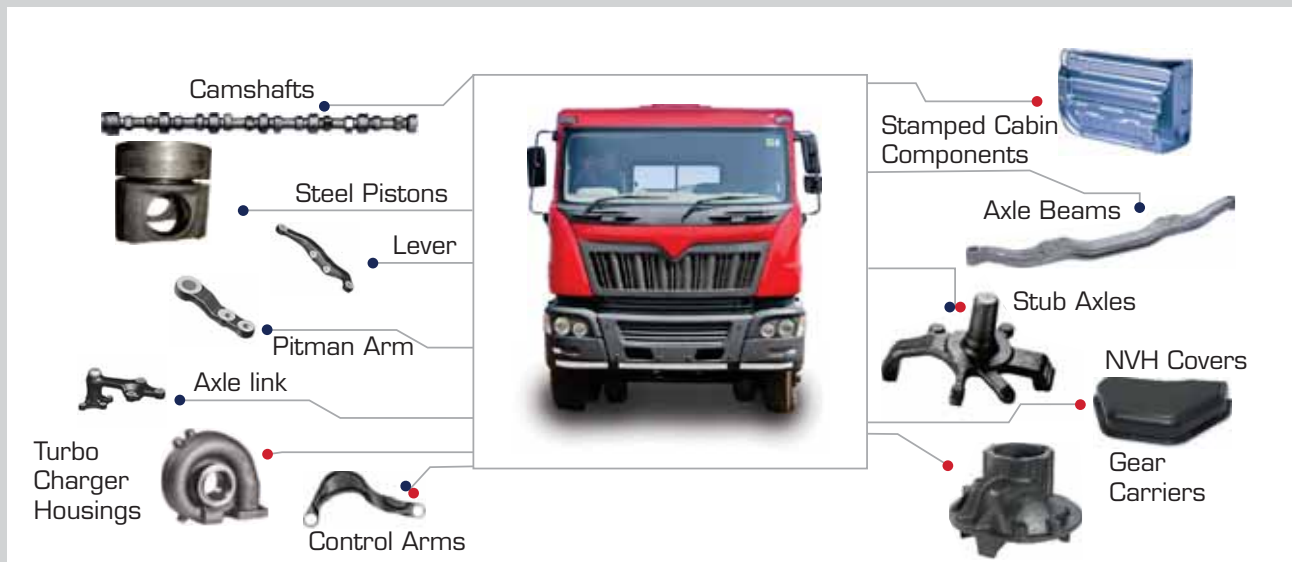
Yours Sincerely,

Hemant Luthra
Chairman – Mahindra CIE



● INDIA

● EUROPE



● INDIA

● EUROPE

Board of Directors

Mr. Hemant Luthra - Chairman
Mr. K. Ramaswami - Managing Director
Mr. Antonio Maria Pradera Jauregui
Mr. Daljit Mirchandani
Mr. Dhananjay Mungale
Mr. Jesus Maria Herrera Barandiaran
Mr. Jose Sabino Velasco Ibanez
Mr. Juan Maria Bilbao Ugarriza
Mr. Manoj Maheshwari
Mrs. Neelam Deo
Mr. Pedro Jesus Echegaray Larrea
Mr. Shriprakash Shukla
Mr. Suhail A. Nathani
Mr. Zhooben Dosabhoy Bhiwandiwalla

Chief Financial Officer

Mr. Sanjay Joglekar

Company Secretary & Head Legal

Mr. Krishnan Shankar

Committees of the Board

Audit Committee

Mr. Daljit Mirchandani - Chairman
Mr. Dhananjay Mungale
Mr. Manoj Maheshwari
Mr. Jose Sabino Velasco Ibanez

Nomination and Remuneration Committee

Mr. Manoj Maheshwari - Chairman
Mr. Daljit Mirchandani
Mr. Hemant Luthra
Mr. Jesus Maria Herrera Barandiaran

Stakeholders' Relationship Committee

Mr. Dhananjay Mungale - Chairman
Mr. Daljit Mirchandani

Corporate Social Responsibility Committee

Mr. Daljit Mirchandani – Chairman
Mr. Dhananjay Mungale
Mr. Hemant Luthra

• Auditors

B. K. Khare & Co. Chartered Accountants
706/708, Sharda Chambers,
Mumbai - 400 020

• Bankers

State Bank of India
Bank of Baroda
IDBI Bank Limited
ICICI Bank Limited

• Registrar and Share Transfer Agents

Karvy Computershare Private Limited
Karvy Selenium, Tower B, Plot 31 & 32,
Financial District, Gachibowli,
Hyderabad, 500032
Website : www.karvy.com
E-mail : support@karvy.com
einward.ris@karvy.com

DIRECTORS' REPORT

To,
The Members,
Mahindra CIE Automotive Limited

Your Directors present the 17th Annual Report of the Company together with the audited financial statements of your Company for the Financial Year (FY) ended 31st December, 2015.

A. FINANCIAL HIGHLIGHTS (STANDALONE)

(₹ in Million)

PARTICULARS	FY ended 31 st December, 2015* (9 months period)	FY ended 31 st March, 2015* (12 months period)
Total Income	12,087.1	16,624.8
Profit before Interest, Depreciation, Exceptional Items and tax	1,059.0	1,531.8
Less : Depreciation	543.9	688.7
Profit before Interest, Exceptional Items and tax	515.1	843.1
Less : Interest and Finance cost	22.9	140.4
Profit before Exceptional Items and Tax	492.2	702.7
Less: Exceptional items	-	-
Profit before tax	492.2	702.7
Profit after tax	308.5	776.7
Balance of Profit & Loss Account Profit carried forward (brought forward losses) from earlier years	1,740.5	(655.0)
Adjustments related to merger & prior period depreciation	-	1,618.8
Profit / (Loss) carried to Balance Sheet	2,049.0	1,740.5

* The figures are not comparable. Current financial year of the Company ended on 31st December, 2015 covering a period of nine months from 1st April, 2015 to 31st December, 2015 and previous financial year covered a period of twelve months from 1st April, 2014 to 31st March, 2015.

Financials

During the financial period under review your Company registered a total income of ₹ 12,087.1 Million for 9 months as against ₹ 16,624.8 Million for 12 months in the previous year and Profit before Interest, Depreciation, Exceptional items and tax of 1,059.0 Million as against ₹ 1,531.8 Million in the previous year. The net profit after tax for the current financial period stood at ₹ 308.5 Million as against a net profit of ₹ 776.7 Million over the previous year.

Dividend

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

Transfer to Reserves

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

Change the Financial Year of the Company

During the Financial Year, the Hon'ble Company Law Board, New Delhi Bench, vide its order dated 15th October, 2015, allowed the Petition filed by the Company, pursuant to Section 2(41) of the Companies Act, 2013, for change in the Financial Year of the Company from 1st April to 31st March (Both days inclusive) to 1st January to 31st December (Both days inclusive) every year.

The Board of Directors at its meeting held on 21st October, 2015 took on record the said order confirming the change in Financial Year of the Company.

Pursuant to above, the previous Financial Year of the Company closed on 31st December, 2015 covering a period of nine (9) months commencing from 1st April, 2015.

All the subsequent Financial Years of the Company shall cover a period of twelve (12) months commencing from 1st January and closing on 31st December of every year (Both days inclusive).

B. OPERATIONAL HIGHLIGHTS

India

With M&M and Tata Motors being key customers, growth has been a challenge in the recent past. Your Company has focused on increasing Plant efficiency and developing value added components to mitigate the effect of low volumes. With the help of CIE, the different verticals of the India operations are developing new products, and customers.

Forgings - Germany + U.K.

A two phase strategy focused on a turnaround in profitability has been followed at Germany with phase 1 focusing on cost reduction and in phase 2 to improve profitability by optimising product - process - location combination. Accordingly as part of phase 2, it was decided to close the Jeco plant in February, 2015. The closure was completed with effect from 30th November 2015. The parts produced at this plant are being shifted to the other plants within Germany. In addition there have been reductions in personnel at other plants that will lead to increased productivity in the medium term. These restructuring measures have involved a one time restructuring & redundancy costs of Euro 10.5 mn and will result in cost savings from current year.

Forgings - Spain + Lithuania

MCIE's operations in Spain and Lithuania has been consistently profitable over the last few years and its EBITDA margins are in line with the consolidated margins of the CIE group worldwide. The strategic focus is to maintain profitability at these plants while growing with the market.

Gears - Italy

MCIE's Gears operation in Italy has substantially improved its profitability mainly due to:

- A general increase in sales margins, as a result of careful analysis of the customer/product portfolio

and the production process, carried out last year and

- The restructuring performed in previous years, which took full effect in 2015, allowing the Company to adapt its cost structure to current production needs.

Gears India

Gears India has significant dependence on the Indian tractor market which experienced another year of contraction. In order to improve profitability, the company restructured its operations resulting in cost saving. It also aimed at diversifying its customer base, focusing on exports which in CY15 amounted to 45% of sales.

C. CHANGES IN SHARE CAPITAL AND ISSUE OF SHARES

During the year ended 31st December, 2015, the Company has issued and allotted 359,786 equity shares of face value of ₹ 10/- each, pursuant to exercise of options under the Company's Employee Stock Option Scheme.

Pursuant to the above, as on 31st December, 2015 the issued capital of the Company was increased to ₹ 3,233,369,930/- and subscribed and paid-up equity capital increased to ₹ 3,233,360,480/-.

Inter-se Transfer of shares by Promoter

On 30th December, 2015, Mahindra & Mahindra Ltd. ("M&M") transferred its entire shareholding in the Company i.e. 6,52,71,407 equity shares aggregating to 20.19% of the paid-up capital of the Company to Mahindra Vehicle Manufacturers Limited ("MVML"), which was an inter-se transfer of shares amongst qualifying persons.

Pursuant to the SEBI (Substantial Acquisition of shares and Takeover) Regulations, 2011 and SEBI (Prohibition of Insider Trading) Regulations, 2015 necessary disclosure were submitted to stock exchanges.

With aforesaid transfer MVML has become a Promoter of the Company and M&M continue to be part of the Promoter Group of the Company.

There is no change in Promoter and Promoter Group shareholding in the Company post the above transfer and it stands at 74.79% of the paid-up equity capital of the Company as on 31st December, 2015.

Employees' Stock Option Scheme

Employees' Stock Option Scheme (ESOS-2007) was formulated by the Remuneration/Compensation committee of directors of the Company and was approved by the shareholders at the Annual General Meeting of the Company held on 25th July, 2007. The Scheme has been effective from 26th October, 2007 and shall continue to be effective till terminated by Remuneration / Compensation Committee (now Nomination and Remuneration Committee).

The ESOS-2007 was amended vide special resolutions passed by the Shareholders in the 9th Annual General Meeting held on 29th July, 2008 and further amended by special resolutions passed by the Shareholders in the 12th Annual General Meeting held on 2nd August, 2011. Thereafter, the Board of Directors of the Company amended the ESOS-2007 on 12th December, 2014 for incorporating suitable clauses to grant the Options to the Eligible

employees of MUSCO and MCL, pursuant to the Integrated Scheme and the Composites Scheme of Amalgamation.

During the year under review, the shareholders of the Company at 16th Annual General Meeting held on 15th September, 2015 approved by way special resolution Mahindra CIE Automotive Limited - Employees Stock Options Scheme 2015 (ESOS - 2015) and authorised Board to, grant, issue, offer and allot not exceeding 3,231,147 stock Options to employees, Directors of the Company, whether working in India or outside India, and the employees, directors (working in India or outside India) of the holding company(ies), and subsidiary company(ies), in India or out of India in accordance with the prevailing Regulations or other provisions of the law as may be applicable.

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

During the year, no stock options have been granted by the Company under ESOS-2007. Further, the company has not been granted any options under ESOS-2015 as on 31st December, 2015.

The ESOS-2007 and ESOS-2015 are in compliance with the SEBI (Share Based Employee Benefits) Regulations, 2014. The certificate issued by the Statutory Auditors of the Company to the effect that the Scheme has been implemented in accordance with the said Regulations and the resolution passed by the members will be placed before the shareholders at the ensuing Annual General Meeting.

The information that a Company is required to disclose, in relation to ESOS under the Companies Act, 2013, and the details of the ESOS being implemented, as specified by SEBI under Clause 14 of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 is uploaded on the website of the Company at <http://www.mahindracie.com/investors/investor-relations/governance.html>

The said information is also provided in the Note No. XXVII(3) of the Notes to Financial Statements.

D. SUBSIDIARY COMPANIES

At the beginning of the Financial Year the Company had 17 subsidiaries namely Mahindra Forgings International Limited, (Mauritius), Mahindra Forgings Global Limited, (Mauritius), Stokes Group Limited, (U.K.), Mahindra Gears & Transmissions Private Limited (India), Mahindra Gears Global Limited (Mauritius), CIE Galfor S.A., (Spain) Mahindra Forgings Europe AG (Germany), Jeco Jellinghaus GmbH (Germany), Stokes Forgings Ltd. (U.K.), Stokes Forgings Dudley Ltd. (U.K.), Gesenkschmiede Schneider, GmbH (Germany), Falkenroth Umformtechnik GmbH, (Germany), Schoneweiss & Co. GmbH, (Germany), Metalcastello S.p.A., (Italy) CIE Legazpi S.A., (Spain), UAB CIE LT Forge, (Lithuania) and Crest Geartech Private Limited, (India).

No subsidiaries were added or liquidated or sold during the Financial Year under review. Mahindra Gears & Transmissions Private Limited became wholly owned subsidiary of the Company.

Stokes Forgings Limited and Stokes Forgings Dudley Limited are dormant companies. All other subsidiaries are operational

except Crest Geartech Private Limited and Jeco Jellinghaus GmbH.

The performance and financial position of each of the subsidiaries included in the consolidated financial statement is given in the Management Discussion and Analysis Report attached to the Board's Report.

Further, as required under Section 129(3) of the Companies Act, 2013 read with the Rules, a statement containing the salient features of the financial statement of the subsidiaries in prescribed form AOC-1 is attached to the Financial Statements.

The Consolidated Financial Statements of the Company and its subsidiaries, as required under Section 134(1) of the Act, prepared in accordance with Accounting Standard AS 21 forms a part of the Annual Report.

In accordance with Section 136 of the Act, the separate accounts in respect of each of the Subsidiaries are uploaded on the website of the Company and copies of the same shall be provided to shareholders of the Company on receipt of request for such copies.

E. MANAGEMENT DISCUSSION AND ANALYSIS

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

F. BOARD OF DIRECTORS AND COMMITTEES

Directors

The Board, on recommendation of Nomination and Remuneration Committee, appointed Mr. Shriprakash Shukla (DIN: 00007418) as an Additional Director with effect from 1st April, 2015 who was confirmed as Director at the Annual General Meeting held on 15th September, 2015. Mr. Hemant Luthra was appointed as an Executive Director of the Company with effect from 1st April, 2015.

Mr. Hemant Luthra and Mr. Jesus Maria Herrera Barandiaran Directors on the Board, are liable to retire by rotation at the ensuing general meeting, pursuant provisions of Section 152 of the Act and the Articles of Association of the Company and offered themselves for re-appointment.

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

The Company has received declarations from each of the Independent Directors confirming that they meet the criteria of Independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013 and also in the Regulation 16(1) (b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations).

Meetings of Board of Directors

The calendar of the Board/ Committee Meetings and the Annual General Meeting are circulated to the Directors in advance to enable them to plan their schedule for effective participation at the respective meetings. Additional Board Meetings are

convened by giving appropriate notice to address business exigencies. At times certain decisions are taken by the Board/ Committee through circular resolutions.

The Board of Directors of the Company met three times during the Financial Year (covering a nine months period) ended 31st December, 2015, viz. 11th May, 2015; 27th July, 2015 and 21st October, 2015. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013 and Listing Regulations.

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

Meeting of Independent Directors

The Independent Directors met once during the Financial Year under review. The Meeting was conducted in an informal manner without the presence of the Non-Independent Directors and members of management.

Performance Evaluation of the Board

Pursuant to the provisions of the Companies Act, 2013, the Board has carried out an annual performance evaluation of its own performance, the performance of individual directors as well as the evaluation of the working of its Committees.

The Company has formulated a Policy for performance evaluation of the Board as a whole, Individual Directors, Committees which also includes feedback to the Chairman.

A questionnaire, based on criteria approved by the Nomination and Remuneration Committee, for evaluation of performance of Board, Committees of Board and Individual director was prepared. The Board on recommendation of the Nomination and Remuneration Committee, approved to obtain the feedback of all the Directors on the said Questionnaire through electronic platform. An Independent Agency was appointed to provide the electronic platform. Web link of the electronic platform along-with username and passwords of respective board members for accessing such platform was forwarded by the Independent Agency.

The Board Members provided their feedback on the standard questionnaire through the electronic platform. The members were also able to give qualitative feedback apart from the standard questionnaire.

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

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

Familiarisation Programme for Independent Directors

The details of programmes for familiarisation of Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company and related matters are given in the Report on Corporate Governance. The familiarisation programme and other disclosures as specified under regulation 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is available on the website of the Company at the link: <http://www.mahindrachie.com/investors/investor-relations/governance.html>

Policy on Appointment and Remuneration

In accordance with the provisions of Section 134(3)(e) of the Companies Act, 2013 ("the Act") read with Section 178(2) of the Act and the Listing Regulations, the Company has formulated following policies which *inter alia*, includes the criteria for determining qualifications, positive attributes and independence of Directors.

- i. A policy on Appointment of Directors and Senior Management and succession planning for orderly succession to the Board and the Senior Management,
- ii. A policy on remuneration of Directors, Key Managerial Personnel and other employees of the Company.

The extract of the above policies are annexed as **Annexure VII & VIII** respectively and forms part of this Report.

Committees of the Board

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

The Board of Directors of the Company has formed an Audit Committee which consist of the Independent Directors namely Mr. Daljit Mirchandani as the Chairman, Mr. Jose Sabino Velasco Ibanez, Mr. Manoj Maheshwari and Mr. Dhananjay Mungale.

All the recommendations of the Audit Committee were accepted by the Board during the financial year under review.

The other Committees of the Board are:

- i) Nomination and Remuneration Committee
- ii) Stakeholders' Relationship Committee
- iii) Corporate Social Responsibility Committee
- iv) Allotment Committee

The details with respect to the composition, powers, roles, terms of reference, Meetings held and attendance of the members at such Meetings of the relevant Committees are provided in the Report on Corporate Governance of the Company which forms part of this Annual Report.

Directors' Responsibility Statement

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

- (a) in the preparation of the annual accounts for the Financial Year ended 31st December 2015, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the Financial Year ended 31st December 2015 and of the profit and loss of the company for that period;
- (c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) the directors had prepared the annual accounts for the Financial Year ended 31st December 2015 on a going concern basis;
- (e) the directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- (f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

G. GOVERNANCE

Report on Corporate Governance

Your Company's philosophy on Corporate Governance sets the goal of achieving the highest level of transparency, accountability in all its dealings with the stakeholders, employees and the government. The practice of responsible governance has enabled your Company to achieve sustainable growth, while meeting the aspirations of its stakeholder's and societal expectations. A report on Corporate Governance along with a Certificate from the Auditors of the Company regarding the compliance of conditions of Corporate Governance as stipulated under the Listing Regulations forms part of the Annual Report.

Vigil Mechanism / Whistle Blower Policy

The Company promotes ethical behaviour in all its business activities and has established a vigil mechanism for Directors and Employees to report their genuine concerns.

Your Company has formulated a policy "Whistle Blower Policy/ (Vigil) Mechanism" pursuant to Section 177 of the Companies Act, 2014 read with Regulation 22 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 which provides a mechanism for employees, directors and other stakeholders of the Company to report concerns about unethical behavior, actual or suspected fraud or violation of the company's code of conduct or ethics policy. This mechanism also provide for adequate safeguards against victimization of director(s) / employee(s) / other stakeholders who avail of the mechanism and also provide for direct access to the Chairman of the Audit Committee in exceptional cases. The detail of such Policy is explained in the Corporate Governance Report and has been uploaded on the website of the Company. <http://www.mahindrachie.com/investors/investor-relations/governance.html>

Risk Management Framework

In terms of the requirement of the Act, the Company has developed and implemented the Risk Management Framework and the Audit Committee of the Board as well as the Board

reviews the same periodically. Your Company has also established procedures to periodically place before the Board, the risk assessment and minimisation procedures being followed by the Company and steps taken by it to mitigate the Risks.

Brief of the Policy and important element of risk which may threaten the existence of the Company are provided in the Management Discussion and Analysis Report.

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

In accordance with the provisions of Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has framed Policy for determination of Materiality for disclosure of events or information. The same has been hosted on the website of the Company at the link: <http://www.mahindrachie.com/images/pdf/resources/Governance/policy-on-criteria-for-determining-materiality-of-events.pdf>

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

Internal financial controls

Your Company has in place adequate internal financial controls commensurate with the size, scale and complexity of its operations. Review of the internal financial controls environment of the Company was undertaken during the previous year which covered verification of entity level control, process level control and IT controls, identification, assessment and definition of key business processes and analysis of risk control matrices, etc. During the period under review, effectiveness of internal financial controls was evaluated. Reasonable Financial Controls are operative for all the business activities of the Company and no material weakness in the design or operation of any control was observed. The internal financial controls with reference to the Financial Statements are commensurate with the size and nature of business of the Company.

Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

Your Company has always believed in providing a safe and harassment free workplace for every individual working and endeavors to create and provide an environment that is free from discrimination and harassment including sexual harassment.

The Company has put in place a 'policy on Sexual Harassment' with aim to redress sexual harassment instances, to create mechanism on redressal of such issues at workplace and sensitizes employees on how to report such offences to the committee or to a senior executive.

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

H. EMPLOYEES

Key Managerial Personnel (KMP)

Apart from the Managing Director and Executive Directors, Mr. Romesh Kaul, Chief Executive – Composites Division, Mr. Sanjay Joglekar, Chief Financial Officer, and Mr. Krishnan

Shankar, Company Secretary and Head-Legal are the KMPs of the Company.

During the period under review there was no change in KMPs.

Particulars of Employees

As required under Section 197(12) of the Act and Rule 5 of Companies (Appointment and Remuneration of Managerial Remuneration) Rules, 2014 the ratio of the remuneration of each director to the median remuneration of employees of the company and other details as prescribed therein are provided as **Annexure V** to this Report.

The Company has employees who were in receipt of remuneration not less than ₹ 60,00,000/- per annum during the year ended 31st December, 2015 or employee who were employed for a part of the Financial Year and were in receipt of remuneration of not less than ₹ 5,00,000/- per month during any part of the said year. Statement of Particulars of such employees is provided as **Annexure VI** to this report

The Companies do not have employees who were employed throughout the Financial Year or part thereof, was in receipt of remuneration in that year which, in the aggregate, or as the case may be, at a rate which, in the aggregate, is in excess of that drawn by the managing director or whole-time director or manager and holds by himself or along with his spouse and dependent children, not less than two percent of the equity shares of the company.

Industrial Relations

Industrial Relations generally remained cordial and harmonious throughout the year.

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

I. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186

Particulars of loans given, investments made, guarantees given and securities provided along with the purpose for which the loan or guarantee or security are given is provided in the note no. XI & XIV of the notes to the Financial Statements.

J. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All related party transactions that were entered into during the Financial Year were on an arm's length basis and were in the ordinary course of business, accordingly, the disclosures pursuant to Section 134(3) (h) read with Rule 8(2) of the Companies (Accounts) Rules, 2014, in Form AOC-2 is not applicable.

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

The Company has formulated an Policy on materiality of and dealing with Related Party Transactions and the same has been uploaded on the website of the Company at http://www.mahindrachie.com/images/pdf/resources/Governance/Policy_on_Related_Party_Transaction.pdf

K. PUBLIC DEPOSITS AND LOANS/ADVANCES

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

L. TRANSFER OF AMOUNTS TO INVESTOR EDUCATION AND PROTECTION FUND

Pursuant to the Integrated Scheme and the Composites scheme Mahindra Ugine Steel Company Limited (MUSCO) and Mahindra Composites Limited (MCL) merged with the Company. Both MUSCO and MCL had unclaimed dividends which are transferred in the Books of the Company. Pursuant to the provisions of the Investor Education Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, the Company has uploaded the details of said unpaid and unclaimed amounts now lying with the Company on the website of the Company at <http://www.mahindrasteel.com/investors/downloads/documents.html#unclaimed-dividends>

Under the Companies Act, 1956, dividends that are unclaimed for a period of seven years are required to be transferred to the Investor Education and Protection Fund (IEPF) administered by the Central Government. Pursuant to the provisions of Section 205C of the Companies Act, 1956 and Investor Education and Protection Fund (Awareness and Protection of Investors) Rules, 2001 the Company had transferred following amounts to the IEPF in respect of the dividend declared for Financial Year ended on 31st March 2008, which remained unpaid or unclaimed for a period of seven years and due for payment.

- i) ₹ 7,21,599/- in respect of the dividend declared by MUSCO (Transferor Company amalgamated with MCIE)
- ii) ₹ 1,85,345/- in respect of the dividend declared by MCL (Transferor Company amalgamated with MCIE)

No claim lies against the Company in respect of these dividends.

M. SUSTAINABILITY

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

Awareness on sustainability

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

Safety, Health and Environment Performance

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

Safety and Health

All our existing plants continued their EHSMS certification status through external assessment by renowned bodies like BureauVeritas, TUV Nord, TUV SUD and DNV. For further enhancement in the performance, near miss incident reporting system, property damage incident investigations and Behavioural based safety systems are being launched in each site in a phased manner. The new sites of Ears-Chakan and Stampings-Zaheerabad shall complete their EHSMS certification by June 2016.

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

Environmental Initiatives

Since the last few years, your Company has been focusing external certifications for achieving world class environmental standards.

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

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

1. **Water:** On the whole, all plants have continued their efforts for water conservation. The major water consuming plants like Foundry, Paint shop in Stampings Rudrapur and Magnetic products division have taken good initiatives. Due to such initiatives the Company have recycled about 70 thousand cubic meters of water in CY 15.
2. **Energy:** While each plant continued their focused programs for energy conservation, in view of the reduced overall production levels during the period, the specific energy consumption targets in most of the units could not be achieved. However in absolute terms, in CY 15, we have saved about 4.3 lac units of electricity. All the plant energy managers participated in the annual Energy conference of Mahindra group of companies and have learnt about the horizontal deployment possibilities from other plants. The plants are also exploring possibilities for using solar energy on a large scale in few Stampings locations. Heat recovery projects are being pursued at Magnetic products division and Forgings Heat treatment sections. Foundry and Forgings division participated in the annual contests by state level energy development agency and the Forgings division has won the award.
3. **Waste management:** Waste reduction efforts have been continued across all plants. Commendable efforts have been taken by Forgings, Foundry and Stampings for waste reduction. Magnetic products division and Composites-Mangaon are planning special focused initiatives in this area in CY 2016.

4. **Green Supply Chain Management:** Almost all the plants have continued their focused efforts in engaging their suppliers for sustainable supply chain development drive through planned interactions, training, audits, reviews and best practice sharing sessions.
5. **EOHS Legal compliances:** All the plants have robust systems for ongoing EHS legal compliance monitoring, evaluation and corrective actions. The fire NOC, fire hydrant systems development projects have been undertaken at Composites and Foundry divisions. Sewage treatment plants and ETP up-gradation work at Composites Mangaon site is being expedited.
6. **GRI reporting on Sustainability:** The Company is amongst the top 500 listed companies list on Stock Exchanges in India, Business responsibility reporting will become applicable from the annual reports of calendar year 2016 onwards.

Corporate Social Responsibility (CSR)

Your Company has constituted a CSR Committee in accordance with Section 135 of the Companies Act, 2013; it has developed and implemented the policy on Corporate Social Responsibility.

Further, your Company encourages its employees to participate in the Employee Social Options (ESOPs) program, to drive positive change in society, through Health checkup camps, tree plantation, vocational guidance to school children in the nearby schools etc.

During the year under review, the employees of your Company participated in various education and health related programs in local communities.

As part of its initiatives under CSR the Company has further undertaken projects in the areas of Rural Development, conservation of Natural Resources, Education, Skill Developments, Health and Environment. These projects are in accordance with Schedule VII of the Companies Act, 2013.

The Company was required to spend an amount of ₹ 10.40 Million (including ₹ 1.38 Million unspent amount of last year carried forward). During the year the Company has established a formal structure to drive CSR within organisation and is committed to discharging its social obligation. The CSR Thrust areas have been identified where the Company wish to create equity and also laid down guiding criteria for selecting projects which includes sustainability, social impact etc.

The Company had indentified few projects on the parameters set by the CSR Committee and had been analyzing such projects on the basis of criteria so set. However, in view of the fact that the Financial Year is ending on 31st December, 2015 covering a period of 9 months the Company could not finalise the projects to be undertaken.

Various projects are under discussion in the area of Education and Skill Development viz-a-viz adoption of a school, skill development projects in association with ITI etc. The Company is also considering project in the area of Rural Development.

While we are taking some time to define and articulate our internally generated CSR Projects better, seeking help from external experts as well and after incorporating the key suggestions of the Committee, we will have a significant number of Projects that will need a prolonged engagement from our

side, in order to start seeing results. With this, we have enough opportunities to spend the money carried forward, for the chosen Projects.

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

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

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

N. EXTRACT OF ANNUAL RETURN

Pursuant to sub-section 3 (a) of Section 134 and sub-section (3) of Section 92 of the Companies Act, 2013, read with Rule 12 of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return as at 31st December, 2015 forms part of this report as **Annexure II**.

O. AUDITORS

Statutory Auditors

Messrs. B. K. Khare & Co., Chartered Accountants, Mumbai (Firm Registration No. 105102W) the Statutory Auditors of the Company hold office till the conclusion of the forthcoming Annual General Meeting (AGM) and are eligible for re-appointment.

Pursuant to the provisions of Section 139 of the Companies Act, 2013 read with the Rules framed thereunder, the transition Period available under Companies Act 2013 and change in financial year of the Company, it is proposed to appoint Messrs. B. K. Khare & Co., as the Statutory Auditors of the Company from the conclusion of the forthcoming AGM till the conclusion of the next AGM. This will be their last term as Auditors of the Company.

As required under the provisions of Section 139(1) of the Companies Act, 2013 the Company has received a written consent from Messrs. B. K. Khare & Co., Chartered Accountants to their re-appointment and a certificate, to the effect that their re-appointment, if made, would be in accordance with the Companies Act, 2013 and the Rules framed thereunder and that they satisfy the criteria provided in Section 141 of the Companies Act, 2013 read with Rule 4(1) of the Companies (Audit and Auditors) Rules, 2014 and that they are not disqualified for re-appointment.

The Auditors' Report does not contain any qualification, reservation or adverse remark and notes thereto are self explanatory and does not require any explanations.

Secretarial Audit Report

The Board has appointed Mr. Sachin Bhagwat, (ACS No. 10189) Practicing Company Secretary, Pune as Secretarial Auditor to conduct the Secretarial Audit of the Company for the Financial Year 2015. Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and in

accordance with the provisions of sub-section (1) of Section 204, the Secretarial Audit Report for the Financial Year ended 31st December, 2015 is appended to this Report as **Annexure III**.

The report does not contain any qualification, reservation or adverse remark and notes thereto are self explanatory and does not require any explanations.

Cost Audit Report

Messrs. Dhananjay V. Joshi & Associates, Cost Accountants, Pune, (Firm Registration Number 000030) conducted the audit of Cost Accounting Records maintained by the Company for the Financial Year 2014 - 15 and submitted their report which has been filed with the Central Government, Ministry of Corporate Affairs, New Delhi.

The Board of Directors upon recommendation of the Audit Committee, appointed Messrs. Dhananjay V. Joshi & Associates, Cost Accountants, Pune as the Cost Auditors of the Company to conduct the Audit of the Cost Accounting Records maintained by for Company for the Financial Year commencing from 1st April 2015 . The Cost Auditors shall forward their report to Board and the same shall be filed with the Central Government, Ministry of Corporate Affairs, New Delhi within the prescribed time.

The Board has re-appointed Messrs. Dhananjay V. Joshi & Associates, Cost Accountants, Pune as the Cost Auditors of the Company to conduct the Audit of the Cost Accounting Records maintained by the Company for the Financial Year commencing from 1st January, 2016. As required under the provisions of Section 148 of the Act read with rules made thereunder, the Company has obtained a written confirmation from M/s. Dhananjay V. Joshi & Associates to the effect that they are eligible for reappointment as Cost Auditors under the said Section. The Audit Committee has also received a certificate from the Cost Auditor certifying

their independence and arm's length relationship with the Company.

As per the provisions of the Companies Act, 2013, the remuneration payable to the Cost Auditor is placed before the Members in the ensuing Annual General Meeting for their ratification.

P. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS

During the Financial Year under review, no significant and material orders were passed by the regulators or courts or tribunals that would impact the going concern status of the Company and its future operations.

Acknowledgement

Your Directors wish to place on record their sincere appreciation to the Bankers of the Company, Company's customers, vendors and investors for their continued support during the year.

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

For and on behalf of the Board

Hemant Luthra
Chairman
DIN: 00231420

Date : 22nd February 2016
Place : Mumbai

ANNEXURE- I

THE ANNUAL REPORT ON CSR ACTIVITIES

1)	Brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs	<p>Corporate Social Responsibility (CSR) has been an integral part of the way Mahindra CIE Automotive Limited, (MCIE or the Company) has been doing business since inception. MCIE is committed to its social responsibilities and takes initiatives to serve the society as a good corporate citizen.</p> <p>The objective of the CSR policy is to -</p> <ul style="list-style-type: none">● Promote a unified and strategic approach to CSR across the Company by incorporating under one umbrella the diverse range of activities, select constituencies and causes to work for, thereby ensuring a high social impact.● Ensure an increased commitment at all levels in the organisation, by encouraging employees to participate in the Company's CSR and give back to society in an organised manner through the employee volunteering programme called ESOPs. <p>The Company will focus its CSR activities on the surrounding villages in and around Company offices and factories in the domains of Rural Development, Conservation of Natural Resources, education, skill development, health and environment. The Company may also make contributions to Nanhi Kali and any other similar projects of Mahindra group, funds set up by the Government which qualifies the criteria as per CSR Rules and the relevant provisions of the Companies Act, 2013.</p> <p>During the year the Company has successfully completed the following CSR Projects undertaken during the last financial year:</p> <ul style="list-style-type: none">i) Developing Garden on Gram Panchayat land for Village Community.ii) Village Lake Cleaning & Beautification.iii) Tar Road project in Urse <p>Further, the Company also undertaken various CSR activities as under;</p> <ul style="list-style-type: none">i) Infrastructure developments at old age homes day careii) Infrastructure Improvements at School like fixing paving blocks, girls toilet provision of Books, Furniture, School Bags, Gas Cylinders etc.iii) Tree plantation at different places <p>Various projects in the area of Education and Skill Development are under review like adoption of a school, skill development projects in association with ITI etc. The Company is also considering project in the area of "Rural Development".</p> <p>The CSR policy has been uploaded on the Company's website at http://www.mahindrachie.com/images/pdf/resources/Governance/csr-policy-mcie.pdf</p>																
2)	The Composition of the CSR Committee	<table><tr><th>Sr. No.</th><th>Name of the Director</th><th>Category</th><th>Designation</th></tr><tr><td>1</td><td>Mr. Daljit Mirchandani</td><td>Independent Director</td><td>Chairman</td></tr><tr><td>2</td><td>Mr. Dhananjay Mungale</td><td>Independent Director</td><td>Member</td></tr><tr><td>3</td><td>Mr. Hemant Luthra</td><td>Chairman and Executive Director</td><td>Member</td></tr></table>	Sr. No.	Name of the Director	Category	Designation	1	Mr. Daljit Mirchandani	Independent Director	Chairman	2	Mr. Dhananjay Mungale	Independent Director	Member	3	Mr. Hemant Luthra	Chairman and Executive Director	Member
Sr. No.	Name of the Director	Category	Designation															
1	Mr. Daljit Mirchandani	Independent Director	Chairman															
2	Mr. Dhananjay Mungale	Independent Director	Member															
3	Mr. Hemant Luthra	Chairman and Executive Director	Member															
3)	Average net profit of the company for last three financial years	₹ 452.54 Million																
4)	Prescribed CSR Expenditure (two per cent. of the amount as in item 3 above)	<table><tr><th>Particulars</th><th>Amount ₹ (In Million)</th></tr><tr><td>Two per cent. of the amount as in item 3 above</td><td>9.05</td></tr><tr><td>Amount unspent last year</td><td>1.38</td></tr><tr><td>Total CSR expenditure required</td><td>10.43</td></tr></table>	Particulars	Amount ₹ (In Million)	Two per cent. of the amount as in item 3 above	9.05	Amount unspent last year	1.38	Total CSR expenditure required	10.43								
Particulars	Amount ₹ (In Million)																	
Two per cent. of the amount as in item 3 above	9.05																	
Amount unspent last year	1.38																	
Total CSR expenditure required	10.43																	
5)	Details of CSR spent during the financial year	As under:																
	● Total amount spent during the Financial Year	₹ 4.06 million																
	● Amount unspent, if any	₹ 6.36 million																
	● Manner in which the amount spent during the Financial year is detailed below	CSR Activities as stated below:																

(₹ In Million)							
Sr. No.	CSR Project or Activity Identified	Sector in which the Project Is proposed	Projects or programs 1) Local area or other 2) Specify the State and district where projects or programs was undertaken	Amount Outlay (budget) project or program- wise	Amount spent on the project or programs Sub-heads: during Financial Year 1 st April 2015 to 31 st December, 2015 (1) Direct expenditure on projects or programs - (2) Overheads	Cumulative expenditure up to the reporting period	Amount Spent : Direct or through implementing agency
1	Developing Garden on Gram Panchayat Land for Village Community	Rural Development Projects	Local Area - at Village Ambethan, Near Forgings Plant, Chakan District: Pune State: Maharashtra	2.21	2.21	2.21	Direct through a Contractor
2	Village Lake Cleaning & Beautification	Rural Development Projects and Conservation of Natural Resources	Local Area at Village Ambethan Near Forgings Plant, Chakan District: Pune State: Maharashtra	0.49	0.49	0.49	Direct through a Contractor
3	Tar Road Project	Rural Development Projects	Local Area at Village Urse Near Foundry Plant, Urse Tal:- Maval District: Pune State: Maharashtra	2.29	0.33	2.29	Direct through a Contractor
4	Employees Social Option Plans (Water conservation and arrangement of safe drinking water, AIDS Awareness, Sex Education, Yoga Sessions, No Tobacco Awareness and Blood Donation Camp, and Career Guidance, Value Education,)	Promotion of Education, improving school infrastructures, promoting preventive health care and sanitation, ensuring environmental sustainability.	Local area at 1) Village-Keshavnagar, Vadgaon, Dist.- Pune, State-Maharashtra 2) Lalpur, Dist.-Udham Singh Nagar State-Uttarakhand 3) Village-Kanhe, Talegaon Dabhade, Naigaon, Malegaon Borade, Dist.-Pune, State-Maharashtra 4) State-Maharashtra 5) Village-Trambakeshwar, Sayyad Pimpri, Dist.-Nasik, State-Maharashtra 6) Local area-Kichha, Dist.-Udham Singh Nagar State-Uttarakhand 7) Local area-Village-Sajjana, Rameshwarpur, Narayanpur, Rudrapur, Dist.-Udham Singh Nagar State-Uttarakhand 8) Local area-Kichha, Dist.-Udham Singh Nagar State-Uttarakhand	0.20	0.06	0.27	Direct
5	Health Checkups, provision of medical aids to handicapped and blood donation camps	Promotion of Health Care	Urse Village, Taluka Maval, District Pune Mangaon Dist. Raighad and area near pune Local area, Village-Sayyad Pimpri, Dist.-Nasik, State-Maharashtra	0.16	0.03	0.25	Direct

(₹ In Million)							
Sr. No.	CSR Project or Activity Identified	Sector in which the Project Is proposed	Projects or programs 1) Local area or other 2) Specify the State and district where projects or programs was undertaken	Amount Outlay (budget) project or program- wise	Amount spent on the project or programs Sub-heads: during Financial Year 1 st April 2015 to 31 st December, 2015 (1) Direct expenditure on projects or programs - (2) Overheads	Cumulative expenditure up to the reporting period	Amount Spent : Direct or through implementing agency
6	Infrastructure Improvements at School like fixing paving blocks, girls toilets provision of Books, Furniture, School Bags, Gas Cylinders etc.	Education	Urse Village, Taluka Maval, District Pune Mangaon Dist. Raighad and area near pune	0.60	0.56	0.87	Direct
7	Tree Plantation	Environment	Urse Village, Taluka Maval, District Pune other areas of pune	0.30	0.27	0.42	Direct
8	Infrastructure Development at old age homes day care	Community development	Local area, Village Talegaon Dabhade, Dist.- Pune, State-Maharashtra	0.11	0.11	0.11	Direct through a Contractor
9	Construction of crematorium	Rural Development Projects	Local area at : 1) Kanhe village, Pune district & Maharashtra State	-	-	0.71	Direct through a Contractor
Total				6.36	4.06	7.63	

6) Reasons for not spending full amount

The Company was required to spend an amount of ₹ 10.43 Million (including 1.38 Million unspent amount of last year carry forward). During the year the Company has established a formal structure to drive CSR within organisation and is committed to discharging its social obligation. The CSR thrust areas have been identified where the Company wish to create equity and also laid down guiding criteria for selecting projects which includes sustainability, Social Impact etc.

The Company had indentified few projects on the parameters set by the Committee and had been analyzing such projects on the basis of criteria so set. However, in view of the fact that the financial year ended on 31st December, 2015 covering a period of 9 months the company could not finalise the projects to be undertaken.

Various projects are under discussion in the area of Education and Skill Development viz-viz adoption of a school, skill development projects in association with ITI etc. The Company is also considering project in the area of "Rural Development".

While we are taking some time to define and articulate our internally generated CSR Projects better, seeking help from external experts as well and after incorporating the key suggestions of the Committee, we will have a significant number of Projects, that will need a prolonged engagement from our side, in order to start seeing results. With this, we have enough opportunities to spend the money carried forward, for the chosen Projects.

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

K. Ramaswami
Managing Director

Daljit Mirchandani
Chairman CSR Committee

Date: 22nd February, 2016
Place: Mumbai

Annexure II

FORM NO. MGT 9 EXTRACT OF ANNUAL RETURN

As on Financial Year ended on 31.12.2015

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

I. REGISTRATION & OTHER DETAILS:

1.	CIN	L27100MH1999PLC121285
2.	Registration Date	13/08/1999
3.	Name of the Company	Mahindra CIE Automotive Limited
4.	Category/Sub-category of the Company	Public Company Limited by Shares
5.	Address of the Registered office & contact details	Mahindra Towers, P.K. Kurne Chowk, Worli, Mumbai – 400018 Tel: +91 22 24901441 Fax: +91 22 24915890 www.mahindrachie.com mcie.investors@mahindrachie.com
6.	Whether listed company	Yes
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Karvy Computershare Pvt. Ltd. Karvy Selenium Tower B, Plot Number 31 & 32 Financial District Gachibowli Hyderabad 500 008 India P : +91 040 6716 1500 einward.ris@karvy.com www.karvycomputershare.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY (All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

Sr. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Forgings	25910 & 25920	22.9
2	Castings	25910	23.6
3	Stampings	25910	40.0

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name & Address of the Company	CIL/GLN	Holding/ Subsidiary/ Associate	% of Shares Held *	Applicable Section
1.	* CIE Automotive S.A. Calle Alameda Mazarredo 69, 8º piso, Bilbao	NA	Ultimate Holding	53.18	Section 2(46)
2.	** CIE BERRIZ, S.L. Poligono Ind Okango S/N Berriz, 48240 Spain	N.A.	Holding Company	53.18	Section 2(46)
3.	Participaciones Internacionales Autometal, Dos S.L (PIA 2) Alameda Mazarredo N° 69, 8º, 48009, Bilbao (Spain)	NA	Holding Company	53.18	Section 2(46)
4.	Mahindra Gears & Transmissions Private Limited Mahindra Towers, P.K. Kurne Chowk, Worli, Mumbai – 400018	U29130MH2004PTC168150	Subsidiary	100.00	Section 2(87)(ii)
5.	Mahindra Forgings Global Limited, IFS Court, Twenty Eight , Cybercity, Ebene, Republic of Mauritius	NA	Subsidiary	100.00	Section 2(87)(ii)
6.	Mahindra Forgings International Limited IFS Court, Twenty Eight , Cybercity, Ebene, Republic of Mauritius	NA	Subsidiary	100.00	Section 2(87)(ii)
7.	# Mahindra Forgings Europe AG Ulmer Street 112, 73431 Aalen, Germany	NA	Subsidiary	100.00	Explanation (a) to Section 2(87)

Sr. No.	Name & Address of the Company	CIL/GLN	Holding/ Subsidiary/ Associate	% of Shares Held *	Applicable Section
8.	## Jeco Jellinghaus GmbH Feldstrae, 30, De 58285 Gevelsberg-Germany	NA	Subsidiary	100.00	Explanation (a) to Section 2(87)
9.	## Gesenkschmiede Schneider GmbH Ulmer StraBe 112 73431 Alen Germany	NA	Subsidiary	100.00	Explanation (a) to Section 2(87)
10.	## Falkenroth Umformtechnik GmbH Asenbach 1, 58579 Schalksmuhle Gemany	NA	Subsidiary	100.00	Explanation (a) to Section 2(87)
11.	## Schoneweiss & Co. GmbH Delsterner Strasse 170, DE 58091 Hagen Germany	NA	Subsidiary	100.00	Explanation (a) to Section 2(87)
12.	Stokes Group Limited Cochrane Road, Holly Hall Dudley, West Midlands DY2 0SE	NA	Subsidiary	100.00	Section 2(87)(ii)
13.	Ω Stokes Forgings Ltd. Cochrane Road Holly Hall, Dudley, West Midlands DY2 0SE	NA	Subsidiary	100.00	Explanation (a) to Section 2(87)
14.	Ω Stokes Forgings Dudley Ltd. Cochrane Road, Holly Hall, Dudley, West Midlands DY2 0SE	NA	Subsidiary	100.00	Explanation (a) to Section 2(87)
15.	Mahindra Gears Global Limited, IFS Court, Twenty Eight , Cybercity, Ebene, Republic of Mauritius	NA	Subsidiary	100.00	Section 2(87)(ii)
16.	\$ Metalcastello S.p.A. Via Don Fornasini, 12 40030 CASTEL DI CASIO (Bologna)	NA	Subsidiary	100.00	Explanation (a) to Section 2(87)
17.	\$\$ Crest Geartech Private Limited, 12/7, MATHURA ROAD, FARIDABAD, Haryana – 121003	U74899DL1994PTC060305	Subsidiary	100.00	Explanation (a) to Section 2(87)
18.	CIE Galfor S.A. P.I. San Cibrao das Viñas, Calle 2, 3 32901 Orense. España	NA	Subsidiary	100.00	Section 2(87)(ii)
19.	^ CIE Legazpi, S.A. S.A., C/ Urola, 10, 20230 Legazpi, (Guipúzkoa). España	NA	Subsidiary	100.00	Explanation (a) to Section 2(87)
20.	^ UAB CIE LT Forge Stoties G 12, 4520 Marijampolė. Lituania	NA	Subsidiary	100.00	Explanation (a) to Section 2(87)

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

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

++ is a subsidiary of CIE Automotive S.A.

+++ is a subsidiary of CIE BERRIZ, S.L

A subsidiary of Mahindra Forgings International Limited

A subsidiary of Mahindra Forgings Europe AG

\$ A subsidiary of Mahindra Gears Global Limited

\$\$ A subsidiary of Metalcastello Italy

Ω A subsidiary of Stokes Group Limited

^ A subsidiary of CIE Galfor S.A.

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

i) Category-wise Share Holding

Category Code	Category of Shareholders	No. of Shares held at the Beginning of the year 01/04/2015				No. of Shares held at the end of the year 31/12/2015				% Change During the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)	(X)	
(A)	Promoter and Promoter Group									
(1)	INDIAN									
(a)	Individual /HUF	-	-	-	-	-	-	-	-	-
(b)	Central Government/State Government(s)	-	-	-	-	-	-	-	-	-
(c)	Bodies Corporate	65,271,407	-	65,271,407	20.21	65,271,407	-	65,271,407	20.19	(0.02)
(d)	Financial Institutions / Banks	-	-	-	-	-	-	-	-	-
(e)	Others Promoter Group Company	4,784,068	-	4,784,068	1.48	4,784,068	-	4,784,068	1.48	-
	Sub-Total A(1) :	70,055,475	-	70,055,475	21.69	70,055,475	-	70,055,475	21.67	(0.02)
(2)	FOREIGN									
(a)	Individuals (NRIs/Foreign Individuals)	-	-	-	-	-	-	-	-	-
(b)	Bodies Corporate	171,767,537	-	171,767,537	53.18	171,767,537	-	171,767,537	53.12	(0.06)
(c)	Institutions	-	-	-	-	-	-	-	-	-
(d)	Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
(e)	Others	-	-	-	-	-	-	-	-	-
	Sub-Total A(2) :	171,767,537	-	171,767,537	53.18	171,767,537	-	171,767,537	53.12	(0.06)
	Total A=A(1)+A(2)	241,823,012	-	241,823,012	74.87	241,823,012	-	241,823,012	74.79	(0.08)
(B)	Public Shareholding									
(1)	Institutions									
(a)	Mutual Funds /UTI	16,793,080	28,236	16,821,316	5.21	18,287,147	28,236	18,315,383	5.66	0.45
(b)	Financial Institutions /Banks	72,033	1,465	73,498	0.02	4,845,360	3,169	477,318	0.15	0.13
(c)	Central Government / State Government(s)	-	-	-	-	-	-	-	-	-
(d)	Venture Capital Funds	-	-	-	-	-	-	-	-	-
(e)	Insurance Companies	4,369,507	1,704	4,371,211	1.35	4,369,507	1,704	4,371,211	1.35	-
(f)	Foreign Portfolio Investors	15,873,963	15,903	15,889,866	4.92	17,412,633	15,903	17,428,536	5.39	0.47
(g)	Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-
(h)	Others	-	-	-	-	-	-	-	-	-
	Sub-Total B(1) :	37,108,583	47,308	37,155,891	11.50	44,914,647	49,012	40,592,448	12.55	1.05
(2)	Non-Institutions									
(a)	Bodies Corporate									
	Indian	8,271,525	104,910	8,376,435	2.59	7,437,823	88,218	7,526,041	2.33	(0.27)
	Overseas	-	2,840	2,840	-	-	2,840	2,840	-	-
(b)	Individuals									
	(i) Individuals holding nominal share capital upto ₹1 lakh	14,113,998	2,104,479	16,218,477	5.02	14,033,069	1,959,117	15,992,186	4.95	(0.07)
	(ii) Individuals holding nominal share capital in excess of ₹1 lakh	17,530,858	292,740	17,823,598	5.52	15,725,765	150,840	15,876,605	4.91	(0.61)

Category Code	Category of Shareholders	No. of Shares held at the Beginning of the year 01/04/2015				No. of Shares held at the end of the year 31/12/2015				% Change During the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)	(X)	
(c)	Others									
	Clearing Members	262,968	-	262,968	0.08	184,104	-	184,104	0.06	(0.02)
	Foreign Nationals	206,484	-	206,484	0.06	266,611	-	266,611	0.08	0.02
	NBFC	-	-	-	-	39,666	-	39,666	0.01	0.01
	Non Resident Indians	1,057,489	188	1,057,677	0.33	983,117	188	983,305	0.30	(0.02)
	NRI Non-Repatriation	-	39,151	39,151	0.01	-	38901	38,901	0.01	0.03
	NRI Repatriation	-	8,674	8,674	-	-	8674	8,674	-	-
	Trusts	1,055	-	1,055	-	1,655	-	1,655	-	-
(d)	Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
	Sub-Total B(2) :	41,444,377	2,552,982	43,997,359	13.62	38,671,810	2,248,778	40,920,588	12.65	(0.97)
	Total B=B(1)+B(2) :	78,552,960	2,600,290	81,153,250	25.12	79,216,950	2,296,086	81,513,036	25.12	-
	Total (A+B) :	320,375,972	2,600,290	322,976,262	100.00	321,039,962	2,296,086	323,336,048	100.00	-
(C)	Shares held by custodians, against which Depository Receipts have been issued	-	-	-	-	-	-	-	-	-
(1)	Promoter and Promoter Group	-	-	-	-	-	-	-	-	-
(2)	Public	-	-	-	-	-	-	-	-	-
	GRAND TOTAL (A+B+C) :	320,375,972	2,600,290	322,976,262	100.00	325,409,469	2,297,790	323,336,048	100.00	-

B) Shareholding of Promoter**

SN	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Participaciones Internacionales Autometal, Dos S.L	171,767,537	53.18	-	171,767,537	53.12	-	*(0.06)
2	Mahindra & Mahindra Limited	65,271,407	20.21	-	-	-	-	(20.21)
3	Mahindra Vehicle Manufacturers Limited	-	-	-	65,271,407	20.19	-	20.19
	Total	237,038,944	73.39	-	237,038,944	73.31	-	*(0.08)

*no change in the shares held by Participaciones Internacionales Autometal, Dos S.L or aggregate shareholding of Promoters, however change in the percentage holding is due to increase in total paid up share capital of the Company during the year on account of allotment and issue of 359,786 equity shares pursuant to ESOP Scheme.

** excludes shares held by Prudential Management And Services Pvt Ltd, a Promoter Group Company as per Listing Regulations, however is not the Promoter of the Company within the meaning of Companies Act, 2013.

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

Name of the Promoter	Shareholding at the beginning of the year (01/04/2015)		Date wise Increase /Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease				Cumulative Shareholding during the year		At the End of the year (31/12/2015)	
	No of Shares	% of total shares of the company	Increase / Decrease	Reasons for change	No. of shares increasing/ decreased	Date of change in shareholding D/M/Y	No. of shares	% of total shares of the company	No. of Shares	% of Shares held
Mahindra Vehicle Manufacturers Limited	-	-	Increase	inter-se transfer of shares	65,271,407	30 th December, 2015	65,271,407	20.19	65271407	20.19
Mahindra & Mahindra Limited	65,271,407	20.21	Decrease	inter-se transfer of shares	65,271,407	30 th December, 2015	-	-	-	-

D) Shareholding Pattern of top ten Shareholders

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

For each of the Top 10 Shareholders		Shareholding at the beginning of the year		Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase/ decrease®			Cumulative Shareholding during the year	
Sr. No.	Name of the Shareholders	No of Shares	% of total shares of the company	Reasons for change	Date of change in shareholding D/M/Y	No. of shares increasing/ decreased	No of Shares	% of total shares of the company
1.	Government of Singapore	6,215,069	1.92	Increase	01/05/2015	37,331	6,252,400	1.94
				Increase	08/05/2015	344,629	6,597,029	2.04
				Increase	15/05/2015	201,862	6,798,891	2.11
				At the end of the year	31/12/2015	-	6,798,891	2.11
2	Sundaram Mutual Fund A/C Sundaram Select Midcap	4,690,972	1.45	Decrease	10/07/2015	(32,536)	4,658,436	1.44
				Decrease	17/07/2015	(4,755)	4,653,681	1.44
				Decrease	24/07/2015	(16,072)	4,637,609	1.44
				Decrease	31/07/2015	(10,843)	4,626,766	1.43
				Decrease	07/08/2015	(65,043)	4,561,723	1.41
				Decrease	18/12/2015	(70,000)	4,491,723	1.39
				At the End of the year	31/12/2015	-	4,491,723	1.39
3	Life Insurance Corporation of India	4,369,507	1.35	At the End of the year	31/12/2015	-	4,369,507	1.35
4	Girdharilal Agrawal	3,967,581	1.23	Decrease	10/04/2015	(20,000)	3,947,581	1.22
				Decrease	01/05/2015	(50,000)	3,897,581	1.21
				Decrease	08/05/2015	(180,981)	3,716,600	1.15
				Decrease	15/05/2015	(125,326)	3,591,274	1.11
				Decrease	28/08/2015	(15,000)	3,576,274	1.11
				Decrease	04/09/2015	(20,000)	3,556,274	1.10
				Decrease	16/10/2015	(1,348)	3,554,926	1.10
				Decrease	23/10/2015	(82,504)	3,472,422	1.07
				Decrease	04/12/2015	(21,427)	3,450,995	1.07
				Decrease	18/12/2015	(10,000)	3,440,995	1.06
				Decrease	31/12/2015	(58,152)	3,382,843	1.05
				At the End of the year	31/12/2015	-	3,382,843	1.05

For each of the Top 10 Shareholders		Shareholding at the beginning of the year		Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase/ decrease@			Cumulative Shareholding during the year	
Sr. No.	Name of the Shareholders	No of Shares	% of total shares of the company	Reasons for change	Date of change in shareholding D/M/Y	No. of shares increasing/ decreased	No of Shares	% of total shares of the company
5	Monetary Authority of Singapore	1,834,047	0.57	Decrease	01/05/2015	(2,284)	1,831,763	0.57
				Increase	08/05/2015	18,886	1,850,649	0.57
				Increase	15/05/2015	6,288	18,56,937	0.57
				At the end of the year	31/12/2015	-	1,856,937	0.57
6	ICICI Prudential Midcap Fund	1,612,880	0.50	At the end of the year	31/12/2015	-	1,612,880	0.50
7	Prudential Management and Services Pvt Ltd.	4,784,068	1.48	At the end of the year	31/12/2015	-	4,784,068	1.48
8	ICICI Prudential Long Term Equity Fund (Tax Saving)	1,450,000	0.45	Increase	17/04/2015	11,415	1,461,415	0.45
				Increase	24/04/2015	630,619	2,092,034	0.65
				Increase	01/05/2015	547,176	2,639,210	0.82
				Decrease	07/08/2015	(219,723)	2,419,487	0.75
				Decrease	04/09/2015	(2,654)	2,416,833	0.75
				At the end of the year	31/12/2015	-	2,416,833	0.75
9	*Axis Mutual Fund Trustee Limited A/C Axis Mutual Fund	0	0	Increase	25/09/2015	642,087	642,087	0.20
				Increase	30/09/2015	25,000	667,087	0.21
				Increase	02/10/2015	25,000	692,087	0.21
				Increase	09/10/2015	125,000	817,087	0.25
				Increase	16/10/2015	125,000	942,087	0.29
				Increase	23/10/2015	295,000	1,237,087	0.38
				Increase	30/10/2015	125,000	1,362,087	0.42
				Increase	06/11/2015	295,000	1,657,087	0.51
				At the end of the year	31/12/2015	-	1,657,087	0.51
10	*National Westminster Bank PLC as Depositary of Baillie Gifford Pacific Fund a Sub Fund of Baillie Gifford Overseas Growth Funds ICVC	1,325,335	0.41	Decrease	01/05/2015	(116,020)	1,209,315	0.37
				Decrease	19/06/2015	(85,684)	1,123,631	0.35
				Decrease	26/06/2015	(5,148)	1,118,483	0.35
				Increase	24/07/2015	74,152	1,192,635	0.37
				Increase	31/07/2015	223,778	1,416,413	0.44
				Decrease	18/09/2015	(13,050)	1,403,363	0.43
				At the end of the year	31/12/2015	-	1,403,363	0.43
11	#Nainesh Trading and Consultancy LLP	1,409,497	0.44	Decrease	24/07/2015	(150,000)	1,259,497	0.39
				At the end of the year	31/12/2015	-	1,259,497	0.39
12	#Sundaram Mutual Fund A/C Sundaram Tax Saver (Open- 'Ended) Fund	1,332,900	0.41	Decrease	10/07/2015	(172,949)	1,159,951	0.36
				Decrease	17/07/2015	(25,282)	1,134,669	0.35
				Decrease	24/07/2015	(85,438)	1,049,231	0.32
				Decrease	31/07/2015	(57,639)	991,592	0.31
				Decrease	18/09/2015	(10,000)	981,592	0.30
				Decrease	25/09/2015	(93,205)	888,387	0.27
				At the end of the year	31/12/2015	-	888,387	0.27

Figures in bracket indicate sale of shares.

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

Ceased to be in the list of top ten shareholders as on 31st December, 2015. The same is reflected above since the shareholders was one of the top ten shareholders as on 1st April, 2015.

* Not in the list of top ten shareholders as on 1st April, 2015 the same has been reflected above since the shareholders was one of the top ten shareholders as on 31st December, 2015.

E) Shareholding of Directors and Key Managerial Personnel

Sr. No.	Name of the Director / KMP	Shareholding at the beginning of the year		Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease			Cumulative Shareholding during the year	
		No of Shares	% of total shares of the company	Reasons for change	Date of change in shareholding D/M/Y	No. of shares increased/decreased	No of Shares	% of total shares of the company
1	Hemant Luthra	245,273	0.08	ESOP Allotment	03/09/2015	83000	328,273	0.10
				At the End of the year	31/12/2015	-	328,273	0.10
2	Ramaswami K	125,167	0.04	At the End of the year	31/12/2015	-	125,167	0.04
3	Zhooben Bhiwandiwalla	17,500	0.01	ESOP Allotment	02/11/2015	4000	21,500	0.01
				At the End of the year	31/12/2015	-	21,500	0.01
4	Daljit Mirchandani	13,750	0.0	ESOP Allotment	03/09/2015	11250	25,000	0.01
				At the End of the year	31/12/2015	-	25,000	0.01
5	Sanjay Vasant Joglekar	86,314	0.03	ESOP Allotment	11/05/2015	19357	105,671	0.03
				At the End of the year	31/12/2015	-	105,671	0.03
6	Romesh Kaul	12,500	0.0	At the End of the year	31/12/2015	-	12,500	0.0
7	Krishnan Shankar	22,243	0.01	ESOP Allotment	11/05/2015	10663	32,906	0.01
				Market Sale	13/05/2015	(9990)	22,916	0.00
				ESOP Allotment	02/11/2015	3000	25,916	0.01
				Market Sale	20/11/2015	(3500)	22,416	0.01
				Market Sale	17/12/2015	(2895)	19,521	0.01
				At the End of the year	31/12/2015	-	19,521	0.01

Figures in bracket indicate sale of shares.

F) INDEBTEDNESS -Indebtedness of the Company including interest outstanding/accrued but not due for payment.

(₹ In Million)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	327.41	247.63	-	575.05
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	0.14	0.16	-	0.30
Total (i+ii+iii)	327.55	247.79	-	575.35
Change in Indebtedness during the financial year				
Addition	-	2.98	-	2.98
Reduction	257.59	81.37	-	338.96
Net Change	(257.59)	(78.39)	-	(335.98)
Indebtedness at the end of the financial year				
i) Principal Amount	69.96	169.40	-	239.36
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	69.96	169.40	-	239.36

XI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(₹ In Million)

Sl. No.	Particulars of Remuneration/ Name of the Managing Director/ WTD	Name of MD/WTD/Manager			Total Amount
		Mr. K. Ramaswami (1 st April 2015 to Dec 2015)	Mr. Pedro Echegaray (1 st April 2015 to Dec 2015)	Mr. Hemant Luthra (1 st April 2015 to Dec 2015)	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961*	10.42	7.17	22.68	40.27
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961**	0.03	14.67	0.03	14.73
	(c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	-	-	-	-
2	Stock Option***	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission - as % of profit - others, specify.	-	-	-	-
5	Others, please specify.	-	-	-	-
	Performance Pay provided for period under review	-	-	-	-
	Total (A)	10.45	21.84	22.71	55.00
	Ceiling as per the Act	10% of the Net Profits equivalent to ₹ 55.17 Million with respect to the ceiling for the Company applicable for the financial year covered by this Report			

* excludes amount of performance pay paid during the period under review since the same relates to previous Financial Year.

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

*** The options exercised by Mr. Luthra during the period under review were granted to him as employee of Mahindra & Mahindra Limited (M&M) which was the holding company of Mahindra CIE when the options were granted. Mr. Luthra joined Mahindra CIE as an Executive Director post his retirement from M&M. The options were vested before he joined MCIE. Given that the same were issued all conditions related thereto were fulfilled prior to commencement of Companies Act, 2013 and based on legal advice received by Company, the perquisite value on the exercise of these options is not included above.

B. Remuneration to the other directors

(₹ In Million)

Sr. No.	Particulars of Remuneration	Name of Independent Directors							Total Amount
		Mr. Daljit Mirchandani	Mr. Dhananjay Mungale	Mr. Manoj Maheshwari	Mrs. Neelam Deo	Mr. Suhail A. Nathani	Mr. Juan Maria Bilbao Ugarriza	Mr. Jose Sabino Velasco Ibanez	
1	Independent Directors								
	Fee for attending board committee meetings	0.29	0.22	0.25	0.05	0.10	0.10	0.13	1.12
	Commission	-	-	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-	-	-
	Total (1)	0.29	0.22	0.25	0.05	0.10	0.10	0.13	1.12
2	Other Non-Executive Directors								
	Fee for attending board committee meetings	-	-	-	-	-	-	-	-
	Commission	-	-	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-	-	-
	Total (2)	-	-	-	-	-	-	-	-
	Total (B)=(1+2)	0.29	0.22	0.25	0.05	0.10	0.10	0.13	1.12
	Total Managerial Remuneration (A+B)								56.12
	Overall Ceiling as per the Act	₹ 1 Lac sitting fees for each meeting of Board or Committee thereof being ceiling for the Company applicable for the financial year covered by this Report							

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

(₹ In Million)

Sr. No.	Particulars of Remuneration	CEO (Mr. Romesh Kaul) 1 st April 2015 to 31 st Dec 2015	CFO (Mr. Sanjay Jogalekar) 1 st April 2015 to 31 st Dec 2015	Company Secretary (Mr. Krishnan Shankar) 1 st April 2015 to 31 st Dec 2015	Total
1.	Gross salary				
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961*	6.30	9.40	2.11	17.81
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961**	0.04	0.05	0.34	0.43
	(c) Profits in lieu of salary under Section 17(3) Income- tax Act, 1961	-	-	-	-
2.	Stock Option***	-	2.61	1.77	4.38
3.	Sweat Equity	-	-	-	-
4.	Commission - as % of profit - others, specify.	-	-	-	-
5.	Others, please specify Performance Pay provided for period under review	3.15	2.85	-	6.00
	Total	9.49	14.91	4.22	28.62

* excludes amount of performance pay paid during the period under review since the same relates to previous Financial Year

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

*** Includes perquisite value of options exercised which were granted by Mahindra CIE. Mr. Romesh Kaul and Mr. Sanjay Jogalekar have also exercised stock options granted to them by other companies during their employment with Mahindra & Mahindra Limited. Perquisite value thereof pertaining to exercise of these options is not included above.

XII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES

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

For and on behalf of the Board

Hemant Luthra
Chairman
DIN: 00231420

Date : 22nd February 2016

Place : Mumbai

Annexure III

SECRETARIAL AUDIT REPORT For the Financial Year ended December 31, 2015

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

To,
The Members,
Mahindra CIE Automotive Limited
Mahindra Towers, P. K. Kurne Chowk
Worli
Mumbai 400 018

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

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on December 31, 2015, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on December 31, 2015 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the regulations and bye-laws framed thereunder to the extent of foreign direct investment, overseas direct investment and external commercial borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992; and The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; (Not applicable to the Company during the Audit period)
 - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (Not applicable to the Company during the audit period)
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (Not applicable to the Company) and
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; (Not applicable to the Company)

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

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

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

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

I further report that

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

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

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

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

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

Signature

Place : Pune
Date : 15 February 2016

Sachin Bhagwat
ACS: 10189
CP: 6029

Annexure IV

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

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

(a) Conservation of energy

Sr. No.	Particulars Required	Forging Division	Stamping Division	Composites Division	Foundry Division	Magnetic Division
(i)	the steps taken or impact on conservation of energy	<ol style="list-style-type: none"> 1. Induction Heaters coil coupling done for 3 Induction coils on Smeral and Hasenclever press to reduce power consumption. 2. In Press shop the motor power circuit modification done to convert from Star Delta to Star. 3. Transparent sheets put on roofs in Tool room and Press shop for better visibility. 4. For canteen solar power water heaters installed. 	<p>Nashik</p> <ol style="list-style-type: none"> 1. Compressed air audit conducted & actions taken for energy conservation as follows: <ol style="list-style-type: none"> a. Compressor air pipeline layout modification to reduce the air friction losses. b. Air pressure booster installation on high pressure demand press machines c. Compresses air pipe looping for the pressure drop minimization. d. Area wise energy consumption monitoring & control on daily basis. e. Variable Frequency Drive (VFD) installation for the compressor 2. Installation of calendar timer for the man cooling fan to avoid the running in non working hours. 3. Installation of the energy efficient pump for the cooling tower. 4. Separate cooling tower installation for the compressor dryer to avoid surplus supply & energy consumption. 5. ISGEC press machines clamping circuit modification to avoid the idle running of motor 6. Replaced old 400watt lamps by new magnetic induction lamp. 	<ol style="list-style-type: none"> 1. Introduced oil heating mold and electrical heating mold at Pune and Mangoan Location respectively to reduce the oil/ eletrrical heating losses. 2. Replaced normal Lighting with LED lamps in common utilities areas like Street, parking to reduce power consumption 3. Cycle time reduction in Production shop to reduce Power consumed per ton. 	<ol style="list-style-type: none"> 1. Water Pump audit conducted by Grundfoss. 2. NL-0 6T F/C Panel cooling raw water pump replaced by Energy efficient water pump. Trial work is in progress. 3. Variable Frequency Drive connected to NL-0 Fume extraction Blower motor. 4. Variable Frequency Drive (VFD) connected to NL-0 Dust Collector Blower motor. 5. Use of optimum capacity compressor. 6. Low pressure compressed air supply for core cleaning and fettling operation. 	<ol style="list-style-type: none"> 1. Replacement of presses and kiln by higher efficiency kilns by investing capex 2. Drive to stop compressed air leak to stop use of a compressor 3. Further use of Induction lighting 4. Heat recovery system on sintering kiln to preheat products 5. Large scale use of Variable Frequency Drive (VFD) on pumps, vessels, presses 6. start- stop of stirrers 7. maintaining unity power factor 8. Enhancing usage of fan less cooling towers

Sr. No.	Particulars Required	Forging Division	Stamping Division	Composites Division	Foundry Division	Magnetic Division
			<p>Zaheerabad:</p> <ol style="list-style-type: none"> 1. Have 2 KW solar panel for lighting in Administrative Block (Saving 500 Units per month) 2. Induction lighting used for shop floor & street lighting. 3. Bio Digester plant for treating Sewage Water. No electricity used / required for operation. <p>Kanhe:</p> <ol style="list-style-type: none"> 1. Reduction in the rating of the main drive motor for two presses completed. 2. Installation of the auto-shut-off valves for saving of compressed air for assembly, rewok area & for some presses. 3. Modifications in electrical circuits of presses to avoid idle running of motors and addition of capacitors wherever the power factor was low. Further maintained plant power factor at required level to get rebates in energy bills. 			
(ii)	the steps taken by the company for utilizing alternate sources of energy	<ol style="list-style-type: none"> 1. To use natural Sunlight than regular electric power Transparent sheets were installed in Press shop and Tool room. 2. Solar water heater installed in Canteen to replace electric heaters. 3. Rain water harvesting plant was put up in the company premises. 	<p>Nashik</p> <p>Technical feasibility study is being done to Run 500KW with Solar energy</p>	In winter and rainy season minimum use of Air Conditioning was made.	Continue wind mill energy 2MW per month.	None
(iii)	the capital investment on energy conservation equipments	Around ₹ 7.00 Million	₹ 0.02 Million	No such Investment has taken place as of now	₹ 0.4 Million	₹ 72 Million

(b) Technology absorption

Sr. No.	Particulars Required	Forging Division	Stamping Division	Composites Division	Foundry Division	Magnetic Division
(i)	the efforts made towards technology absorption	<ol style="list-style-type: none"> 1. Automated Reduce Roll machine on 6300T press made fully operational 2. As Forged components Balancing machine bought and installed 3. Joint Project of MCIE Chakan and Spain to make 4000T Hasenclever press fully Automatic has been initiated. 4. A separate machining line for new product Balancer shaft was installed and made operational. 5. Investments are being made in CBN grinding machines to improve quality of machined crankshafts to meet new EURO VI emission norms. 	No new technology was adopted	No new technology was adopted	No new technology was adopted	No new technology was adopted
(ii)	the benefits derived like product improvement, cost reduction, product development or import substitution	<ol style="list-style-type: none"> 1. By implementing Reduce Roll machine on 6300T press has given yield improvement of 205 Tons in input raw material. 2. CBN Landis grinding machines will improve the quality of the machined crankshafts to meet Emission norms. 3. The Balancing machine when operational will ensure reduction in rejection. 	Not applicable	Not applicable	Not applicable	Not applicable

Sr. No.	Particulars Required	Forging Division	Stamping Division	Composites Division	Foundry Division	Magnetic Division
(iii)	in case of imported technology (imported during the last three years reckoned from the beginning of the Financial Year)		No technology was imported in last three years	TLA (Technical License Agreement) with POLMIX a Italian Company was done for Formulation Improvements,	No technology was imported in last three years	No technology was imported in last three years
	(a) the details of technology imported	Automated Reduce Roll machine on one of the presses has been imported from China.	Not Applicable	DMC formulation Technology was obtained from POLMIX	Not Applicable	Not Applicable
	(b) the year of import	2014	Not Applicable	CY 15	Not Applicable	Not Applicable
	(c) whether the technology been fully absorbed	Yes, the technology has been fully absorbed.	Not Applicable	Yes, the technology is being absorbed and implemented in Legrand DMC.	Not Applicable	Not Applicable
	(d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
(iv)	the expenditure incurred on Research and Development	Nil	NIL	Nil	Nil	Nil

(c) Foreign exchange earnings and Outgo

Particulars with regard to Foreign Exchange Earnings and outgo are given in note number XX and XXVI to Notes Financial Statements

For and on behalf of the Board

Hemant Luthra
Chairman
DIN: 00231420

Date : 22nd February 2016

Place : Mumbai

Annexure V

Section 197(12) of the Act read with Rule 5 of Companies (Appointment and Remuneration of Managerial Remuneration) Rules, 2014

The ratio of the remuneration of each director to the median remuneration of employees of the company for the financial year	Name of Director	Designation	the ratio of the remuneration of each director to the median remuneration of employees
	* Mr. Hemant Luthra	Chairman & Executive Director (w.e.f. 1 st April, 2015)	93.2
	Mr. K. Ramaswami	Managing Director	42.9
	Mr. Pedro Jesus Echegaray Larrea	Executive Director	89.6
	Mr. Antonio Maria Pradera Jauregui*	Director	0.0
	Mr. Jesus Maria Herrera Barandiaran*	Director	0.0
	Mr. Zhooben Dosabhoj Bhiwandiwalla*	Director	0.0
	Mr. Shriprakash Shukla *	Director (w.e.f. 1 st April, 2015)	0.0
	Mr. Daljit Mirchandani	Independent Director	1.2
	Mr. Dhananjay Mungale	Independent Director	0.9
	Mr. Manoj Maheshwari	Independent Director	1.0
	Mrs. Neelam Deo	Independent Director	0.2
	Mr. Juan Maria Bilbao Ugarriza	Independent Director	0.4
	Mr. Jose Sabino Velasco Ibanez	Independent Director	0.5
	Mr. Suhail A. Nathani	Independent Director	0.4
<p>* Non-Executive Non-Independent Directors neither receive any remuneration from the Company nor paid any sitting fees for attending the meetings.</p> <p>@ Non-Executive Independent Directors were not paid any remuneration except the sitting fees for attending meeting of Board and committees thereof.</p>			
The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year	Name of Director/KMP	Designation	% increase in Remuneration
	Mr. K. Ramaswami	Managing Director	Nil
	Mr. Hemant Luthra	Executive Director	Nil
	Mr. Pedro Echegaray	Executive Director	Nil
	Mr. Krishnan Shankar	Company Secretary & Head-Legal	8
	Mr. Sanjay Joglekar	Chief Financial Officer	Nil
	Mr. Romesh Kaul	Chief Executive - Composites Division	Nil
	<p>Note</p> <p>1. Non-Executive Non Independent Directors do not receive any remuneration from the Company, hence not applicable.</p> <p>2. Non-Executive Independent Directors do not receive any remuneration from the Company except sitting fees for attending meeting of Board and committees thereof, hence not applicable.</p>		
The percentage increase in the median remuneration of employees in the financial year	<p>46.5% increase in median employees remuneration.</p> <p>Note:</p> <p>For calculating median employee remuneration employees who were in employment for the whole of the Financial Year 2014-15 and Financial Year ended 31st December 2015 are only considered.</p>		
The number of permanent employees on the rolls of company as on 31 st December, 2015	2862		
The explanation on the relationship between average increase in remuneration and company performance	<p>The increase in the Remuneration is in line with the performance of the Company, market trends and Industry outlook.</p> <p>On an average, employees received an annual increase of 8.6%. The individual increment varied from 0.0% to 17.5% in case of Executives and from 0.0 % to 24.4% in case of Junior officers based on individual performance.</p>		

comparison of the remuneration of the Key Managerial Personnel against the performance of the company	The Key Managerial Personnel were paid in aggregate approximately 0.7% of the Net Operating Revenue and 7.5% of the EBITDA during the Financial Year ended 31 st December 2015.	
variations in the market capitalisation of the company, price earnings ratio as at the closing date of the current financial year and previous financial year	As on 31 st March 2015	As on 31 st December 2015
	₹ 69,875.9 Million	₹ 81,028.0 Million
	89.8	197.8
	Source: Closing prices of BSE as on respective financial year end.	
Percentage increase or decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer	The Company had not made any initial public offer or further issue of shares to public. The initial listing of shares was made pursuant to the Scheme of Demerger with Amforge Industries Limited in the year 2006. Further the Company has made a Qualified Institutional Placement, Private Placement, issued shares pursuant to Scheme of Amalgamation and pursuant to Exercise of options under employees stock options scheme. Hence the same is not applicable.	
Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	On an average, employees other than the managerial personnel received an annual increase of 8.6%. No increase was made in the salaries of any of the Key Managerial Personnel's during the Financial Year under review except the Company Secretary who received an annual increase of 8%.	
Comparison of the remuneration of each of the Key Managerial Personnel against the performance of the Company;	Name of Director / KMP	Comparison of the remuneration of each of the Key Managerial Personnel against the performance of the Company;
	Mr. K. Ramaswami- Managing Director	There was no increase in the remuneration where as Profit before Tax on annualised basis decreased by 6.6%.
	Mr. Hemant Luthra- Chairman and Executive Director	
	Mr. Pedro Echegaray - Executive Director	
	Mr. Sanjay Joglekar - Chief Financial Officer	
	Mr. Romesh Kaul - Chief Executive - Composites Division	
	Mr. Krishnan Shankar - Company Secretary & Head-Legal	The remuneration increased by 8% where as profit before Tax on annualised basis decreased by 6.6%.
The key parameters for any variable component of remuneration availed by the directors;	The key parameters for the variable component of remuneration such as Bonus, Performance Pay, ESOPs availed by the Executive Directors are considered by the Board of Directors based on the recommendations of the Nomination and Remuneration Committee in accordance with the Remuneration Policy for Directors. The Performance Pay is the aggregate of Individual Key Result Areas and Company's Key Performance Indicators.	

The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year; and	Not Applicable, as Company has no employees drawing remuneration in excess of the highest paid director.
Affirmation that the remuneration is as per the remuneration policy of the company	The remuneration paid/payable is as per the Policy on Remuneration of Directors and Remuneration Policy for Key Managerial Personnel and Employees of the Company.

For and on behalf of the Board

Hemant Luthra
Chairman
DIN: 00231420

Date : 22nd February 2016
Place : Mumbai

Annexure VI

Statement of Particulars of employees pursuant to the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Sl. No.	Name	Designation/ Nature of Duties	Remuneration Received [in ₹ Million] (Excludes perquisite value pursuant to exercise of ESOPs)	perquisite value of the ESOPs of the Company exercised during the year, if any [in ₹ Million]	Qualification	Experience in years	Age in years	Date of commencement of employment	Last employment held
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1	Mr. K. Ramaswami	Managing Director	10.45	Nil	B.E., MBA	39	61	04-10-2011	Sundram Fasteners Ltd.
2	Mr. Hemant Luthra	Chairman & Executive Director	21.84	Nil	IIT graduate, alumnus of the Advanced Management Programme, Harvard Business School.	38	66	01.04.2015	Mahindra & Mahindra Ltd
3	Mr. Pedro Echegaray	Executive Director	22.71	Nil	Mechanical Engineer and MBA	36	58	08-10-2013	Head of Forging and Machining Division of Autometal Brasil
4	Mr. Romesh Kaul	Chief Executive – Composites Division	9.49	Nil	M. Tech B.E.	35	58	12-12-2014	Mahindra & Mahindra Limited
5	Mr. Vikas Chandra Sinha	Sr Vice President - Strategy	6.75	Nil	MBA, BE	23	42	10-12-2014	Mahindra & Mahindra Limited
6	Mr. Sanjay Joglekar	Chief Financial Officer	12.29	2.61	Chartered Accountant	36	60	12-12-2014	Mahindra & Mahindra Limited
7	Mr. Rekhiv Supekar	Senior General Manager - Finance	4.26	Nil	Chartered Accountant	28	54	10.12.2014	Mahindra & Mahindra Limited
8	Mr. Arvind Nene	COO - Magnetic Division	4.92	Nil	M.Tech – Mech	31	60	20.06.1988	@ Mahindra Hinoday Industries Limited
9	Mr. Krishnan Shankar	Company Secretary & Head Legal	2.45	1.77	CS, LLB, B.Sc.	38	63	01-09-2006	Deepak Fertilisers and Petrochemicals Corporation Ltd.

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

Notes:

- None of the above employees is related to any Director of the Company.
- Remuneration included in column 4 above is calculated as per Section 17(1) and 17(2) of the Income Tax Act, 1961. This excludes amount of performance pay paid during the period under review since the same relates to previous Financial Year and includes the amount provided in books of accounts towards the performance pay for the period under review.
- The Company has no employee who was in receipt of remuneration in that year which, in the aggregate, or as the case may be, at a rate which, in the aggregate, is in excess of that drawn by the managing director or whole-time director or manager and holds by himself or along with his spouse and dependent children, not less than 2% percent of the equity shares of the company.

For and on behalf of the Board

Hemant Luthra
Chairman
DIN: 00231420

Date : 22nd February 2016

Place : Mumbai

Annexure VII

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

Purpose

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

Policy Statement

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

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

Non-Executive Including Independent Directors:

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

Executive Directors:

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

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

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

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

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

Senior Management Personnel's and other Employees

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

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

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

- ❖ Performance
- ❖ Potential

- ❖ Criticality
- ❖ Longevity in grade

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

Components of CTC*:

- 1) Basic Pay and /or Additional Basic Pay (Fixed Pay)
 - a) Contribution to PF
 - b) Gratuity
- 2) Allowances
 - a) House Rent Allowance
 - b) Conveyance Allowance / Car Allowance
 - c) Supplementary Allowance (not reckoned for PF)
 - d) Education Allowance
 - e) Medical Reimbursement / Allowance
 - f) Company Leased Vehicle
 - g) Car maintenance
 - h) Drivers Salary
 - i) Leave Travel Allowance
 - j) Statutory Bonus
 - k) Performance Pay** depend on the Position at which such employee is appointed, the established practices and procedures of each of the divisions and shall be approved by the Chief Executive of respective Divisions

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

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

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

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

For and on behalf of the Board

Hemant Luthra
Chairman
DIN: 00231420

Date : 22nd February 2016

Place : Mumbai

Annexure VIII

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

DEFINITIONS

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

“**Board**” means Board of Directors of the Company.

“**Company**” means Mahindra CIE Automotive Limited.

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

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

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

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

- (i) Managing Director (MD), or Chief Executive Officer (CEO); or Manager; or Whole time Director (WTD)
- (ii) Chief Financial Officer (CFO); and
- (iii) Company Secretary (CS).

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

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

I. APPOINTMENT OF DIRECTORS

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

REMOVAL OF DIRECTORS

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

SENIOR MANAGEMENT PERSONNEL

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

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

II. SUCCESSION PLANNING

Purpose

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

Board

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

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

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

Senior Management Personnel

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

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

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

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

Policy Statement

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

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

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

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

The Talent Management process is applicable to all employees.

For and on behalf of the Board

Hemant Luthra
Chairman
DIN: 00231420

Date : 22nd February 2016

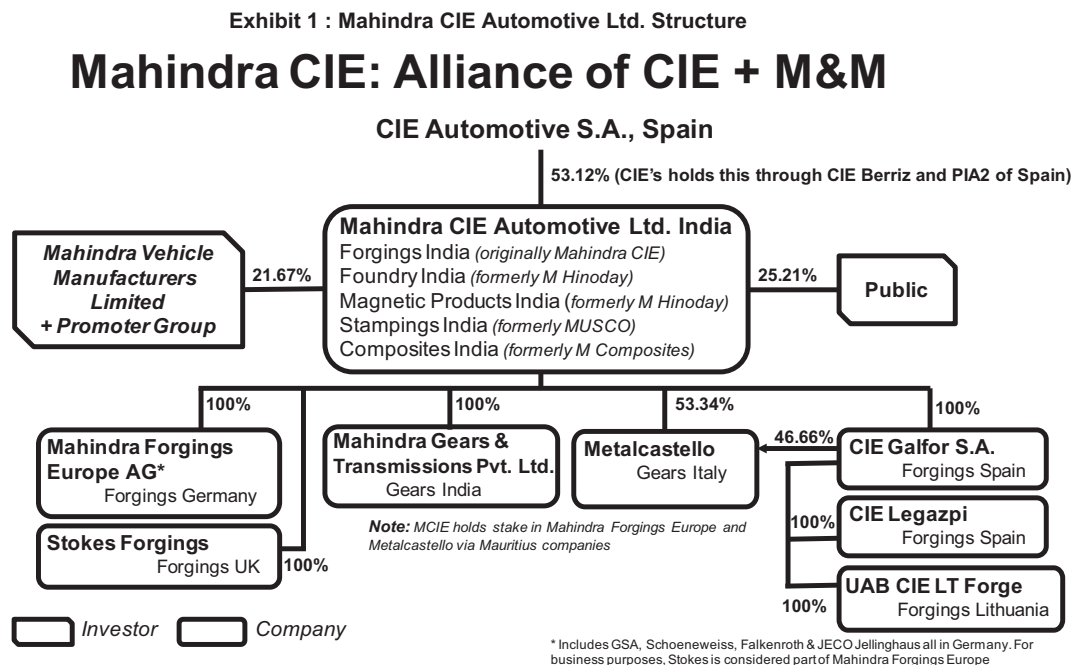
Place : Mumbai

Management Discussion and Analysis

Background

Mahindra CIE Automotive Limited ('Mahindra CIE' or 'MCIE' or 'the Company') is an auto components supplier with presence in many technologies viz. forgings, castings, stampings, magnetic products and composites. MCIE is listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE) and has 322 million shares listed, including 230 million shares allotted in January 2015 – post merger.

After the merger, MCIE is a large listed India based auto-component multinational as shown in the Exhibit 1 below:



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

Exhibit 2: Mahindra CIE Automotive Ltd. Subsidiary Companies

Subsidiary Companies Information			
Sr. No.	Name of the Subsidiary	Proportion of Ownership Interest	Remarks
1	Stokes Group Limited	100%	Collectively known as "Forgings - Germany + U.K."
2	Stokes Forgings Dudley Limited*	100%	
3	Stokes Forgings Limited*	100%	
4	Mahindra Forgings International Limited#	100%	
5	Mahindra Forgings Europe AG	100%	
6	Jeco Jellinghaus GmbH	100%	
7	Gesenkschmiede Schneider GmbH	100%	
8	Falkenroth Umformtechnik GmbH	100%	
9	Schoeneweiss & Co. GmbH	100%	
10	Mahindra Forgings Global Limited#	100%	
11	Mahindra Gears and Transmissions Private Limited	100%	Collectively known as "Gears Italy"
12	Mahindra Gears Global Limited#	100%	
13	Metalcastello S.p.A.	100%	
14	Crest Geartech Private Limited*	100%	
15	CIE Galfor S.A.	100%	Collectively known as "Forgings - Spain + Lithuania"
16	UAB CIE LT Forge	100%	
17	CIE Legazpi S.A.	100%	

Please note: * - These are dormant companies

- These are Mauritius holding companies

MCIE Overview

MCIE today is a large diversified auto-components company with presence across many processes/ product lines, geographies and customers. It manufactures parts, not systems and aggregates, but these parts are complex and value added thus differentiating it from other 'tier 2 part' companies. Some of these complex parts are crankshafts & common rail forgings, turbocharger housings, crown wheel pinion gears etc. It should also be noted that MCIE is focused on the automotive market – cars, utility vehicles, commercial vehicles & tractors.

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

Exhibit 3: MCIE – Lines of Business

Geography	Product Speciality	Focus Areas	Key Customers	Apr to Dec 2015 Revenue
Forgings				
India	Crankshafts - As forged and machined, Stub Axles -As forged and machined	Passenger & Utility Vehicles and Tractors	M&M, Maruti Suzuki India, Tata Motors	INR 2754 Million
Germany	Forged and Machined parts, Front Axle Beams and Steel Pistons	Heavy Commercial Vehicles	Daimler AG, Man, DAF, Volve Group, KS, Linde, AGCO, ZF, Scania, Ford, SAF Holland, Robert Bosch	Euro 167 Million
UK	Flashless Near Nett Forgings	Passenger Vehicles		Euro 12 Million
Spain + Lithuania	Forged steel parts for Industrial Vehicles and Crankshafts, Common Rail, Stubs, Tulips for passenger cars	Passenger Vehicles	Renault, VW Group, Daimler, GKN, JLR, GM, Fiat, DAF, Bosch, NTN, Faurecia, Dana, ZF, BMW	Euro 146 Million
Stampings				
India	Sheet Metal Stampings, Components and Assemblies	Passenger & Utility Vehicles	M&M, Tata Motors	INR 4815 Million
Castings				
India	Turbocharger Housings, Axle & Transmission Parts	Passenger & Utility Vehicles, Construction Equipment & Earthmoving, Tractors and Tier 1,	M&M, Honeywell Cummins, Hyundai, JCB, Automotive Axle, New Holland, Dana India CV, John Deere	INR 2845 Million
Magnetic Products				
India	Soft and Hard Magnets, Magnetic Induction Lighting	Tier 1 of Passenger Vehicles, Utility Vehicles, Two Wheelers,	Denso, Sumida, Varroc, Intica, Mitsuba	INR 982 Million
Composites				
India	Compounds, Components, and Products	Electrical Switchgear, Auto Components	L&T Switchgear, Phoenix Mecano, TVS, M&M, Volvo Eicher	INR 640 Million

Geography	Product Speciality	Focus Areas	Key Customers	Apr to Dec 2015 Revenue
Gears				
India	Engine Gears, Timing Gears, Transmission Gears, Transmission Drive Shafts	Passenger & Utility Vehicles, Construction & Earthmoving Equipment	M&M, Eaton, Caterpillar, NHFI, Turk Tractor (CNH), BEML, New Holland	INR 1060 Million
Italy	Engine Gears, Transmission Drive shafts, Crown Wheel Pinion	Tractors, Construction & Earthmoving Equipment	Caterpillar, CNH, Merritor, GDLS/Mowag/Cormer, Argo, John Deere	Euro 35 Million

Industry Outlook & Structure: Caution Ahead

The world economic growth; currently estimated at 3.1 percent in 2015, is projected at 3.4 percent in 2016 and 3.6 percent in 2017. The forecast is of subdued demand and thus diminished prospects. (source: *World Economic Outlook – published by IMF on 19th January 2016*)

Europe

According to the European Commission's winter forecast, the economies of all European Union member states are expected to grow again this year, but the recovery is slow. The GDP growth forecast for the euro area is about 1.7% in 2016 as compared to 1.6% in 2015. This growth in the euro area is attributed to the low price of oil which gives more purchasing power to the euro area households and the increased spending by the government which is brought on by the large pool of immigrants that have come into the euro area.

Commercial Vehicles (>6T)

Period	2015	2014	Change
Apr - Dec	4,35,333	4,28,988	1.5%
Oct - Dec	1,46,452	1,36,009	7.7%
Jul - Sep	1,44,469	1,46,347	-1.3%
Apr - Jun	1,44,412	1,46,632	-1.5%

In the automotive markets of Europe, MCIE operates largely in the commercial vehicle and passenger vehicle segments. Forgings-Germany + U.K. is dependent on the truck segment especially heavy trucks while Forgings - Spain + Lithuania operates in the car segment.

As per the IHS, the commercial vehicle production numbers in Europe in April-December 2015 have shown slight growth on the back of October-December 2015 quarter recording high growth figures as compared to the previous year. The demand for medium and heavy-duty trucks; owing to the relatively solid economic recovery in Europe, is anticipated to have a 10 to 15% market growth.

Passenger Vehicles (million units)

Period	2015	2014	Change
Apr - Dec	15.32	14.68	4.3%
Oct - Dec	5.15	4.93	4.8%
Jul - Sep	4.76	4.50	5.8%
Apr - Jun	5.39	5.25	2.7%

Data from IHS shows that the production of passenger vehicles in Europe has grown by 4.3% from April-December 2015 period as compared to the same period from the previous year. There was steady growth in most of the months of April-December 2015 period and this augurs well on an overall basis for the coming year. In line with various forecasts we expect the growth in the EU passenger car markets to be muted. The slightly increased demand for passenger vehicles in Western Europe will be overshadowed by the sharp fall on a year-on-year basis in the Central and Eastern Europe region due to the substantial fall in demand from Russia.

India

Economic growth in India is showing signs of a steady growth after the earlier phase of uncertainty. The recovery is witnessed by the increase in growth in the period of April-September 2015, due to the uptick in manufacturing, a modest recovery in consumption and increased government spending.

The long term prospects of the economy are positive. However, the current discussion around the concerns about air pollution has led to a ruling by the Hon'ble Supreme Court of India, suspending the sale of new diesel vehicles with engines bigger than 2000 CC in capacity in the NCR region temporarily. This discussion has also stoked a new and prudent debate about vehicular pollution. The result of which as a fallout, the automotive industry has agreed to the government's demand to meet BS-VI emission norms by 2020,

shortening the timeline by two years and bypassing the BS-V stage. This preponement has meant that the automotive industry would have to develop new technologies or newer means to drive for fuel efficiency. It could therefore imply a requirement of increase in investments from the OEM's as well as the auto component makers.

For the economy, in the medium term CRISIL India expects consumption to pick up a notch with lower commodity prices and inflation improving real purchasing power and somewhat softer interest rates stimulating demand. This should also be aided by a further drop in oil prices as per forecast. CRISIL believes that these factors will provide the much needed trigger for growth as capacity utilisation remains low for now. In addition, in FY17 CRISIL expects the pay commission payouts to provide a boost to consumption and in turn support growth.

MCIE's main target segments in India are passenger car & utility vehicle as well as the tractor segments. Data from the Society of Indian Automobile Manufacturers (SIAM) shows that the UV segment has shown strong growth in the period April- December 2015 with 10% over the corresponding period last year. The production of passenger cars has grown by a steady 5.5% in the period April-December 2015 compared to the previous year. Thus; in our addressable market, cumulative Passenger Car & Utility Vehicle production has grown moderately by ~6% in April-December 2015.

Passenger Vehicles (PV+UV)

Period	2015	2014	Change
Apr - Dec	23,68,456	22,24,992	6.4%
Oct - Dec	7,62,342	7,29,048	4.6%
Jul - Sep	8,34,892	7,76,313	7.5%
Apr - Jun	7,71,222	7,19,631	7.2%

Tractors

Period	2015	2014	Change
Apr - Dec	4,45,791	5,02,162	-11.2%
Oct - Dec	1,20,873	1,37,824	-12.3%
Jul - Sep	1,68,547	1,82,909	-7.9%
Apr - Jun	1,56,371	1,81,429	-13.8%

M&M and TATA

Period	2015	2014	Change
Apr - Dec	8,82,213	8,88,890	-0.8%
Oct - Dec	2,88,647	2,80,119	-3.0%
Jul - Sep	3,00,596	3,10,132	-3.1%
Apr - Jun	2,92,973	2,98,639	-1.9%

Human Resources and Industrial Relations Climate

India

The automotive cluster centred on Pune in India, where majority of the Company's plants are located, is experiencing competition among industrial units to attract and retain talent and thus the availability of skilled and unskilled manpower is becoming a key issue. Every year the availability of employable graduates is becoming an issue and hence training the hired talent is also gaining importance. Improving the quality of manpower is also an issue the entire industry is grappling with. Employee Relations in the Pune region have been challenging as the new generation of workmen are more demanding in their expectations however relationship between the management and workers' union continued to remain cordial.

The Human Resources policies of your company are comprehensive and based on the best of the prevailing HR practices. The performance evaluation and management process continues to be the backbone of all HR activities and is based on an appropriate goal-setting process. The Company continues with it's well established practice of obtaining employees opinions by conducting 'Workmen Engagement Survey' through an independent third party. Your Company has also satisfactorily concluded wage negotiations this year in the Stampings division. As on 31st December, 2015 there were 2,862 employees on the rolls of MCIE in India and 572 employees on the rolls of Mahindra Gears & Transmissions Pvt. Ltd.

Leading auto industry analyst Crisil (refer research reports published on cars & UVs on 4 February 2016 and on CVs on 21 January 2016), expects the auto industry to build on it's growth trajectory in 2016, due to improved consumer sentiment and more disposable income due to the 7th pay commission payouts. The CV market is also expected to grow due to improved government spending and increased economic activity. In line with this we expect growth in the coming year in our target segments.

The cumulative Tractor industry production has however shown a drop by about 11% compared to the corresponding period in the previous year (source: Tractor Manufacturers Association/ TMA). The quarter-wise performance reveals the decline has been consistent and has led to manufacturers cutting production. These were largely due to the losses suffered by farmers due to the consecutive years of less rainfall hence the dampened sentiment as evidenced by shrinking agricultural credit. We believe that the tractor market growth is expected to be subdued and may pick up only in the last quarter of CY16; depending on a normal monsoon, in line with Crisil's forecast.

M&M and Tata Motors have traditionally been our key customers and their cumulative performance did not keep pace with market trends in April-December 2015. While the past couple of years have seen degrowth in their numbers on a y-o-y basis, this trend seems to have bottomed out to -0.8% for the period April-December 2015 as compared to the corresponding period last year (Source: SIAM, TMA). Both M&M and Tata have launched or are in the process of launching many new models this year, and with increasing uptake we expect this positive trend to continue in the next few quarters.

Europe

Forgings - Germany + U.K.: As on 31st December 2015, there were 1012 employees on the rolls of the company, which is less than the previous year. Due to the closure of the plant Jeco-Jellinghaus GMBH (Jeco) located at Gevelsberg, the parts that were produced there have been transferred to other plants within Germany and the machining activity for those parts has been outsourced to outside suppliers. As part of the continuing restructuring exercise, in this year your company has outsourced the machining and finishing activities as well as some non-core activities to outside suppliers for some plants. In total all these actions together have led to a reduction of 210 fix employees. All legal provisions were complied with in each case. Another 36 employees for which the outstanding cost has been provided will leave the company in 2016. Your company continues to maintain harmonious relations with its employees.

Forgings - Spain + Lithuania: 785 people work at CIE Galfor S.A., CIE Legazpi S.A. and CIE LT Forge on the rolls of the company as on 31st December 2015.

Gears - Italy: As on 31st December 2015, there were 249 employees on the rolls of the company as compared to 240 as of 31st March 2015. The company continues to maintain harmonious relations with its employees.

Strategy and Operational Performance

MCIE has different strategic issues & responses in its constituent businesses viz. India (MCIE Standalone plus Gears, India); Forgings - Germany + U.K., Gears Italy and Forgings - Spain + Lithuania.

India

With M&M and Tata Motors being key customers, growth has been a challenge in the recent past. MCIE's key customers are cautiously optimistic of future growth. The long term growth story of the Indian automotive market remains intact and long term growth expectations are high.

Your Company has focused on increasing Plant efficiency and developing value added components to mitigate the effect of low volumes. With the help of CIE, the different verticals of the Indian operations are developing new products, and will pursue business with western OEMS in India such as VW, Renault, GM and Ford where CIE in Europe has a strong presence.

Thus the approach has been to focus on improving plant operations, gaining an enhanced customer focus as well as new products and strive for growth.

Forgings - Germany + U.K.

A two phase strategy focused on a turnaround in profitability has been followed at Germany with phase 1 focussing on cost reduction and in phase 2 to improve profitability by optimising product-process-location combination. Accordingly as part of phase 1, it was decided in February, 2015 to close the Jeco Plant.

As part of phase 2, Germany has continued with the exercise of restructuring operations for a turnaround and has taken few more steps in that direction in line with the strategic plan laid out last year and to spread the forging production of this plant to the other plants within Germany. The machining of those parts was outsourced to an external supplier who also took over the machining activities of another plant. At other plants the finishing activities and part of the machining have also been outsourced. These efforts have resulted in the operational performance growing steadily.

During the period under review, the German operations incurred approximately 10 million towards redundancies and restructuring costs. It continues to focus on improvement in margins by taking various measures of efficiency improvement and cost reduction including outsourcing.

In April - December 2015, German Forgings operations had a gross revenue of INR 12,072 Million and PAT of INR 47 Million at an exchange rate of 1 EUR = 72.29 INR.

In April - December 2015, MCIE's U.K. Forgings operations had a gross revenue of INR 1,197 Million and PAT of INR (56) Million at an exchange rate of 1 GBP = 98.10 INR.

Forgings - Spain + Lithuania

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

In April - December 15 the operations in Spain & Lithuania had a gross revenue of INR 10,554 Million and PAT of INR 817 Million at an exchange rate of 1 EUR = 72.29 INR.

Gears, Italy

MCIE's Gears operations in Italy for the year ended 31st December 2015 is showing a profit. At an operating level; substantially in line with those included in the long-term Business Plan, it marks a significant turnaround compared with the results achieved in previous years. This improvement in profitability is mainly due to:

- A general increase in sales margins, as a result of careful analysis of the customer/product portfolio and the production process, carried out last year and
- The restructuring performed in previous years, which took full effect in 2015, allowing the Company to adapt its cost structure to current production needs.

Despite the decline in both Agriculture and Earthmoving markets in Europe, the operations in Italy are focused on improving volumes and margin by the following:

- Leverage outsourcing decision taken by some historical customers that have given the Company new orders that will impact next 5 years sales
- Explore new customers in existing segments (Agricultural, Earthmoving and Defence)
- Enter new segments (Automotive, Marine, Railway)

In April – December 2015 MCIE's Italian operations had a gross revenue of INR 2530 Million and PAT of INR 101 Million at an exchange rate of 1 EUR = 72.29 INR.

To summarise, the Company has adopted a strong and proactive strategy that is focused on exploiting the growth opportunity in India, consolidating profitability in Europe and exploiting synergies with other companies in the CIE group. Such an integrated approach gives your Company a unique edge in the market place.

Strategy Roadmap

MCIE overall strategy is divided in two phases: Phase 1 (2014-17) focuses on financial consolidation while Phase 2 (2017 onwards) will focus on growth.

Financial Performance

The financial performance of the entity for the year ended 31st December, 2015 and 31st March, 2015 is presented below. The figures are not comparable since the current financial year of the Company ended on 31st December, 2015 covering a period of nine months from 1st April, 2015 to 31st December, 2015 and previous financial year covered a period of twelve months from 1st April, 2014 to 31st March, 2015.

MCIE's abridged P&L Statement for the Financial Year 2015

(₹ in Million)

Sr. No.	Particulars	Standalone		Consolidated	
		Year Ended		Year Ended	
		Dec-15* (9 months period)	Mar-15* (12 months period)	Dec-15* (9 months period)	Mar-15* (12 months period)
		Audited	Audited	Audited	Audited
1	Income from operation				
	(a) Net sales (Net of Excise duty)	11,133.0	14,991.6	36,774.9	53,018.5
	(b) Other operating income	903.4	1,433.8	1,837.6	2,680.5
	Total Income from operation (net)	12,036.4	16,425.4	38,612.5	55,699.0
2	Expenses				
	(a) Cost of material consumed	6,267.8	9,020.3	17,773.0	25,418.3
	(b) Change of inventories of finished goods and work-in progress	31.4	(3.3)	(510.1)	189.8
	(c) Employee benefit expenses	1,514.0	1,884.5	7,834.9	11,866.8

Sr. No.	Particulars	Standalone		Consolidated	
		Year Ended		Year Ended	
		Dec-15* (9 months period)	Mar-15* (12 months period)	Dec-15* (9 months period)	Mar-15* (12 months period)
		Audited	Audited	Audited	Audited
	(d) Depreciation and amortisation expenses	543.9	688.7	1,636.7	2,375.0
	(e) Other Expenses	3,215.0	4,191.5	9,734.1	13,821.6
	Total expenses	11,572.1	15,781.7	36,468.6	53,671.5
3	Profit (loss) from operation before other income finance cost and exceptional items (1 - 2)	464.3	643.7	2,143.9	2,027.5
4	Other Income	50.8	199.4	174.1	429.2
5	Profit / (Loss) from ordinary activities before finance cost and exceptional items (3 +4)	515.1	843.1	2,317.9	2,456.7
6	Finance cost	22.9	140.4	471.3	1,196.5
7	Profit/(Loss) from ordinary activities after finance cost but before exceptional items (5-6)	492.2	702.7	1,846.6	1,260.1
8	Exceptional items	-	-	778.7	2,261.0
9	Profit/(Loss) from ordinary activities before tax (7-8)	492.2	702.7	1,067.9	(1,000.9)
10	Current Tax	95.3	136.2	327.1	366.0
	(Less): Mat Credit entitlement	-	(115.8)	-	(67.8)
	Prior year Tax	-	(167.2)	-	(167.1)
	Deferred Tax (Credit) / Charge	88.4	72.8	(131.6)	(350.4)
11	Net Profit/(Loss) from ordinary activities after tax(9-10)	308.5	776.7	872.3	(781.6)
12	Net Profit / (Loss) for the period	308.5	776.7	872.3	(781.6)
13	Minority Interest	-	-	-	0.9
14	Net Profit / (Loss) after taxes, Minority Interest (12-13)	308.5	776.7	872.3	(780.7)
15	Paid -Up equity share capital (Face value of ₹ 10 per equity share)	3,233.3	3,229.8	3,233.3	3,229.8
16	Reserve excluding revaluation reserve as per balance sheet of previous accounting year	20,229.0	19,855.5	16,874.0	15,635.4
17	Earning per share (after extraordinary items) (of ₹ 10 /- each) (Not annualised)				
	(a) Basic (Refer Note)	0.95	2.41	2.70	(2.42)
	(b) Diluted (Refer Note)	0.95	2.41	2.70	(2.42)

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

Segment-wise results for 2015

(₹ in million)

Sr. No.	Particulars	Year Ended	
		Dec-15	31-Mar-15
		Audited	Audited
1	Segment Revenue		
	a) Indian	13,085.3	19,058.7
	b) Overseas	25,885.2	37,999.8
	Total	38,970.5	57,058.5
	Less: Inter Segment Revenue	358.0	1,359.5
	Net Sales / Income from Operations	38,612.5	55,699.0
2	Segment Profit/(Loss) before tax and interest from		
	a) Indian	622.1	831.1
	b) Overseas	917.1	(693.5)
	Total	1,539.2	137.6
	Less:		
	(i) Un-allocable expenditure	471.3	1,196.5
	(ii) Un-allocable income	-	58.0
	Total Profit Before Tax	1,067.9	(1,000.9)
3	Capital Employed		
	(Segment Assets- Segment Liabilities)		
	a) Indian	8,616.1	8,499.5
	b) Overseas	11,491.2	10,520.8
	Total	20,107.3	19,020.3

Synergies with Parents

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

With the active involvement of the CIE group, MCIE intends to script a strong long term growth story based on strong fundamentals. CIE's access to global customer is being leveraged where MCIE intends to provide existing parts and introduce new parts from CIE's portfolio. The focus on operational efficiency being paramount, all the businesses under MCIE will envision imbibing and following the excellence models employed by CIE.

Strengths

MCIE builds on the strong technical and commercial synergies with the CIE Group, and is considered as a known and respected partner in India. With it's highly specialised facilities, your Company is well placed as manufacturers of Crankshafts, forged or cast and machined.

Weaknesses

MCIE India has to look at customer dependence and try and expand the customer list. This will have to be addressed creatively as it has a marginal presence if any in the automobile hubs of Chennai, Delhi and Gujarat. MCIE will also need to look at moving up the value chain in terms of product offerings.

Opportunities

Globally, CIE Automotive is focusing on growth in emerging markets like Mexico, India & the ASEAN region. MCIE will lead this growth strategy in Asia and this could also come inorganically. While Europe continues to exhibit uncertainty regarding market growth, MCIE's European operations have the opportunity to use CIE's expertise to significantly improve their profitability. MCIE India has the opportunity to increase the sales of its products domestically and in some cases exports.

Risks and Concerns

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

- Slowdown in India: The last few quarters have been bad for our main customers M&M and Tata motors in India and their pace of growth is a cause for concern as their new models may not do as well as expected.
 - Your Company is contemplating expanding customer base
- Impact of uncertainty in the Eurozone: Europe facing uncertain economic environment
 - Your company is monitoring the situation so that corrective actions are immediately taken in response to any demand movements
- Technological changes may be needed due to the newer investments at OEM's and auto component makers in order to cater to the preponement of emission norms. This would imply that more investments could be needed at a future date
 - Your company is monitoring the situation so that corrective actions are immediately taken in response to any demand movements.
- Ability to service debt: High debt subject to financial covenants.
 - Your company forecasts business plans which are then closely monitored. Cash flow adequacy is a significant performance criteria which ensures debt servicing capability.

Internal Control Systems and their Adequacy

In the opinion of the Management, MCIE has an adequate internal audit and control systems to ensure that all transactions are authorised, recorded and reported correctly. The internal control systems comprise extensive internal and statutory audits. During the year, the Company has successfully adopted framework of Internal Control on Financial Reporting and Auditors have confirmed its adequacy. The Corporate Governance practices instituted by the Company are discussed in detail in the chapter on Corporate Governance which forms part of the Annual Report.

Looking Ahead

The economic outlook is positive and hence this augurs well for the Indian automotive manufacturers and growth of these companies. The recent developments could however prove to dampen the spirits a bit. This could result in interesting new technologies being employed to meet these stringent norms, which would also imply the need from upstream industries like auto components to develop new products or optimize existing ones to support the automotive industry. The Company also recognizes the long term trend towards growth especially in Asia and will continue to look out for and evaluate growth opportunities in this region.

Cautionary Statement

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

CORPORATE GOVERNANCE

Company's Philosophy on Code of Governance

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

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

The philosophy of governance has been deeply rooted in the culture of Mahindra CIE Automotive Limited over a long period of time. Your Company continues to deliver value to its various stakeholders. The practice of responsible governance has enabled your Company to achieve sustainable growth, while meeting the expectations of all stakeholders and the society at large.

In India, Corporate Governance standards for listed companies are regulated by the Securities and Exchange Board of India (SEBI) through Clause 49 of the Listing Agreement (till 30th November 2015) and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (w.e.f. 1st December, 2015) (hereinafter referred to as 'Listing Regulations'). As a Company which believes in implementing Corporate Governance practices that go beyond meeting the letter of law, your Company has comprehensively adopted practices mandated in the Listing Regulations.

This chapter, along with the report on Management Discussion and Analysis and Additional Shareholders Information indicates the Company's compliance with the provisions of Listing Regulations during the Financial Year under review covering a period of nine months from 1st April, 2015 to 31st December, 2015.

Board of Directors

The composition of the Board is in accordance with the provisions of the Companies Act, 2013 and the Listing Regulations, as amended from time to time. The Board has an optimum combination of executive and non-executive directors with one woman director and not less than fifty percent of the Board of Directors comprising non-executive independent directors. The Chairman of the Company is an Executive Director of the Company with effect from 1st April, 2015.

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

Mr. Hemant Luthra is the Chairman and Executive Director, Mr. K. Ramaswami is the Managing Director and Mr. Pedro Jesus Echegaray Larrea is an Executive Director of the Company and draws remuneration from the Company. Mr. Antonio Maria Pradera Jáuregui and Mr. Jesus Maria Herrera Barandiaran are Non-Independent Non-Executive Directors who are in whole time employment of CIE Automotive S.A., the ultimate parent company of the Company and draws remuneration from it. Mr. Zhooben Bhiwandiwalla and Mr. Shriprakash Shukla are Non-Independent Non-Executive Directors who are in whole time employment of Mahindra & Mahindra Limited and draws remuneration from it.

The remaining seven Non-Executive Directors are Independent Directors and are professionals, with expertise and experience in technical, general corporate management, finance, banking, legal and other allied fields which enables them to contribute effectively to the Company in their capacity as Independent Directors.

Apart from reimbursement of expenses incurred in the discharge of their duties and the remuneration by way of sitting fees that these Directors would be entitled to under the Companies Act, 2013 as Non-Executive Directors, none of these Directors has any material pecuniary relationships or transactions with the Company, its Promoters, its Directors, its Senior Management or its Subsidiaries and Associates which in their judgment would affect their independence. The Directors of the Company are not inter-se related to each other.

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

Composition of the Board

As on 31st December, 2015, the Company's Board comprised of Fourteen Directors. During the year under review, Mr. Shriprakash Shukla, who was appointed as Additional Director with effect from 1st April, 2015, was appointed as Director of the Company at the Annual General Meeting held on 15th September, 2015.

Mr. Hemant Luthra was appointed as the Executive Director of the Company with effect from 1st April, 2015.

The names and categories of Directors, the number of Directorships and Committee positions held by them, in the companies as on 31st December, 2015 are given in Table 1 below.

None of the Directors of the Company is a Member of more than 10 Committees and Chairman of more than 5 Committees across all the public limited companies in which he/she is a Director. The Independent Directors of the Company are neither acting as Independent Director in more than seven listed companies nor appointed as whole time Director in any other company and acting as Independent Director in more than three listed companies.

Table 1: Composition of the Board of Directors

Directors	Category \$	Total number of Committee memberships of public companies as on 31 st December, 2015@	Total number of Chairmanships of Committee of public companies as on 31 st December, 2015 @	Total number of Directorships of Public companies as on 31 st December, 2015*	Total number of Directorships of private companies as on 31 st December, 2015*
NON – EXECUTIVE					
Mr. Antonio Maria Pradera Jáuregui	Non-Independent	Nil	Nil	1	Nil
Mr. Jesus Maria Herrera Barandiaran	Non-Independent	Nil	Nil	1	Nil
Mr. Zhooben Bhiwandiwalla	Non-Independent	2	Nil	10	9
Mr. Shriprakash Shukla	Non-Independent	Nil	Nil	10	Nil
Mr. Daljit Mirchandani	Independent	1	3	5	Nil
Mr. Manoj Maheshwari	Independent	2	2	5	3
Mr. Dhananjay Mungale	Independent	5	3	8	7
Mr. Jose Sabino Velasco Ibanez	Independent	1	Nil	1	Nil
Mr. Juan Maria Bilbao Ugarrita	Independent	Nil	Nil	1	Nil
Mrs. Neelam Deo	Independent	Nil	Nil	3	Nil
Mr. Suhail Nathani	Independent	Nil	Nil	4	2
EXECUTIVE					
Mr. K. Ramaswami	Managing Director	Nil	Nil	1	Nil
Mr. Pedro Jesus Echegaray Larrea	Whole-Time Director	Nil	Nil	2	Nil
Mr. Hemant Luthra	Non-Independent	Nil	Nil	2	1

\$ Participaciones Internacionales Autometal, DOS S.L (PIA2) has nominated Mr. Hemant Luthra, Mr. Antonio Maria Pradera Jáuregui, Mr. Jesus Maria Herrera Barandiaran and Mr. Pedro Jesus Echegaray Larrea on the Board of the Company. Mahindra & Mahindra Limited (M&M) has nominated Mr. K. Ramaswami, Mr. Zhooben Bhiwandiwalla and Mr. S.P. Shukla on the Board in accordance with rights vested in PIA2 and M&M under the Articles of Association of the Company. However the Directors are not appointed as “Nominee Directors” in terms of provisions of the Companies Act, 2013 and they are acting as Directors of the Company in their professional capacity.

* Excludes Directorships in companies registered under Section 8 of the Companies Act, 2013 and Companies registered outside India but includes Directorship in the Company.

@ Chairmanship and membership of the audit committee and the Stakeholders’ Relationship Committee held in all the Public Companies including that of the Company is considered.

BOARD PROCEDURE

A detailed Agenda along-with necessary documents, presentations and information is sent to each Director in advance of Board and Committee Meetings. To enable the Board to discharge its responsibilities effectively, the Managing Director, Executive Director and Chief Executives of respective divisions apprises the Board at every meeting on the overall performance of the Company, followed by presentations by other senior executives of the Company. The Board also inter alia reviews strategy and business plans, annual operating and capital expenditure budgets, investment and exposure limits, compliance reports of all laws applicable to the Company, as well as steps taken by the Company to rectify instances of non-compliances, if any, review of major legal issues, if any, internal financial controls and financial reporting system, minutes of the Board Meetings of Company’s unlisted subsidiary companies, significant transactions and arrangements entered into by the unlisted subsidiary companies, adoption of quarterly/ half-yearly/annual results, significant labour issues, if any, transactions pertaining to purchase/disposal of property, if any, major accounting provisions and write-offs, corporate restructuring, if any, Minutes of Meetings of the Audit and other Committees of the Board and information on recruitment of Officers just below the Board level, including the Company Secretary / Compliance Officer.

NUMBER OF BOARD MEETINGS, ATTENDANCE OF THE DIRECTORS AT MEETINGS OF THE BOARD AND AT THE LAST ANNUAL GENERAL MEETING (AGM).

The Board of Directors met three times during the Financial Year ended 31st December, 2015 covering a period of nine months from 1st April, 2015 to 31st December, 2015, on 11th May, 2015; 27th July, 2015 and 21st October, 2015. The gap between any two meetings was not more than 120 days.

The Sixteenth Annual General Meeting (AGM) of members of the Company was held on 15th September, 2015.

Attendance of the Directors at these meetings is presented in table 2 below.

Table 2: Number of Meetings and Attendance

Sr. No	Directors	No. of Board Meetings Attended	Attendance at the last AGM
1	Mr. Hemant Luthra	3	Yes
2	Mr. Zoooben Bhiwandiwalla	3	Yes
3	Mr. Antonio Maria Pradera Jáuregui	2	Yes
4	Mr. Jesus Maria Herrera Barandiaran	2	No
5	Mr Daljit Mirchandani	3	Yes
6	Mr. Manoj Maheshwari	3	No
7	Mr. Dhananjay Mungale	2	Yes
8	Mr. Juan Maria Bilbao Ugarriza	2	No
9	Mrs. Neelam Deo	1	No
10	Mr. Suhail Nathani	2	Yes
11	Mr. Jose Sabino Velasco Ibanez	2	No
12	Mr. K Ramaswami	3	Yes
13	Mr. Pedro Jesus Echegaray Larrea	3	Yes
14	Mr. Shriprakash Shukla	2	No

DIRECTORS SEEKING APPOINTMENT /RE-APPOINTMENT

Mr. Hemant Luthra and Mr. Jesus Maria Herrera Barandiaran, retires by rotation and being eligible, has offered themselves for re appointment.

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

Table 3: Brief resume of the Directors seeking appointment

	Mr. Hemant Luthra	Mr. Jesus Maria Herrera Barandiaran
DIN	00231420	06705854
Age	66	48
Education	Mr. Luthra is a graduate of the Indian Institute of Technology. He is also an alumnus of the Advanced Management Programme at the Harvard Business School.	Mr. Jesus Maria has University Degree in Economy
Brief profile including Nature of expertise in specific functional areas;	Mr. Luthra has 38 years of varied and rich work experience in Operations, Finance, Business Development and Private Equity.	Mr. Jesus Maria is expert in internationalisation. He joined CIE Automotive in 1995. He is Managing Director of the American division and then became CEO of the CIE Automotive Group in 2013.
Names of other companies in which the non-executive/ executive director holds the directorship (excludes Directorships in Body Corporate)	1. Mahindra Gears & Transmissions Private Limited 2. Tubacex Prakash India Private Limited	Nil
Names of the other membership of Committees of the non-executive/ executive director (includes membership of Audit Committee and Stakeholders Relationship Committee only)	Nil	Nil
Shareholding of executive/ non-executive directors	328,273 Equity Shares	Nil

CODES OF CONDUCT

The Board has laid down Codes of Conduct for Board of Directors and Codes of Conduct for Senior Management of the Company. These Codes have been hosted on the Company's website; (a) http://www.mahindracie.com/images/pdf/resources/Governance/code_of_conduct_4_senior_mgmt.pdf and (b) http://www.mahindracie.com/images/pdf/resources/Governance/MFL_Code_of_Conduct_for_Directors.pdf. All Board Members and Senior Management Personnel have affirmed compliance with these Codes of Conduct. A declaration signed by the Managing Director to this effect is enclosed at the end of this report.

FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS

The Company has adopted a structured programme for orientation of Independent Directors at the time of their joining so as to familiarise them with the Company its operations, business, industry and environment in which it functions and the regulatory environment applicable to it. The Company updates the Board Members on a continuing basis on any significant changes therein and provides them an insight to their expected roles and responsibilities so as to be in a position to take well-informed and timely decisions and contribute significantly to the Company.

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

A detailed Appointment Letter incorporating the role, function, duties and responsibilities, remuneration and performance evaluation process, insurance cover, Code of Conduct and obligations on disclosures, is issued to the Independent Director.

Other Initiatives to update the Directors on a continuing basis

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

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

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

time to time. Press Releases, disclosures to Stock Exchanges, news and articles related to the Company are circulated to provide updates from time to time.

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

The details of familiarisation programmes held for the Independent Directors has been hosted on the Company's website on the following link: <http://www.mahindracie.com/investors/investor-relations/governance.html>

Meeting of Independent Directors

In accordance with the provisions of Schedule IV (Code for Independent Directors) of the Companies Act, 2013 and Listing Regulations, a meeting of the Independent Directors of the Company was held on 10th December, 2015, without the attendance of Non-Independent Directors and members of the management.

The Independent Directors reviewed the performance of Non-Independent Directors and the Board as whole, and the Chairperson of the Company taking into account the views of Executive Directors and Non-Executive Directors. The Independent Directors also reviewed the quality, content and timeliness of the flow of information between the Management and the Board and its Committees which is necessary to effectively and reasonably perform and discharge their duties. The meeting was conducted to enable Independent Directors to discuss matters relating to Company's affairs and put forth their views without the presence of Non-Independent Directors and members of the Management.

PERFORMANCE EVALUATION OF BOARD, ITS COMMITTEES AND DIRECTORS

Pursuant to the provisions of the Companies Act, 2013 and Listing Regulations the Board has carried out an annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Committees.

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

CEO/CFO CERTIFICATION

As required under Regulation 17 (8) Listing Regulations, the Managing Director and the Chief Financial Officer of the Company have certified to the Board that Financial Statements for the Financial Year ended 31st December, 2015 do not contain any untrue statement and that these statements represent a true and fair view of the Company's affairs and other matters as specified thereunder.

RISK MANAGEMENT

The Company follows well defined and detailed risk management framework. Your Company has established procedures to periodically place before the Board, the risk assessment and minimisation procedures being followed by the Company and steps taken by it to mitigate the Risks. The risk management

framework adopted by the Company is discussed in detail in the Management Discussion and Analysis chapter of this Annual Report.

COMMITTEES OF THE BOARD OF DIRECTORS

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

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

a) Audit Committee

As on 31st December, 2015, the Audit Committee comprised four Non-executive independent Directors namely Mr. Daljit Mirchandani (Chairman), Mr. Jose Sabino Velasco Ibanez, Mr. Manoj Maheshwari and Mr. Dhananjay Mungale. The Chairman of the Audit Committee was present at the last Annual General Meeting to answer queries of shareholders.

All the Members of the Audit Committee have vast experience and knowledge and possess financial / accounting expertise / exposure. The composition of Committee meets with requirements of Section 177 of the Companies Act, 2013 and Regulation 18 (1) of Listing Regulations.

The Company Secretary is the Secretary to the Committee.

The terms of reference of this Committee are in accordance with the Section 177 of the Companies Act, 2013 and the Listing Regulations. Besides having access to all the required information from within the Company, the Committee can obtain external professional advice whenever required. The Committee acts as a link between the Statutory Auditors, the Internal Auditors and the Board of Directors of the Company. It is authorised to select and establish accounting policies, review reports of the Statutory and the Internal Auditors and meet them to discuss their findings, suggestions and other related matters. The Committee is empowered, *inter alia*, to monitor and review auditor's independence and performance, effectiveness of the audit process, oversight of the Company's financial reporting process and the disclosure of its financial information, reviewing with the management the quarterly and annual financial statements before submission to the Board for approval, examination of the financial statements and the Auditors' Report thereon, approval of transactions of the Company with related parties including subsequent modifications thereof, grant omnibus approvals subject to fulfillment of certain conditions, scrutiny of inter-corporate loans and investments, valuation of undertakings or assets of the Company wherever it is necessary, evaluation of internal financial controls and risk management systems,

monitoring the end use of funds raised through public offers, rights issue, preferential issue, etc. The Committee is empowered to review, *inter alia*, the remuneration payable to the Statutory Auditors and to recommend a change in Auditors, if felt necessary. It is also empowered to review Financial Statements and investments of unlisted subsidiary companies, Management Discussion & Analysis of financial condition and results of operations, statement of significant related party transactions. Further, the Committee is also authorised to oversee the functioning of the Whistle Blower Policy / Vigil Mechanism as well as review on a quarterly basis, the report on compliance under SEBI (Prohibition of Insider Trading) Regulations, 2015 given by the Compliance Officer. The Audit Committee has been granted powers as prescribed under Regulation 18 (2) Listing Regulations.

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

The Committee held 3 (Three) meetings during the Financial Year ended 31st December, 2015 covering a period of nine months from 1st April, 2015 to 31st December, 2015 on 11th May, 2015; 27th July, 2015 and 20th October, 2015. The time gap between two meetings was less than hundred and twenty days. The details are presented in Table 4.

Table 4: Attendance record of Audit Committee

Name of the Member	Position	Status	No. of Meetings Attended
Mr. Daljit Mirchandani	Independent Director	Chairman	3
Mr. Jose Sabino Velasco Ibanez	Independent Director	Member	1
Mr. Manoj Maheshwari	Independent Director	Member	3
Mr. Dhananjay Mungale	Independent Director	Member	3

b) Nomination and Remuneration Committee

The constitution and the terms of reference of the Nomination and Remuneration Committee are in compliance with the provisions of Section 178(1) of the Companies Act, 2013 and the Listing Regulations.

As on 31st December, 2015, the Nomination and Remuneration Committee comprises of four members with half of them being Independent Directors, including its Chairman, namely Mr. Manoj Maheshwari (Chairman), Mr. Daljit Mirchandani, Mr. Jesus Maria Herrera Barandiaran and Mr. Hemant Luthra.

The Company Secretary is the Secretary to the Committee.

The terms of reference of the Nomination and Remuneration Committee *inter-alia* includes, identification of persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down, determining the criteria for determining

qualifications, positive attributes and independence of a director, recommend to the Board appointment and removal of Directors & Key Managerial Personnels, carry out evaluation of every Director's performance and recommend to the Board a policy, relating to the remuneration of directors, key managerial personnels and other employees.

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

The Committee has also formulated and administers Company's Stock Option Scheme. It also attends to such other matters as may be prescribed from time to time.

The Committee held 2 (two) meetings during the Financial Year ended 31st December, 2015 on 11th May, 2015 and 27th July, 2015.

The details are presented in table 5 below:-

Table 5: Attendance details of Nomination and Remuneration Committee

Name of the Member	Position	Status	No. of Meetings Attended
Mr. Manoj Maheshwari	Independent Director	Chairman	2
Mr. Jesus Maria Herrera Barandiaran	Non-Independent Non-Executive Director	Member	1
Mr. Hemant Luthra	Executive Director (Chairman of the Company)	Member	2
Mr. Daljit Mirchandani	Independent Director	Member	2

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

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

Non-Executive including Independent Directors

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

However, at present the non-executive Independent Directors are paid sitting fees only and Non Executive, Non Independent Directors are not paid any remuneration.

Executive Directors

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

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

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

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

Senior Management Personnel's and other Employees

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

Remuneration for the new employees other than KMPs is decided by the HR of the respective divisions/plant as the case may be, in consultation with the concerned head of the department, depending upon the relevant job experience, last compensation and the skill-set of the selected candidate.

Performance evaluation criteria for Independent Directors.

In accordance with Schedule IV to the Companies Act, 2013 and the Listing Regulations, performance evaluation of Independent Directors is done by the entire Board excluding the Director being evaluated.

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

REMUNERATION / COMPENSATION PAID TO DIRECTORS

Table 6 a): Details of remuneration paid/payable to the Directors including Managing Director for 2015

(₹ in Million)

Name of the Director	Sitting Fees*	Salary and Perquisites	Contribution to Provident and Other Funds	Performance Linked Incentive	Total
Mr. Hemant Luthra	Nil	22.71	Nil	Nil	22.71
Mr. K. Ramaswami	Nil	10.45	Nil	Nil	10.45
Mr. Pedro Jesus Exchegaray Larrea	Nil	21.84	Nil	Nil	21.84
Mr. Daljit Mirchandani	0.29	NA	NA	NA	0.29
Mr. Dhananjay Mungale	0.22	NA	NA	NA	0.22
Mr. Manoj Maheshwari	0.25	NA	NA	NA	0.25
Mrs. Neelam Deo	0.05	NA	NA	NA	0.05
Mr. Juan Maria Bilbao	0.10	NA	NA	NA	0.10
Mr. Jose Sabino Velasco Ibanez	0.13	NA	NA	NA	0.13
Mr. Suhail Nathani	0.10	NA	NA	NA	0.10

* Net of service tax paid on the sitting fees.

Mr. Antonio Maria Pradera Jauregui, Mr. Jesus Maria Herrera Barandiaran, Mr. Zhooben Bhiwandiwalla and Mr. Shriprakash Shukla being non-executive Directors of the Company hence have not been paid any remuneration or sitting fees.

Non Executive-Independent Directors were paid sitting fees of ₹ 50,000/- attending for every meeting of the Board, ₹ 25,000/- for attending every meeting of the Audit Committee and ₹ 10,000/- for attending other Committee meetings of the Board. Non Executive, Non Independent Directors are not paid any remuneration.

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

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

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

Notes:

- Notice period applicable to the Managing Director - three months.
- No severance fees and no commission.
- Performance Pay and Employee stock Option is the only component of remuneration that is performance-linked. All other components are fixed.

Table 6 b): Details of Employee's Stock Options granted to Directors.

Name of the Director	No. of Options granted in October, 2007@	No. of Options granted in February, 2008@@	No. of Options granted in August, 2008@@@	No. of Options granted in April, 2011@@@ @	No. of Options granted in January, 2012@@@ @@	No. of options granted on 12 th December, 2014 against the options held in MCL@@@ @@@	No. of Ordinary (Equity) Shares held as on 31 st December, 2015
Mr. Hemant Luthra	NIL	200,000	NIL	NIL	NIL	5,220	3,28,273#
Mr. Zhooben Bhiwandiwalla	8,000	2,000	10,000	15,000	NIL	NIL	21,500#
Mr. Daljit Mirchandani	NA	NA	10,000	15,000	NIL	NIL	25,000#
Mr. K Ramaswami (Managing Director)	NA	NA	NA	NA	3,00,000	NIL	1,25,167#

@ These Options vested in four equal instalments in October 2008, October 2009, October 2010 and October 2011 respectively. These Options can be exercised within five years from the date of vesting of the Options at an Exercise Price ₹ 197/- per share.

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

@@@ These Options vested in four equal instalments in August 2009, August 2010, August 2011 and August 2012 respectively. These Options can be exercised within five years from the date of vesting of the Options at an Exercise Price ₹ 109/- per share.

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

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

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

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

c) Stakeholders' Relationship Committee

As on 31st December, 2015 the Stakeholders' Relationship Committee comprises of two directors headed by Mr. Daljit Mirchandani, Chairman of the Committee and Mr. Dhananjay Mungale, being Non-Executive Independent Directors of the Company. Mr. Krishnan Shankar, Company Secretary & Head – Legal is the Compliance Officer of the Company.

The Committee meets as and when required, to inter alia deal with matters relating to transfers of shares and monitors redressal of complaints from shareholders relating to transfers, non-receipt of balance-sheet etc. With a view to expediting the process of share transfers, the Chairman of the Committee and the Company Secretary are severally authorised to approve of transfers of shares which are up to 5,000 in number.

During the year under review the Committee met once on 10th December, 2015.

During the year, 90 complaints were received from shareholders and all the 90 complaints have been resolved to the satisfaction of shareholders.

As on 31st December, 2015 one complaint was pending which was resolved soon thereafter. As on date there were no pending share transfers pertaining to the year under review.

d) Allotment Committee

As on 31st December, 2015 Allotment Committee comprises of Mr. Daljit Mirchandani (Chairman), Mr. Dhananjay Mungale, Mr. K. Ramaswami, Managing Director and Mr. Pedro Jesus Echegaray Larrea.

During the year there was no meeting held. However, the Committee approved issue and allotment of Shares under ESOP scheme by way of Circular Resolutions.

e) Corporate Social Responsibility Committee

As on 31st December, 2015 the Committee comprises of Mr. Daljit Mirchandani - Chairman, Mr. Dhananjay Mungale and Mr. Hemant Luthra.

The terms of reference of the CSR Committee inter-alia included to formulate and recommend to the Board the CSR Policy indicating the activities to be undertaken by the Company in compliance with the provisions of the Companies Act, 2013 and Rules made thereunder, allocate the amount of expenditure to be incurred on CSR activities as enumerated in Schedule VII to the Companies Act, 2013, and monitor the implementation of CSR Policy and projects of the Company periodically.

Three meetings of the Committee were held during the Financial Year under review on 11th May, 2015, 27th July, 2015 and 20th October, 2015. The attendance for the same was as under;

Table 7: Attendance details of Corporate Social Responsibility Committee

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

General Body Meetings

Table 8: Annual General Meetings held during the past three years

Year	Date and Venue	Time	Special Resolution(s) passed
2013	23 rd July, 2013, Kishinchand Chellaram College, Rama Watumull Auditorium, Dinshaw Wacha Road, Churchgate, Mumbai - 400 020	4.00 p.m.	Alteration of Articles of Association of the Company for modification of the clause pertaining to increase in Maximum number of Directors of the Company.
2014	29 th September, 2014, Ravindra Natya Mandir, Sayani Road, Prabhadevi, Mumbai - 400 025.	3.30 p.m.	<ol style="list-style-type: none"> 1. Approval of borrowing limits, under Section 180 (1) (c) of the Companies Act, 2013, not exceeding ₹ 500 crore over and above the aggregate of paid-up capital and free reserves. 2. Approval to mortgage/ charge / hypothecate / encumber any of Company's movable and / or immovable properties, in favour of any Bank(s) or Financial Institutions or Body Corporate or Person(s), under Section 180 (1)(a) of the Companies Act, 2013, for an amount not exceeding ₹ 500 crore over and above the aggregate of paid-up capital and free reserves.
2015	15 th September, 2015, Kishinchand Chellaram College, 124, Dinshaw Wacha Road, Churchgate, Mumbai - 400 020	11.00 a.m.	<ol style="list-style-type: none"> 1. Approval of the "Mahindra CIE Automotive Limited Employees Stock Options Scheme – 2015". 2. Approval to extend the benefits of the "Mahindra CIE Automotive Limited Employees Stock Options Scheme – 2015".

Postal Ballot

During the last Financial Year ended 31st December, 2015, no resolutions were passed through Postal Ballot.

Resolution proposed to be passed through Postal Ballot

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

Disclosures

Disclosures of transactions with Related Parties

All related party transactions that were entered into during the Financial Year were on an arm's length basis and were in the ordinary course of business. During the Financial Year April, 2015 – December, 2015, there were no materially significant related party transactions (exceeding 10% of the annual consolidated turnover of the Company) with Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large. However, the Company has obtained approval of shareholders by way of Special Resolution passed through Postal Ballot on 27th March, 2015 for the Transactions to be entered into with Mahindra & Mahindra Limited, being a related party and Promoter and Promoter Group Company of the Company, upto ₹12, 000,000,000 (Twelve Billion) being the maximum value of Transactions per annum with effect from 1st April, 2014 and every year thereafter. Details of related party transactions are presented in Note number XXVII to the Financial Statement for the Year ended 31st December, 2015.

As required under Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has formulated a policy on dealing with Related Party Transactions – "Policy on Materiality of and Dealing with Related Party Transactions" and the same is hosted on the website of the Company at www.mahindrachie.com. The Audit Committee has granted from time to time, omnibus approval to related party transactions. A Statement of all the Related Party Transaction entered into by the Company, pursuant to the omnibus approval granted, placed before the meeting of Audit Committee for its review on quarterly basis.

Whistle Blower policy

The Company promotes ethical behavior in all its business activities and has established a Vigil Mechanism for Directors, Employees and other stakeholders to report their genuine concerns.

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

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

No personnel have been denied access to the Audit Committee.

Disclosure of Accounting Treatment in preparation of Financial Statements

Your Company has followed the Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI) in preparation of its financial statements.

Code for Prevention of Insider-Trading practices

The Company has instituted a comprehensive Code of Conduct for Prevention of Insider Trading for its designated employees, in compliance with Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015. The Code lays down Guidelines, which advise them on procedures to be followed and disclosures to be made, while dealing with shares of the Company and cautions them of the consequences of violations.

Details of non-compliance etc.

Your Company has complied with all the requirements of regulatory authorities.

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

Compliance

Mandatory requirements

The Company is fully compliant with the applicable mandatory requirements of the Clause 49 of the Listing Agreement and SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, as were applicable during the year under review.

Adoption of non-mandatory requirements

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

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

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

OTHER DISCLOSURES

Ethics/Governance Policies

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

1. Familiarisation Program for Independent Directors
2. Whistle Blower Policy (Vigil Mechanism)
3. Policy for determining Material Subsidiaries
4. Policy on Materiality of Related Party Transactions and on Dealing with Related Party Transactions.
5. Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information
6. Archival policy
7. Policy on criteria for determining materiality of events
8. Corporate Social Responsibility Policy

The disclosure in respect of above is hosted on the website of the Company and can be accessed at <http://mahindrachie.com/investors/investor-relation/governance.html>

Shares held by the Non-Executive Directors

As on 31st December, 2015, Mr. Daljit Mirchandani held 25,000 equity shares; Mr. Zhooben Bhiwandiwalla held 21,500 equity shares. The Company has granted employees stock options to its Directors details of which are disclosed in table 6b of this Report Apart from this, no other Non-Executive Director held any shares or convertible instruments of the Company as on 31st December, 2015.

Subsidiary Companies

Regulation 16 Listing Regulations defines a "material subsidiary" as subsidiary, whose income or net worth exceeds 20% of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

Under this definition, the Company did not have any "material non-listed Indian subsidiary" during the year under review. The foreign subsidiaries of the Company function independently, with an adequately empowered supervisory Board of Directors and sufficient resources. However, for more effective governance, the Minutes of Board Meeting of subsidiaries of the Company are placed before the Board of Directors of the Company at its meeting for its review.

Policy for determining Material Subsidiaries

The Company has formulated a policy for determining 'material' subsidiaries as defined under Listing Regulations. This policy has also been hosted on the website of the Company at <http://www.mahindrachie.com/investors/investor-relations/governance.html>

Under this definition, the Company did not have any material subsidiary. However, during the year the Company has not disposed of shares in any of its Subsidiaries which would reduce its shareholding (either on its own or together with other subsidiaries) to less than 50% or ceased to exercise of control over any of its Subsidiary.

Means of Communication with Shareholders

The quarterly, half yearly and yearly results are published in Business Standard and Sakal which are national and local dailies respectively. The Company's financial results and official news releases, presentations made to institutional investors / analysts are hosted on the Company's website:- www.mahindrachie.com

Presentations made to institutional investors and analysts, if any, are hosted on the website of the Company.

Management Discussion and Analysis

Management Discussion and Analysis forms part of the Directors Report and is appearing elsewhere in the Annual Report.

Confirmation of compliance with corporate governance requirements specified in Regulations 17 to 27 and Clauses (b) to (i) of sub-regulation (2) of Regulation 46

Particulars	Regulation	Compliance Status (Yes/ No/NA)
Independent director(s) have been appointed in terms of specified criteria of 'independence' and/or 'eligibility'	16(1)(b) & 25(6)	Yes
Board composition	17(1)	Yes
Meeting of Board of directors	17(2)	Yes
Review of Compliance Reports	17(3)	Yes
Plans for orderly succession for appointments	17(4)	Yes
Code of Conduct	17(5)	Yes
Fees/compensation	17(6)	Yes
Minimum Information	17(7)	Yes
Compliance Certificate	17(8)	Yes
Risk Assessment & Management	17(9)	Yes
Performance Evaluation of Independent Directors	17(10)	Yes
Composition of Audit Committee	18(1)	Yes
Meeting of Audit Committee	18(2)	Yes
Composition of Nomination & Remuneration committee	19(1)&(2)	Yes
Composition of Stakeholders Relationship Committee	20(1)&(2)	Yes
Composition and role of risk management Committee	21(1),(2),(3),(4)	NA
Vigil Mechanism	22	Yes
Policy for related party Transaction	23(1),(5),(6),(7) & (8)	Yes

Particulars	Regulation	Compliance Status (Yes/ No/NA)
Prior or Omnibus approval of Audit Committee for all related party transactions	23(2),(3)	Yes
Approval for material related party transactions	23(4)	Yes
Composition of Board of Directors of unlisted material Subsidiary	24(1)	NA
Other Corporate Governance requirements with respect to subsidiary of listed entity	24(2),(3),(4),(5) & (6)	Yes
Maximum Directorship & Tenure	25(1) & (2)	Yes
Meeting of independent directors	23(3) & (4)	Yes
Familiarization of independent directors	25(7)	Yes
Memberships in Committees	26(1)	Yes
Affirmation with compliance to code of conduct from members of Board of Directors and Senior management personnel	26(3)	Yes
Disclosure of Shareholding by Non-Executive Directors	26(4)	Yes
Policy with respect to Obligations of directors and senior management	26(2) & 26(5)	Yes
Disclosures on website of the Company	46(2)	Yes

SHAREHOLDER INFORMATION

17th Annual General Meeting

Date : 17th day, of May, 2016

Time : 3.30 p.m.

Venue : Ravindra Natya Mandir, Sayani Road, Prabhadevi, Mumbai - 400025.

Book Closure

The dates of book closure will be from 11th May, 2016 to 17th May, 2016 inclusive of both days.

Dividend Payment

The Board of Directors of the Company has not recommended dividend for the Financial Year 1st April 2015 to 31st December 2015.

Financial Year

The Hon'ble Company Law Board, New Delhi Bench, vide its order dated October 15, 2015, allowed the Petition filed by the Company, pursuant to Section 2(41) of the Companies Act, 2013, for change in the Financial Year of the Company from 1st April to 31st March (Both days inclusive) to 1st January to 31st December (Both days inclusive) every year.

Accordingly the Financial Year of the Company has ended on 31st December, 2015 covering a period of nine months starting from 1st April, 2015 to 31st December, 2015.

For the year ending 31st December 2016, results will be tentatively announced by

- End April, 2016: First quarter
- End July, 2016: Half yearly
- End October, 2016: Third quarter
- End February, 2017: Fourth quarter and annual

Registered Office Address

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

Corporate Identification Number

L27100MH1999PLC121285

Listing

The equity shares of the Company are listed on BSE Limited (BSE) and National Stock Exchange of India Limited (NSE).

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

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

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

Stock Codes

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

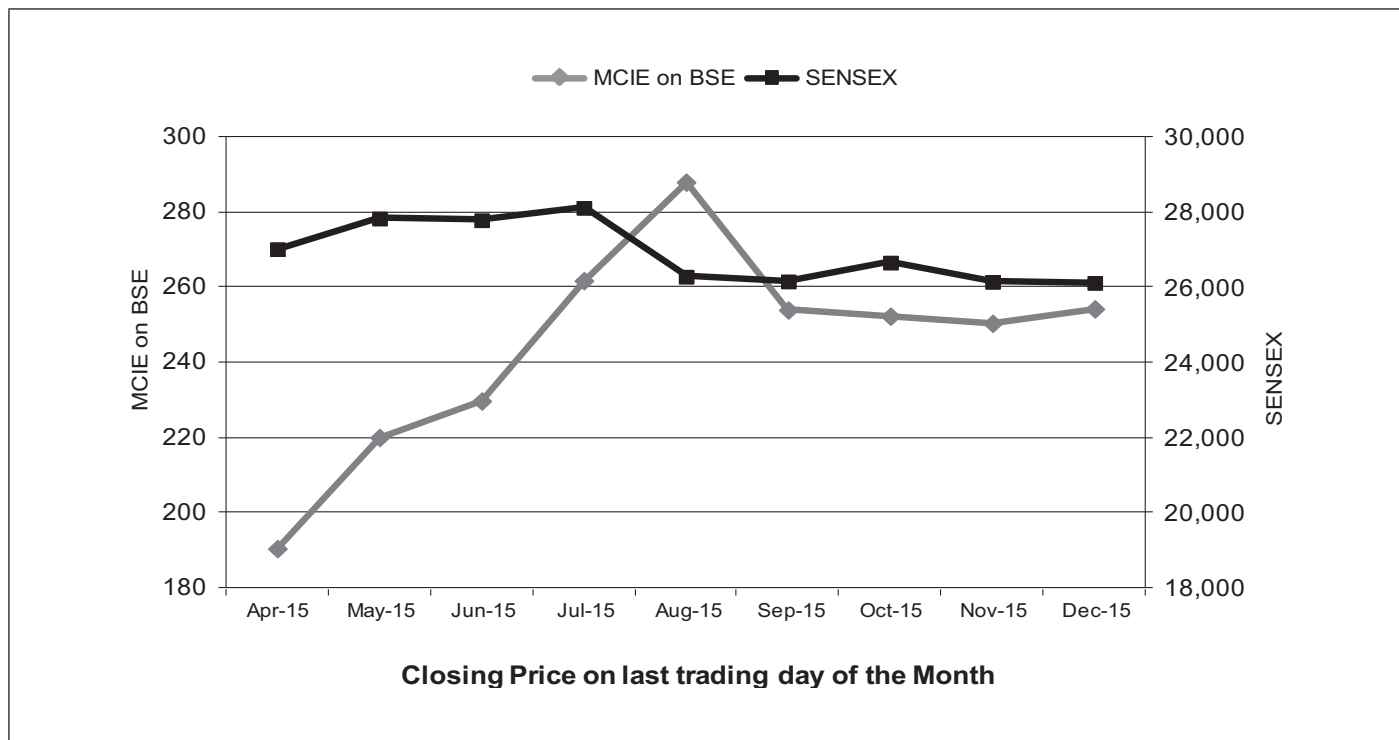
Stock Market Data

Table 9: High and low price of Company's shares for the period April, 2015 – December, 2015 at BSE & NSE

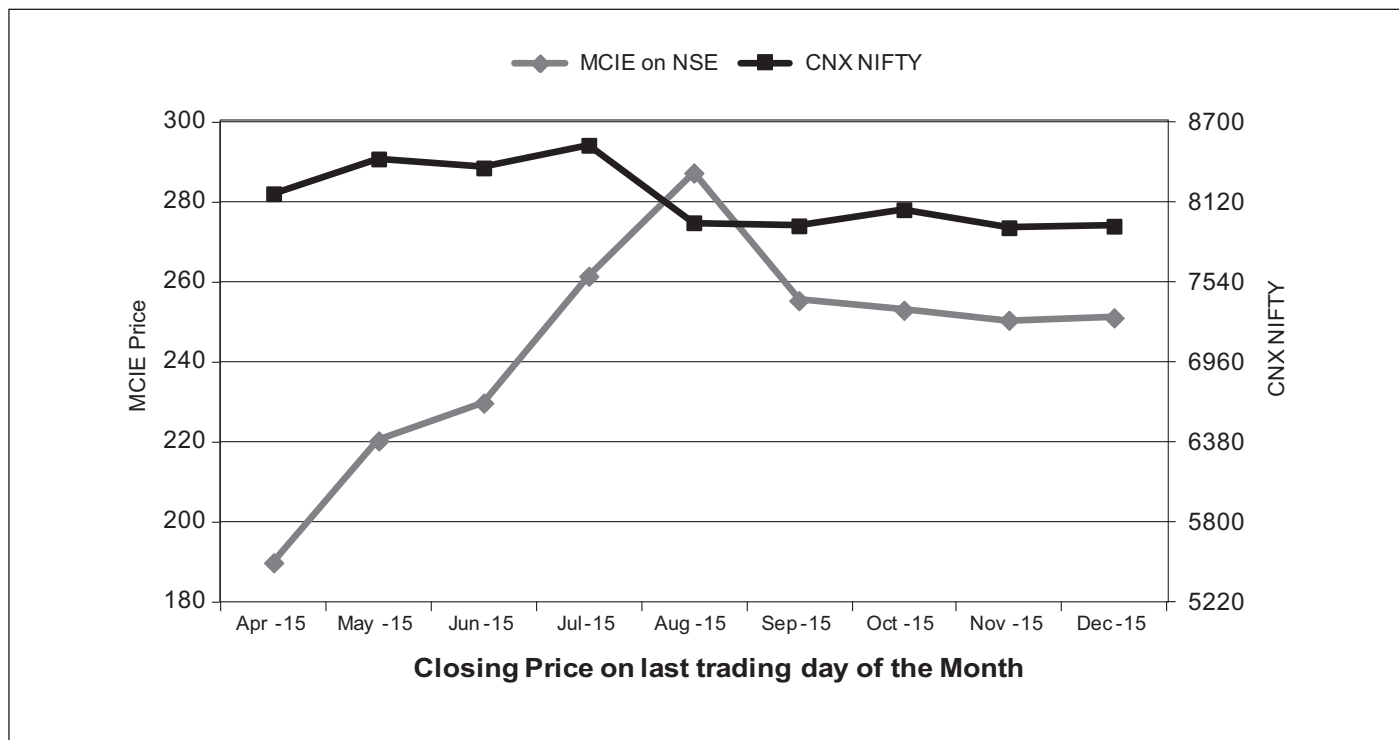
	BSE Limited (BSE)		National Stock Exchange of India Limited (NSE)	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April, 2015	228.00	187.75	228.65	187.20
May, 2015	225.00	191.00	224.90	190.00
June, 2015	232.00	196.10	231.90	196.40
July, 2015	275.00	222.25	275.00	222.60
August, 2015	314.10	224.55	313.80	223.35
September, 2015	298.35	244.80	298.00	244.50
October, 2015	278.00	236.20	279.85	236.00
November, 2015	269.55	240.70	269.70	241.00
December, 2015	267.30	240.20	267.70	239.30

STOCK PERFORMANCE

The performance of the Company's shares relative to the BSE sensitive index is given in the chart below:



The Performance of the Company's shares relative to the NSE Sensitive Index (S&P Nifty Index) is given in the chart below:



Share Transfer System

Trading in equity shares of the Company is permitted only in dematerialised form. Shares sent for transfer in physical form are registered and returned within a period of fifteen days from the date of receipt of the documents, provided the documents are valid and complete in all respects. With a view to expediting the process of share transfers, the Chairman of the Stakeholders' Relationship Committee and the Company Secretary are severally authorised to approve of transfers of shares up to 5,000 in number. The Stakeholders' Relationship Committee meets as and when required to consider the other transfer proposals and attend to Shareholder grievances. Moreover the Committee can also approve the transfer of shares through circulation.

Distribution of Shareholding

Table 10: Distribution of shareholding as on 31st December, 2015

Number of shares held	Number of shareholders	% of shareholders	Total shares	% of shareholding
1 to 5000	45,030	84.20 %	5,020,849	1.55 %
5001 to 10000	4,203	7.86%	3,064,813	0.95 %
10001 to 20000	2,101	3.93 %	3,015,333	0.93%
20001 to 30000	760	1.42 %	1,957,652	0.61 %
30001 to 40000	235	0.44 %	826,508	0.26 %
40001 to 50000	201	0.38%	914,850	0.28 %
50001 to 100000	426	0.80 %	3,035,864	0.94 %
100001 & above	519	0.97 %	305,500,179	94.48 %
Total	53,475	100.00%	323,336,048	100.00%

Shareholding pattern

Table 11: Shareholding pattern as on 31st December, 2015

Category of Shareholders	Number of Equity Shares held	Percentage (%)
Promoter & Promoter group	241,823,012	74.79
Mutual Fund/UTI	18,307,673	5.66
Financial Institutions/Banks	4,854,799	1.50
Foreign Institutional Investors / Foreign Portfolio Investors	17,428,536	5.39
Bodies Corporate	7,526,041	2.33
Resident individuals	31,868,791	9.86
NRIs	1,030,880	0.32
Clearing Members	184,104	0.06
Foreign companies	2,840	0.00
Trusts	1,655	0.00
Foreign National	266,611	0.08
Venture Capital Fund	1,440	0.00
NBFC Registered with RBI	39,666	0.01
Total	323,336,048	100.00

Dematerialisation of Shares

As on 31st December, 2015, 99.29% of the paid up Equity Capital was held in dematerialised form with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Trading in the Equity Shares of the Company is permitted only in dematerialised form as per the notification issued by Securities and Exchange Board of India (SEBI).

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

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

Commodity price risks and commodity hedging activities

Not applicable

Foreign exchange risk and hedging activities

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

Plant Locations

Forgings Division:	Gat No. 856 to 860, Chakan Ambethan Road, Tal. Khed, Dist. Pune - 410 501, Maharashtra.
Stamping Division:	1) 371, Takwe Road, At & Post Kanhe, Taluka – Maval, Dist – Pune - 412106. 2) Maharajpur Road, Village Lalpur, Tehsil – Kichha, Rudrapur, Dist – Udhm Singh Nagar, Pin – 263 143. 3) D-2 MIDC, Ambad, Nashik, Pin – 422 010. 4) Plot No-2, Sector – 11, TATA Vendor Park, IIE SIDCUL, Pantnagar, Rudrapur, Pin – 263 153. 5) 35/A, Village Buchinelly, Mahindra Vendor Park, APIIC Industrial Area, Mandal, Zaheerabad, Dist – Medak (Telengana), Pin – 502 228.
Composites Division:	1) 145, Nehru Nagar Road, Off Mumbai-Pune Road, Pimpri, Pune 411018. 2) 178/B, Mumbai-Goa Highway NH17, Village Sale, Taluka Mangaon, Dist- Raigad, 402112.
Castings Division:	Gat No. 318, Gaon Urse, Tal. Maval, Pune – 410506
Magnetic Products Division:	'G' Block, Bhosari Industrial Estate, Bhosari, Pune – 411026

Address for Correspondence

Shareholders may correspond with the Registrar and Transfer Agents at:

Karvy Computershare Private Limited.

Unit: Mahindra CIE Automotive Limited

"Karvy Selenium" Tower B, Plot No. 31 & 32,

Financial District, Gachibowli,

Hyderabad - 500 032.

Tel. No. + 91 - 40 – 6716 2222

Fax No. + 91 – 40 - 2300 1153

E-mail: support@karvy.com / einward.ris@karvy.com

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

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

Shareholders would have to correspond with the respective Depository Participants for shares held in dematerialised form.

For all investor related matters, Mr. Krishnan Shankar, Company Secretary & Head – Legal can be contacted at: Gat No. 856 to 860, Chakan-Ambethan Road, Taluka: Khed, District : Pune – 410501.Tel No. +91-2135-663307 Fax No. +91–2135-663407 e-mail: shankar.krishnan@mahindrachie.com

The Company can also be visited at its website: <http://www.mahindrachie.com>

Mumbai, 22nd February, 2016

DECLARATION BY THE MANAGING DIRECTOR UNDER REGULATION 34 (3) READ WITH PARA (D) OF SCHEDULE V OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

To,

The Members of Mahindra CIE Automotive Limited

I, K. Ramaswami, Managing Director of Mahindra CIE Automotive Limited declare that all the Members of the Board of Directors and Senior Management Personnel have affirmed compliance with the Codes of Conduct for the period from April 1, 2015 to December 31, 2015.

K. Ramaswami
Managing Director

Mumbai, February 22, 2016

CERTIFICATE

To

The Members of Mahindra CIE Automotive Limited

We have examined the compliance of conditions of corporate governance by Mahindra CIE Automotive Limited ("the Company") for the period from April 1, 2015 to December 31, 2015 as stipulated in Clause 49 of the listing agreements of the Company with the BSE Limited and the National Stock Exchange of India Limited ("the stock exchanges"), Regulation 17-27 and 46 (2) (b) (i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (collectively referred to as the "Corporate Governance Requirements")

The compliance of the conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of corporate governance as stipulated in the above referred Corporate Governance Requirements.

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

For B. K. Khare & Co.

Chartered Accountants

Firms' Registration Number 105102W

Padmini Khare Kaicker

Partner

Membership Number 044784

Mumbai, February 22, 2016

INDEPENDENT AUDITOR'S REPORT

To the Members of Mahindra CIE Automotive Limited

Report on the Standalone Financial Statements

1. We have audited the accompanying standalone financial statements of Mahindra CIE Automotive Limited ("the Company"), which comprise the balance sheet as at December 31, 2015, and the statements of profit and loss and cash flow for the period from April 1, 2015 to December 31, 2015, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit.
4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial

statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at December 31, 2015, and its profit and its cash flows for the period from April 1, 2015 to December 31, 2015.

Emphasis of matter

9. We draw attention to Note XI to the financial statements and for the reasons detailed therein we have relied on the representation of management of the Company that it does not perceive any permanent diminution in the value of long term investment of ₹ 7360.6 million in the wholly owned subsidiaries namely Mahindra Forgings Global Limited and Mahindra Forgings International Limited in view of the measures for improving financial performance being taken by the management of the Company.

Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

10. As required by the Companies (Auditor's Report) Order, 2015, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure I a statement on the matters specified in paragraphs 3 and 4 of the Order.
11. 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 purpose 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 and Cash Flow dealt with by this Report are in agreement with the books of account;
- d. In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);
- e. on the basis of written representations received from the directors as on December 31, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on December 31, 2015, from being appointed as a director in terms of Section 164(2) of the Act.
- f. With respect to the adequacy of internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure II.
- g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), 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 on its financial position in its financial statements – Refer Note XXVII to the financial statements.
- ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any on long-term contracts. The Company did not have any derivative contracts.
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For **B. K. Khare & Co.**
Chartered Accountants
Firm's Registration Number 105102W

Padmini Khare Kaicker
Partner
Membership Number: 044784

Mumbai
February 22, 2016

ANNEXURE I TO THE AUDITOR'S REPORT

Referred to in paragraph 10 of our report of even date on the standalone financial statements of Mahindra CIE Automotive Limited for the year ended December 31, 2015

1. (i) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
(ii) The Company has a rotational programme for verification of its fixed assets over a period of 3 years. A portion of the fixed assets have been physically verified by the management during the period from April 1, 2015 to December 31, 2015 in accordance with the program. In our opinion, the frequency of verification is reasonable having regard to the size of the Company and the nature of its assets. The discrepancies reported on such verification have been properly dealt in the books of account.
2. (i) The management has conducted physical verification of inventory at reasonable intervals during the period from April 1, 2015 to December 31, 2015.
(ii) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
(iii) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
3. The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Act. Accordingly, the provisions of para 3(iii) of the Order are not applicable to the Company.
4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchases of inventory, fixed assets and for the sale of goods and services. In our opinion and according to the information and explanations given to us, there is no continuing failure to correct major weaknesses in internal control system.
5. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of section 73 to 76 the Act, and the rules framed thereunder.
6. As informed to us, the maintenance of cost records has been prescribed by the Central Government under section 148(1) of the Companies Act, 2013, in respect of the activities carried on by the Company. We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the company pursuant to the Rules made by the Central Government for the maintenance of cost records under section and we are of the opinion that *prima facie* the prescribed accounts and records have been made and maintained.
7. (i) According to the records of the Company, the Company is generally regular in depositing with the appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Excise Duty, Service Tax, Customs Duty, value added tax, and other statutory dues applicable to it.
(ii) According to the information and explanations given to us, there are no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income tax, Sales Tax, Wealth Tax, Excise Duty, Service Tax, Customs Duty and Value Added Tax that were outstanding, at the year-end for a period of more than six months from the date they became payable.
(iii) According to the information and explanations given to us, dues of income-tax, sales tax, service tax, excise duty, customs duty and work contract tax which have not been deposited on account of any dispute are as follows:

Name of Statute	Nature of dues	₹ in million	Period to which amount relates	Forum where pending
Central Excise Act, 1944	Excise Duty	8.1	2010-11 to 2012-13	CESTAT Mumbai
Central Excise Act, 1944	Excise Duty	1.1	2012-13	Additional Commissioner of Central Excise
Central Excise Act, 1944	Excise Duty	8.9	2002-03 to 2003-04	CESTAT Mumbai
Central Excise Act, 1944	Excise Duty	12.8	2002-03 to 2003-04	CESTAT Mumbai
Central Excise Act, 1944	Excise Duty	1	2002-03 to 2003-04	CESTAT Mumbai
Central Excise Act, 1944	Excise Duty	0.01	1999-00	Commissioner Appeals
Central Excise Act, 1944	Excise Duty	5.3	1997-98	CESTAT
Central Excise Act, 1944	Excise Duty	0.5	2013-14	CESTAT
Central Excise Act, 1944	Excise Duty	19.3	2014-15	CESTAT
Central Excise Act, 1944	Excise Duty	0.5	2012-13	Commissioner of Central Excise and Customs (Appeals) – Mumbai
Central Excise Act, 1944	Excise Duty	0.5	2008-09	Commissioner of Central Excise and Customs (Appeals) – Mumbai
Central Excise Act, 1944	Excise Duty	91.9	1999 to 2004, 2003 to 2007, 2008 to 2010 & 2012 to 2013	Customs, Excise and Service Tax Appellate Tribunal
Finance Act, 1994	Service Tax	0.9	2009-10	CESTAT
Finance Act, 1994	Service Tax	0.3	2011-12 to 2012-13	CESTAT
Finance Act, 1994	Service Tax	0.5	2012-13	CESTAT
Finance Act, 1994	Service Tax	0.3	2013-14	CESTAT
Finance Act, 1994	Service Tax	1.1	2013-14	Commissioner Appeals
Finance Act, 1994	Service Tax	0.5	2013-14 to 2014-15	Commissioner Appeals
Finance Act, 1994	Service Tax	0.9	2013-14	Commissioner Appeals
Finance Act, 1994	Service Tax	0.04	2013-14	Commissioner of Central Excise and Customs (Appeals) – Mumbai
Finance Act, 1994	Service Tax	1.8	2010-11 to 2012-13	Commissioner Appeals
Finance Act, 1994	Service Tax	56.5	2008-09 to 2011-12	Customs, Excise and Service Tax Appellate Tribunal
Finance Act, 1994	Service Tax	0.6	Various	Customs, Excise and Service Tax Appellate Tribunal
Finance Act, 1994	Service Tax	3.5	Various	Commissioner Appeals
Central Sales Tax, 1956	CST	1	2009-10	Deputy Commissioner of Sales Tax
Customs Act, 1962	Customs Duty	0.45	--	Assistant Commissioner of Customs
Income Tax Act, 1961	Income Tax Act, 1961	157.4	2005-06 to 2011-12	Commissioner of Income Tax (Appeals) – Mumbai
Income Tax Act, 1961	Appeals against Income Tax Claims	2.7	2010-11	Commissioner of Income Tax (Appeals) – Pune
Income Tax Act, 1961	Appeals against Income Tax Claims	3.1	2011-12	Commissioner of Income Tax (Appeals) – Pune
Income Tax Act, 1961	Income Tax	71.1	2005-06 to 2011-12	Commissioner of Income Tax (Appeals) – Mumbai
MVAT Act, 2002	MVAT	0.07	2009-10	Deputy Commissioner of Sales Tax
Sales Tax Laws	Sales Tax	64	2008-09, 2010-11, 2011-12	Joint Commissioner Appeals
Sales Tax Laws	Sales Tax	86.7	2006-07, 2007-08	Maharashtra Sales Tax Tribunal

8. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
9. The Company does not have any accumulated losses at the end of the financial year and it has not incurred any cash losses in the current year and in the immediately preceding financial year.
10. According to the information and explanations given to us and based on the documents and records produced before us, the Company has not defaulted in repayment of dues to a financial institution, banks or debenture holders.
11. In our opinion, and according to the information and explanation given to us, there is no outstanding guarantee for loans taken by others from banks and financial institutions at balance sheet date.
12. In our opinion and according to the information and explanations given to us the term loans were applied for the purposes for which they were obtained.
13. Based on the audit procedures performed and as per the information and explanations given to us by management, no fraud on or by the Company has been noticed or reported during the period ended April 1, 2015 to December 31, 2015.

For **B. K. Khare & Co**
Chartered Accountants
Firm's Registration No. 105102W

Padmini Khare Kaicker
Partner
Membership No. 044784

Mumbai
February 22, 2016

ANNEXURE II TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF MAHINDRA CIE AUTOMOTIVE LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Mahindra CIE Automotive Limited ("the Company") as of December 31, 2015 in conjunction with our audit of the standalone financial statements of the Company for the period from April 1, 2015 to December 31, 2015.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that operate effectively for ensuring the orderly and efficient conduct of its business, including adherence to the 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.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at December 31, 2015, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **B. K. Khare & Co.**
Chartered Accountants
Firm's Registration No. 105102W

Padmini Khare Kaicker
Partner
Membership No. 044784

Mumbai
February 22, 2016

Balance Sheet as at December 31, 2015

(₹ In Million)

	Notes	As at 31-December-15	31-March-15
I EQUITY & LIABILITIES			
1 SHAREHOLDERS' FUNDS			
(a) Share capital	II	3,233.3	3,229.8
(b) Reserves and surplus	III	20,229.0	19,855.5
		<u>23,462.3</u>	<u>23,085.3</u>
2 Non-Current Liabilities			
(a) Long term borrowings	IV	107.1	223.1
(b) Deferred tax liability (net)	XIII	263.3	174.9
(c) Long term provisions	V	450.6	287.7
		<u>821.0</u>	<u>685.7</u>
3 Current Liabilities			
(a) Short term borrowings	VI	2.2	121.8
(b) Trade payables	VII	2,061.0	2,153.5
(c) Other current liabilities	VIII	1,272.8	1,030.8
(d) Short term provisions	IX	69.6	275.2
		<u>3,405.6</u>	<u>3,581.3</u>
Total		<u>27,688.9</u>	<u>27,352.3</u>
II ASSETS			
Non-current assets			
1 (a) Fixed Assets			
(i) Tangible assets	X	5,614.4	5,192.9
(ii) Intangible assets		50.8	21.0
(iii) Capital work in progress		221.0	897.2
		<u>5,886.2</u>	<u>6,111.1</u>
(b) Non-current investments	XI	15,597.5	15,280.5
(c) Long term loans and advances	XIV	1,031.2	1,030.5
		<u>22,514.9</u>	<u>22,422.1</u>
2 Current assets			
(a) Current Investments	XII	662.8	493.1
(b) Inventories	XVI	1,513.0	1,524.8
(c) Trade receivables	XVII	2,201.8	2,306.8
(d) Cash and bank balances	XVIII	256.6	177.7
(e) Short term loans and advances	XIV	513.1	381.2
(f) Other current assets	XV	26.7	46.6
		<u>5,174.0</u>	<u>4,930.2</u>
Total		<u>27,688.9</u>	<u>27,352.3</u>

Significant accounting policies.

See accompanying notes to the financial statements.

As per our Report of even date

For **B. K. Khare & Co.**

Chartered Accountants

Firm Registration No. 105102W

Padmini Khare Kaicker

Partner

Membership No. 044784

Mumbai, February 22, 2016

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

Hemant Luthra

Chairman

Pedro Echegaray

Executive Director

Zhooben Bhiwandiwalla

Director

Krishnan Shankar

Company Secretary & Head Legal

Mumbai, February 22, 2016

K. Ramaswami

Managing Director

Daljit Mirchandani

Director

Sanjay Joglekar

Chief Financial Officer

Statement of Profit & Loss for the period from April 1, 2015 to December 31, 2015

	Notes	Period from April 1, 2015 to December 31, 2015	(₹ In Million) Year ended March 31, 2015
I. Revenue from operations	XIX	13,309.1	18,096.6
Less: Excise duty		1,272.7	1,671.2
Net revenue from operations		12,036.4	16,425.4
II. Other income	XX	50.8	199.4
III. Total Revenue (I+II)		12,087.2	16,624.8
IV. EXPENSES :			
Cost of materials consumed	XXI	6,267.8	9,020.3
(Increase)/Decrease in finished goods/WIP	XXII	31.4	(3.3)
Employee benefits expense	XXIII	1,514.0	1,884.5
Finance costs	XXIV	22.9	140.4
Depreciation and amortisation expense	XXV	543.9	688.7
Other expenses	XXVI	3,215.0	4,191.5
Total expenses		11,595.0	15,922.1
V. Profit before tax (III - IV)		492.2	702.7
VI. Tax charge/ (credit)			
Current tax		95.3	136.2
Prior year tax		-	(167.2)
MAT credit entitlement		-	(115.8)
Deferred tax charge		88.4	72.8
VII. Profit after tax (V-VI)		308.5	776.7
VIII. Earnings per equity share of face value of ₹ 10 each:			
Basic and diluted	XXVII (6)	0.95	2.41

Significant accounting policies.

See accompanying notes to the financial statements.

As per our Report of even date

For **B. K. Khare & Co.**

Chartered Accountants

Firm Registration No. 105102W

Padmini Khare Kaicker

Partner

Membership No. 044784

Mumbai, February 22, 2016

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

Hemant Luthra

Chairman

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Director

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Company Secretary & Head Legal

Mumbai, February 22, 2016

K. Ramaswami

Managing Director

Daljit Mirchandani

Director

Sanjay Joglekar

Chief Financial Officer

Cash Flow Statement for the period from April 1, 2015 to December 31, 2015

(₹ In Million)

Particulars	As at	
	31-December-15	31-March-15
Profit before tax	492.2	702.7
Add: Adjustment for		
Depreciation and amortisation expenses	543.9	688.7
Provision for doubtful debts / write off (written back)	11.3	135.2
Miscellaneous balances write backs	0.5	(35.2)
Interest expenses (Net)	15.2	140.4
Provision for impairment of assets	6.9	
Unrealised foreign exchange loss/(profit)	-	1.0
Expenses on Employee Stock Option Plan	(0.3)	1.8
Amortisation of investment in WPCL	1.8	2.4
Sub Total (A)	1,071.5	1,637.0
Less: Adjustment for		
Interest / Dividend income	27.0	84.9
Profit on sale of investment	-	2.4
Profit on sale of assets	-	42.6
Sub Total (B)	27.0	129.9
Operating Profit before Working Capital Change (A - B)	1,044.5	1,507.10
Movement in		
Trade & other receivables	(30.3)	107.7
Inventories	11.8	(19.4)
Liabilities & Provisions	197.4	(227.7)
Sub Total	178.9	(139.4)
Cash Generated from Operations	1,223.4	1,367.70
Income Tax Refund/(Paid)	(91.2)	(202.7)
Net cash flow from operating activities	1,132.2	1,165.0
Cash flow from investing activities		
Purchase of fixed assets	(363.9)	(806.2)
Sale of fixed assets	43.0	64.4
Purchase of Investments		
In Mutual fund	(2,955.0)	(3,155.8)
In Subsidiary company	(277.0)	-
Sale of investments		
In Mutual fund	2,803.4	3,291.4
Interest/ Dividend received	18.8	84.9
Net cash from investing activities	(730.7)	(521.3)

Cash Flow Statement for the period from April 1, 2015 to December 31, 2015

(₹ In Million)

Particulars	As at	
	31-December-15	31-March-15
Cash Flow from Financing Activities		(1,095.4)
Term Loans repayment	(216.0)	482.9
Issue of Share Capital	28.2	86.6
Short Term Loans from Banks	(119.6)	(222.9)
Interest Paid	(15.2)	(144.2)
Net Cash from Financing Activities	(322.6)	(893.0)
Net (Decrease)/ Increase in Cash or Cash Equivalents	78.9	(249.3)
Opening Cash and Cash equivalents	177.7	53.2
Opening Cash and Cash equivalents- from Merging Companies	-	373.8
Closing Cash and Cash equivalents	256.6	177.7

Notes :

- The Cash Flow has been prepared under the "Indirect method" as set out in the Accounting Standard 3 of Cash Flow Statement issued by the Institute of Chartered Accountants of India.
- Cash & Cash equivalents represent cash and bank balances and deposit maturing within one year of ₹ 125.4 Million (PY ₹ 22.1 Million).
- During the previous year ended March 31, 2015, pursuant to the Scheme/s of Amalgamation between Mahindra Ugine Steel Company Limited (MUSCO), Mahindra Hinoday Industries Limited (MHIL), Mahindra Gears International Limited (MGIL), Mahindra Investment India Private Limited (MIPL) Participaciones Internacionales Autometal Tres SL(PIA3) and Mahindra Composites Limited (MCL) (collectively "the amalgamating companies") as sanctioned by the Honourable High Court of Bombay vide its order October 31, 2014, the entire assets and liabilities, duties and obligations of the amalgamating companies was transferred to and vested in the Company, from October 1, 2013 (the appointed date) at the values indicated below. This arrangement was a non cash transaction.

(₹ Million)

Loan Funds	3,775.2
Other Liabilities	2,806.6
Fixed Assets (Net)	4,117.9
Investments	8,977.8
Other Assets	4,656.0

As per our Report of even date
For **B. K. Khare & Co.**
Chartered Accountants
Firm Registration No. 105102W

Padmini Khare Kaicker
Partner
Membership No. 044784

Mumbai, February 22, 2016

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

Hemant Luthra
Chairman
Pedro Echegaray
Executive Director

Zhooben Bhiwandiwala
Director
Krishnan Shankar
Company Secretary & Head Legal

Mumbai, February 22, 2016

K. Ramaswami
Managing Director
Daljit Mirchandani
Director

Sanjay Joglekar
Chief Financial Officer

Notes to the financial statements for the period from April 1, 2015 to December 31, 2015

Note I Significant Accounting Policies

1 Method of Accounting

The financial statements are prepared under the historical cost convention and on the accrual basis of accounting in accordance with generally accepted accounting principles in India including the accounting standards applicable under Sec 133 of the Companies Act, 2013 ("the Act") read with Rule 7 of the Companies Accounts Rules, 2014 (as amended) and the relevant provisions of the Act as applicable. All assets & liabilities have been classified as current & non – current as per the Company's normal operating cycle and other criteria set out in the Revised Schedule III of the Act. The accounting policies adopted in the preparation of the financial statements are consistent with those of the previous year. The company has obtained the permission for changing the Financial Year end from March 31 to December 31. In view of the change, the financials statements for the current year are for the period April 1, 2015 to December 31, 2015.

2 Use of Estimates

The preparation of financial statements in conformity with the Generally Accepted Accounting Principles requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of financial statements and the reported amounts of revenues and expenses during the reported period. Differences between the actual results and estimates are recognised in the period in which the results are known / materialise.

3 Fixed Assets and Depreciation

- a) All Fixed Assets are stated at cost less depreciation. Cost of acquisition is inclusive of purchase price, levies and any directly attributable cost of bringing the assets to its working condition for the intended use.
- b) When an asset is scrapped or otherwise disposed off, the cost and related depreciation are removed from the books of accounts and resultant profit (including capital profit) or loss, if any, is reflected in the statement of Profit and Loss.
- c) Free hold land is stated at cost
- d) Depreciation on assets is calculated on Straight Line Method as per Sch II of the Companies Act, 2013 except for certain items of plant and machinery, where the estimated useful life of assets has been taken based on technical assessment of the lives of such assets. Such lives for various equipments range from 6 to 20 years against average of 15 years given under Sch II.

4 Intangible Assets

- a) Intangible Assets except software are initially measured at cost and amortised on a straight line basis over the asset's economic life.
- b) Software expenditure incurred is amortised over thirty six months equally.

5 Investments

Investments held as long-term investments are stated at cost comprising of acquisition and incidental expenses less diminution, other than temporary in value thereof, if any. Investments other than long-term investments are classified as current investments and valued at lower of cost or net realisable value.

6 Inventories

- i) Raw material, stores & spares are valued at cost. Cost is determined on the moving weighted average method.
- ii) Inventories of finished goods and work in progress and dies are valued at cost or net realisable value, whichever is lower.
- iii) In case of Work in Process & Finished Goods, the cost includes material cost, labour, and appropriate manufacturing overheads & excise duty in the case of finished goods.

7 Foreign Currency Transactions

- a) Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction. Realised gains and losses and also exchange differences arising on translation at year end exchange rates of monetary assets and monetary liabilities outstanding at the end of the year are recognised in the statement of Profit and Loss.
- b) In case of forward exchange contracts entered as hedge transactions, the premium or discount arising at the inception of forward exchange contract is amortised as income or expense over the life of the contract. Exchange differences are

Notes to the financial statements for the period from April 1, 2015 to December 31, 2015

recognised as an income or expense in the reporting period in which the exchange rates change. Any profit or loss arising on cancellation or expiry of such forward exchange contract is recognised as income or expense for the period.

- c) Exchange differences arising on a monetary item, forming part of a net investment in a Non Integral Foreign Operation is accumulated in Foreign Currency Translation Reserve.

8 Revenue Recognition

Sales of products and services are recognised on transfer of risk and rewards. Sales are exclusive of sales tax and net of sales return and trade discounts. Interest income is accounted on an accrual /time proportionate basis at contractual rates. Dividend Income is recognised when the right to receive the same is established. Export Incentives are recognised on accrual basis and to the extent of certainty of realisation of ultimate collection.

9 Retirement Benefits

Retirement Benefits in respect of gratuity and leave encashment at retirement/cessation are provided for based on actuarial valuations, as at the Balance Sheet date, made by independent actuaries.

- a) Defined Contribution Plans Company's contribution paid/payable during the year to Provident Fund and Labour Welfare Fund are recognised in the statement of Profit and loss.
- b) Defined Benefit Plan-Company's liabilities towards gratuity and leave encashment are determined using the Projected Unit credit Method which considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. Past service cost are recognised on straight line basis over the average period until the amended benefits become vested. Actuarial gain and losses are recognised immediately in the Statement of Profit and loss as income or expense. Obligation is measured at the present value of estimated future cash flow using a discount rate that is determined by reference to market yields at the Balance Sheet date on government bonds where the currency and terms of the government bonds are consistent with the currency and estimated terms of the defined benefit obligation. Company's liability towards gratuity is funded by way of Group Gratuity cum assurance policy with Life Insurance Corporation of India.
- c) Expenses incurred towards voluntary retirement scheme are charged off in the Statement of Profit and Loss.

10 Borrowing Costs

Borrowing costs that are directly attributable to the acquisition or construction of qualifying assets are capitalised up to the date when such qualifying assets are ready for intended use. Other borrowing costs are recognised as expense in the period in which they are incurred.

11 Taxation

Current tax is determined as the amount of tax payable in respect of taxable income for the year.

Deferred tax assets and liabilities are recognised for future tax consequences attributable to the timing differences between taxable income and accounting income that are capable of reversal in one or more subsequent periods and are measured using the tax rates enacted or substantively enacted as at the Balance Sheet date. Deferred Tax assets are not recognised unless in the management judgment, there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised except in case of deferred tax assets arising from brought forward tax losses wherein deferred tax asset is recognised only when there is virtual certainty.

12 Impairment of Assets

The carrying amount of cash generating units/ assets is reviewed at the Balance Sheet date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount is estimated as the net selling price or value in use, whichever is higher. Impairment loss, if any, is recognised whenever carrying amount exceeds the recoverable amount.

13 Provisions and Contingent Liabilities

Provisions are recognised in accounts in respect of present probable obligations, the amount of which can be reliably estimated. Contingent liabilities are disclosed in respect of possible obligations that arise from past events but their existence is confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company.

Notes to the financial statements for the period from April 1, 2015 to December 31, 2015

		(₹ In Million)	
		As at	
		31-December-15	31-March-15
Note II Share capital			
A Authorised			
395,000,000 (PY 395,000,000) equity shares of ₹ 10/- each		3,950.0	3,950.0
29,658,916 (PY 29,658,916) 4% Non cumulative redeemable non convertible preference shares of ₹ 31/- each		919.4	919.4
		<u>4,869.4</u>	<u>4,869.4</u>
B Issued			
323,336,993 (PY 322,977,207) equity shares of ₹ 10/- each fully paid-up)		3,233.4	3,229.8
		<u>3,233.4</u>	<u>3,229.8</u>
C Subscribed and paid-up			
323,336,048, (PY 322,976,262 equity shares of ₹ 10/- each fully paid-up)		3,233.3	3,229.8
Total (Equity)		<u>3,233.3</u>	<u>3,229.8</u>

Movement in Share Capital

	31-December-15		31-March-15	
	No. of shares	Amount ₹ in Million	No. of shares	Amount ₹ in Million
Balance as at the beginning of the year	322,976,262	3,229.8	92,340,466	923.4
Add: issued under the employees stock option scheme (on exercise of options)	359,786	3.5	1,305,277	13.1
Issued pursuant to scheme of merger [Refer Note XXVII (4)]	-	-	229,331,464	-
Less: Shares issued and kept in abeyance (see below)	-	-	945	-
	<u>-</u>	<u>-</u>	<u>229,330,519</u>	<u>2,293.3</u>
Balance at the end of the year	<u>323,336,048</u>	<u>3,233.3</u>	<u>322,976,262</u>	<u>3,229.8</u>

Note:

Mahindra Composites Limited which was merged with the Company in the previous year had issued 1050 equity shares and not allotted the same to its shareholders. Based on the swap ratio in the Composites Scheme of Merger, the Company had issued 945 equity shares and the same have been kept in abeyance.

Rights, preferences and restrictions attached to the shares

Equity shares:

The Company has one class of equity shares having a par value of ₹ 10/- per equity share held. Each shareholder is eligible for one vote per share. If any dividend is proposed by the board of directors, then the same is subject to approval of the shareholders in the ensuing annual general meeting except in the case of interim dividend. On liquidation, the equity shareholders are eligible to receive the residual value of assets of the Company in the proportion of their shareholding in the Company after all obligations of the Company are paid off.

Shares held by the holding company and their subsidiaries and associates and shares held by each shareholder holding more than 5% shares in the Company.

	As at	
	31-December-15	31-March-15
Equity shares	No. of shares	No. of shares
Participaciones Internacionales Autometal, Dos S.L. (PIA2)	171,767,537	171,767,537
	53.12%	53.18%
Mahindra & Mahindra Limited (M&M)	-	65,271,407
Mahindra Vehicle Manufacturers Limited (MVML)	65,271,407	-
	20.19%	20.21%

Notes to the financial statements for the period from April 1, 2015 to December 31, 2015

- i) PIA2 is a 100% subsidiary of CIE Automotive SA ("CIE"), a company incorporated in Spain (the ultimate holding company of the Company).
CIE is an associate of M&M which holds a beneficial interest of 12.44% in CIE.
M&M has transferred its entire shareholding in the Company to their subsidiary MVML on December 30, 2015.
Other than as indicated above there are no shareholders each holding more than 5 % of the shares in the Company.
- ii) Shares reserved for issue under options- [See Note XXVII(3)].
- iii) As described above, the Company has issued 229,331,464 equity shares of face value of ₹ 10 each pursuant to merger [See note XXVII (4)] as fully paid up without payment being received in cash.

		(₹ In Million)	
		As at	
		31-December-15	31-March-15
Note III Reserve and surplus			
A Capital Reserve			
Balance at the beginning of the year		6,386.3	-
Add :			
Addition on account of amalgamation as at Oct 1, 2013 [Refer Note XXVII(4)]		-	6,386.3
Balance at the end of the year		6,386.3	6,386.3
B Capital Redemption Reserve			
Balance at the beginning of the Year		164.6	-
Add :			
Addition on account of amalgamation as at Oct 1, 2013 [Refer Note XXVII(4)]		-	164.6
Balance at the end of the year		164.6	164.6
C Securities Premium Reserve			
Balance at the beginning of the year		4,949.8	3,040.3
Add:-			
Received upon issue of shares to employees under Employees Stock Option Scheme ("ESOP")		37.2	99.1
Addition on account of amalgamation as at Oct 1, 2013 [Refer Note XXVII(4)]		-	1,810.4
Balance at the end of the year		4,987.0	4,949.8
D Employee stock option outstanding			
Options granted till date		27.9	54.2
Add : Options granted during the year			
Deferred employee compensation expenses		0.2	1.4
Granted to employees of merging companies [See Note XXVII(3)]		-	1.0
Less :			
Forfeiture of options		1.4	1.9
Options exercised during the year		12.8	26.8
Balance at the end of the year		13.9	27.9
E General Reserve			
Balance at the beginning of the year		6,535.8	5,767.1
Addition on account of amalgamation as at Oct 1, 2013 [Refer Note XXVII(4)]		-	768.7
Balance at the end of the year		6,535.8	6,535.8

Notes to the financial statements for the period from April 1, 2015 to December 31, 2015

(₹ In Million)

		As at	
		31-December-15	31-March-15
Note III Reserve and surplus (Contd.)			
F Foreign exchange fluctuation reserve			
Balance at the beginning of the year		50.6	185.1
Add: Foreign exchange gain/(loss) on investment in subsidiary		41.8	(134.5)
Balance at the end of the year		<u>92.4</u>	<u>50.6</u>
G Surplus /(Deficit) in the statement of profit and loss			
Balance at the beginning of the year		1,740.5	(655.0)
Depreciation adjustment for prior period - (Net of Tax) (refer Note X)		-	(53.0)
Addition on account of amalgamation as at Oct 1, 2013		-	(240.1)
[Refer Note XXVII(4)]			
Profit of the amalgamating companies during the period Oct 1, 2013 to March 31, 2014		-	1,911.9
Profit for the year		<u>308.5</u>	<u>776.7</u>
Balance at the end of the year		<u>2,049.0</u>	<u>1,740.5</u>
Total		<u><u>20,229.0</u></u>	<u><u>19,855.5</u></u>

Note IV Long-Term Borrowings

		Non-Current	
		As at	
		31-December-15	31-March-15
(A) Secured Loans			
Term Loan from Banks (refer Notes below)		-	46.0
(B) Unsecured Loans			
Deferred Payment Liabilities			
Sales Tax Deferral (refer Note below)		107.1	166.3
Loans from Related Party:			
Foreign Currency loan [Euro Nil (PY Euro 160,000)] from CIE		-	10.8
Total		<u><u>107.1</u></u>	<u><u>223.1</u></u>

Note:

- Terms loans from banks comprised of loans pertaining to the castings and magnetic product divisions (erstwhile Mahindra Hinoday Industries Limited) of the company and the composites division (erstwhile Mahindra Composites Limited) acquired in amalgamation. During the year the Company has partly prepaid the loans pertaining to the castings and composites division. The balance loan being repayable within a year from the balance sheet date is disclosed in Note VIII.
- Loans in the composites division carried an interest rate of 12.50% p.a. and was secured by a first charge on the current and future immediate assets of the Pimpri and Mungaon factories and a second *pari passu* charge on the moveable assets of division.
- The loans pertaining to castings division were repayable in monthly instalments commencing from April 2012 till September 2017 and were partly repaid during the year. The loan carries an interest rate of Base Rate plus 1.40 % p.a. and is secured by a first charge on urse and bhosari units of the Company.
- Sales Tax deferral loan is payable in annual instalments commencing from 2009-2010 to 2020-2021.
- Loan from CIE Automotive S.A. has devolved on the company due to the merger of Mahindra Gears International Limited. The same was subject to approval from Reserve Bank of India and therefore was classified as Long term. During the year the Company has repaid the loan.

Notes to the financial statements for the period from April 1, 2015 to December 31, 2015

(₹ In Million)

Non- Current

As at

31-December-15 31-March-15

Note V Long-term Provisions

Provision for Employee benefits

Funded

Provision for Gratuity (Gross)

257.8 212.9

Less: Gratuity Fund Assets with Trust/LIC

218.5 180.8

Provision for Gratuity (Net) (refer Note XXIII)

39.3 32.1

Non-funded

Provision for compensated absences (refer note XXIII)

138.0 122.0

Provision for Voluntary Retirement Scheme (VRS) (refer Note XXIII)

11.0 16.8

Provision Others (Water charges)

262.3 116.8

Total

450.6 287.7

Water Charges Refer Note No. XXVII (1) (A) (iii)

Movement in provisions during the year is summarised below

Balance as at the beginning of the year

116.8 -

Acquired on amalgamation [Refer Note XXVII (4)]

- 36.8

Provided during the year

145.5 80.0

Balance at the end of the year

262.3 116.8

Note VI Short- Term Borrowings

(A) Secured

Loans repayable on demand

from Banks

2.2 121.8

(Secured against 1st charge on movable assets and 2nd charge on immovable assets)

Total

2.2 121.8

Note VII Trade Payables

Trade Payables

Acceptances

220.4 237.3

Micro & Small Enterprises (refer Note below)

89.1 12.6

Others

1,751.5 1,903.6

Total

2,061.0 2,153.5

Micro & Small enterprises

The identification of suppliers as micro and small enterprises covered under the 'Micro Small and medium enterprises development Act 2006' was done on the basis of the information to the extent provided by the supplier to the company. Total outstanding due to micro and small enterprises, which were outstanding for more than stipulated period are given below.

Dues remaining unpaid

Principal

89.1 12.6

Interest for the current year

0.4 0.2

Interest paid in terms of section 16 of the Act

(2.6) -

Amount of interest due and payable for the period of delay in payment made beyond the appointed day during the period

0.5 1.1

Amount of interest accrued and remaining unpaid

0.6 2.7

Total

88.0 16.6

Notes to the financial statements for the period from April 1, 2015 to December 31, 2015

(₹ In Million)

		As at	
		31-December-15	31-March-15
Note VIII Other current liabilities			
1	Current maturity of long term debt		
	i) Sales Tax deferral loan	62.3	70.5
	ii) Loan from banks (Refer Note IV)	67.8	159.6
2	Interest accrued but not due	-	0.3
3	Unclaimed Dividend	1.1	2.0
4	Unclaimed Fixed Deposit and Interest*	-	-
5	Provision for redemption of preference shares	4.1	4.1
6	Amount payable for fractional shares	0.5	0.6
7	Advance from customers	161.3	105.5
8	Statutory Dues payable	64.4	72.7
9	Current liabilities for employee benefits	165.6	180.9
10	Creditors for capital expenditure	95.5	86.2
11	Deposit Received	16.8	20.6
12	Others	633.4	327.8
Total		1,272.8	1,030.8

* Amount is less than ₹ 50,000

Note IX Short term provisions

Employee benefits:			
1	Provision for Gratuity (Refer Note XXIII)	35.0	44.1
2	Provision of compensated absences	25.0	20.6
3	VRS Payable (Refer Note XXIII)	9.6	10.7
4	Stamp Duty Payable	-	199.8
Total		69.6	275.2

Movement in provisions during the year is summarised below

Stamp Duty Payable

Balance as at the beginning of the year	199.8	13.3
Provision on account of amalgamation [Refer Note XXVII (4)]		199.8
Less: Paid during the year		13.3
Provided during the year		
Transfer to other current liabilities	199.8	
Balance at the end of the year	-	199.8

Notes to the financial statements for the period from April 1, 2015 to December 31, 2015

Note: X Fixed Asset Schedule

(₹ In Million)

Asset Category	Gross Block					Depreciation					Net Block As at 31-December-15
	Opening Gross Block As at 1-April-15	Additions during the 9 months from April 1, 2015 to December 31, 2015	Deletions during the 9 months from April 1, 2015 to December 31, 2015	Adjustments from April 1, 2015 to December 31, 2015	Closing Gross Block As at 31-December-15	Opening Accumulated Depreciation As at 1-April-15	Depreciation during the 9 months from April 1, 2015 to December 31, 2015	Deletions during the 9 months from April 1, 2015 to December 31, 2015	Adjustments from April 1, 2015 to December 31, 2015	Closing Accumulated Depreciation As at 31-December-15	
A) Tangible Assets											
Land											
Freehold	314.7	50.7	-		365.4	-	-	-		-	365.4
Leasehold	350.3	76.1	-		426.4	43.4	5.6	-		49.0	377.4
Building	1,548.6	167.4	0.6		1,715.4	445.9	53.2	0.4		498.7	1,216.7
Plant & Machinery	8,251.6	710.5	109.2		8,852.9	4,888.7	472.2	66.9		5,294.0	3,558.9
Furniture & Fittings	83.5	2.6	1.1		85.0	51.4	6.3	1.0		56.7	28.3
Cars & Vehicles	53.8	4.9	5.5		53.2	19.6	5.6	2.8		22.4	30.8
Office Equipment	45.6	3.5	1.3		47.8	33.2	3.6	1.3		35.5	12.3
Computers and EDP equipment	85.2	3.9	2.0		87.1	58.2	6.2	1.9		62.5	24.6
Sub Total	10,733.3	1,019.6	119.7	-	11,633.2	5,540.4	552.7	74.3	-	6,018.8	5,614.4
B) Intangible Assets											
Software Expenses	120.7	38.0	-		158.7	99.7	8.2	-		107.9	50.8
Sub Total	120.7	38.0	-	-	158.7	99.7	8.2	-	-	107.9	50.8
C) Capital Work in Progress											
Capital Work in Progress	-	-	-	-	-	-	-	-	-	-	221.0
Sub Total	-	-	-	-	-	-	-	-	-	-	221.0
Gross Total	10,854.0	1,057.6	119.7	-	11,791.9	5,640.1	560.9	74.3	-	6,126.7	5,886.2

Notes to the financial statements for the period from April 1, 2015 to December 31, 2015

Note: X Fixed Asset Schedule

(₹ In Million)

Asset Category	GROSS BLOCK				DEPRECIATION							Net Block As at 31-March-15		
	Opening Gross Block As at 1-April-14	Additions on account of Merger	Additions during the year	Deletions during the year	Adjustments	Closing Gross Block As at 31-March-15	Opening Accumulated Depreciation As at 1-April-14	Additions on account of Merger	Depreciation during the year	Impact due to Sch. II Companies Act, 2013 carried to Reserves	Deletions during the year		Adjustments	Closing Accumulated Depreciation As at 31-March-15
A) Tangible Assets														
Land														
Freehold	3.8	310.9	-	-	-	314.7	-	-	-	-	-	-	-	314.7
Leasehold	-	350.3	-	-	-	350.3	-	37.4	6.0	-	-	-	43.4	306.9
Building	441.1	1,088.9	40.2	21.6	-	1,548.6	99.2	262.7	68.3	20.2	4.5	-	445.9	1,102.7
Plant & Machinery	3,029.8	5,013.4	219.0	10.6	-	8,251.6	1,886.2	2,587.8	576.8	47.3	9.4	-	4,888.7	3,362.9
Furniture & Fittings	31.8	51.8	1.0	0.6	(0.5)	83.5	12.8	27.4	10.6	1.4	0.6	(0.2)	51.4	32.1
Cars & Vehicles	14.3	29.7	19.0	9.2	-	53.8	3.3	15.7	6.0	0.3	5.7	-	19.6	34.2
Office Equipment	9.1	34.6	1.4	-	0.5	45.6	2.3	18.0	5.8	6.9	-	0.2	33.2	12.4
Computers and EDP equipment	25.6	48.4	23.8	0.1	(12.5)	85.2	20.2	39.3	4.3	3.2	0.1	(8.7)	58.2	27.0
Sub Total	3,555.5	6,928.0	304.4	42.1	(12.5)	10,733.3	1,824.0	2,988.3	677.8	79.3	20.3	(8.7)	5,540.4	5,192.9
B) Intangible Assets														
Software Expenses	41.4	51.3	15.5	-	12.5	120.7	37.5	41.9	10.8	0.8	-	8.7	99.7	21.0
Sub Total	41.4	51.3	15.5	-	12.5	120.7	37.5	41.9	10.8	0.8	-	8.7	99.7	21.0
C) Capital Work in Progress														
	-	-	-	-	-	-	-	-	-	-	-	-	-	897.2
Sub Total	-	-	-	-	-	-	-	-	-	-	-	-	-	897.2
Gross Total	3,596.9	6,979.3	319.9	42.1	-	10,854.0	1,861.5	3,030.2	688.6	80.1	20.3	-	5,640.1	6,111.1

The Company had revised depreciation rates on its fixed assets effective April 1, 2014 in accordance with requirements of schedule II of Companies Act 2013 (the "Act").

The remaining useful life was revised by adopting the standard useful life as per the Companies Act, 2013 except for certain items of plant & machinery, where the estimated useful life and consequently the remaining useful life of assets was taken based on a technical assessment of the lives of such assets. The carrying amount of the plant and machinery as on April 1, 2014 is being depreciated over the revised remaining useful life and where the useful life of an asset is completed as at April 1, 2014, the written down value has been charged directly to reserves.

As a result of these changes :

- The depreciation charge for the year ended March 31, 2015 has been higher by ₹ 9.5 Million.
- Retained earnings have been debited by ₹ 53.0 Million (net of the related deferred tax) in respect of assets which have exhausted their useful lives as on April 1, 2014.



Notes to the financial statements for the period from April 1, 2015 to December 31, 2015

		(₹ In Million)	
		As at	
		31-December-15	31-March-15
Note : XI Non Current Investment			
Non Trade			
Investment (unquoted investment valued at cost unless otherwise stated)			
1	2,550 (PY 2,550) fully paid up equity shares of ₹ 10 each in The Saraswat Co-operative Bank Limited (Previous year 2550 equity shares) *	-	-
2	2,653,455 (PY 2,653,455) Class "A" equity shares of ₹ 10 each in Sai Wardha Power Company Limited (refer Note 1 below)	26.5	26.5
3	3,346,545 (PY 3,346,545) Class "A" redeemable preference shares of ₹ 10 each in Sai Wardha Power Company Limited (refer Note 1 below)	33.5	33.5
Trade investment valued at cost unless otherwise stated			
Shares (unquoted)			
Subsidiary companies - Equity Shares			
4	15,465,310 (PY 15,465,310) equity shares of GBP 0.10 each in Stokes Group Limited (refer Note 2 below)	901.9	901.9
5	33,849,836 (PY 33,849,836) equity shares of Euro 1 each in Mahindra Forgings Global Limited (refer Note 3 below)	1,963.9	1,963.9
6	80,070,001 (PY 79,910,001) equity shares of Euro 1 each in Mahindra Forgings International Limited (refer Note 3 below)	4,838.5	4,827.2
7	15,112,455 (PY 11,586,361) Equity Shares of ₹ 10 each in Mahindra Gears & Transmissions Private Limited	1,059.4	793.7
8	5,550 (PY 5,550) Equity Shares of Euro 450.76 each in CIE Galfor S.A., Spain	5,088.6	5,088.6
9	22,935,949 (PY 22,935,949) Equity Shares of Euro 1 each in Mahindra Gear Global Limited	1,945.2	1,945.2
Investment in - Subsidiary companies - Preference Shares			
Subsidiary companies			
10	9,000,000 (PY 9,000,000) 11% Non Cumulative Redeemable preference shares of Euro 1 each in Mahindra Forgings International Limited (redeemable after 7 years) (refer Note 3 below)	558.3	558.3
Aggregate amount of unquoted investment		16,415.8	16,138.8
Less:- Aggregate provision for diminution in value of unquoted investment			
Stokes Group Limited		(901.9)	(901.9)
Sai Wardha Power Company Limited		(8.8)	(7.0)
Add/(Less):- Exchange rate fluctuation reserve/ provision		92.4	50.6
Total		15,597.5	15,280.5
* Amount is less than ₹ 50000			

Note:

- Investment in Sai Wardha Power Company Limited entitles the company to obtain energy equivalent of 15 MW (PY 15 MW) from the Group Captive Power Plant. This investment would be amortised over a period of 25 years. The preference shares carry a coupon rate of 0.01% per annum of the face value and is redeemable on expiry of 25 years.
- The Company's subsidiary, Stokes Group Limited, UK had incurred losses and the net-worth of the said subsidiary company has eroded during the earlier year and accordingly the Company has in earlier years recognised a provision for diminution in the value of the investment of ₹ 901.9 Million representing the entire value of investment.
- The Company has invested in Mahindra Forgings Europe AG (MFE AG), Germany through its wholly owned subsidiaries in Mauritius namely Mahindra Forgings International Limited (MFIL) and Mahindra Forgings Global Limited (MFGL). The net worth of these companies is eroded as at 31st December, 2015. The actions initiated by the management under guidance of CIE's European Technical Team have resulted in the improvement in operations Accordingly, no provision for diminution in the value of investment in MFE of ₹ 7360.7 Million.

Notes to the financial statements for the period from April 1, 2015 to December 31, 2015

(₹ In Million)

As at

31-December-15 31-March-15

Note : XII Current Investment

Current Investment

Investment in Mutual Funds

1	Nil Units (PY 829,401.967) ICICI Prudential Money Market Fund- Regular Plan Dividend	-	83.0
2	Nil Units (PY 2,694,128) in ICICI Prudential Interval Fund III Quarterly Interval Fund Growth	-	40.0
3	Nil Units (PY 4,495,358.046) Sundaram Money Regular Fund Dividend	-	45.4
4	Nil Units (PY 5,611,848.046) HDFC Liquid Fund Dividend	-	57.2
5	Nil Units (PY 83,899.629) HSBC Cash Fund Dividend	-	83.9
6	100,404.072 Units (PY 34,113.686) Axis Liquid Fund Dividend	100.5	34.1
7	215639.529 Units (PY 91,415.168) Taurus Liquid Fund Existing Plan - Super Institutional Dividend	215.7	91.4
8	Nil Units (PY 57,477.898) L&T Liquid Fund Dividend	-	58.1
9	4,888,234.804 units (PY Nil) in AXIS Short Term Fund	50.1	-
10	49,799.932 units (PY Nil) in AXIS Treasury Advantage Fund	50.0	-
11	459,852.688 units (PY Nil) in ICICI Liquid Plan	101.1	-
12	464,083.656 units (PY Nil) in ICICI Money Market Fund	95.3	-
13	178,508.058 units (PY Nil) ICICI Flexible Income Plan	50.1	-
Total		662.8	493.1

Market value unquoted investment

662.8	493.7
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Note : XIII Deferred Tax Liability (Net)

Deferred Tax Liability

1	Difference between book and tax depreciation (A)	435.0	412.7
		435.0	412.7

Deferred Tax Assets

1	On unabsorbed depreciation	10.8	43.1
2	On other timing differences (viz. expenses allowable on payment, provision for doubtful debts, expenses allowable over a period of time etc.)	160.9	194.7
		171.7	237.8

Deferred Tax Liability (Net) (A-B)

263.3	174.9
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Notes to the financial statements for the period from April 1, 2015 to December 31, 2015

(₹ In Million)

	Non Current		Current	
	As at	31-March-15	As at	31-March-15
	31-December-15		31-December-15	
Note XIV Loans and advances				
1 Capital advances				
Unsecured, Considered Good	75.2	90.6	-	-
	<u>75.2</u>	<u>90.6</u>	<u>-</u>	<u>-</u>
2 Security deposits				
Unsecured, Considered Good	307.5	304.4	-	-
	<u>307.5</u>	<u>304.4</u>	<u>-</u>	<u>-</u>
3 Advances				
a) Advances to Sundry Creditors				
Unsecured, considered Good	-	-	267.8	197.4
Considered doubtful	-	-	5.4	5.4
Less: Provision for doubtful advances	-	-	(5.4)	(5.4)
b) Advance Income Tax (Net of provision for tax)	542.5	538.4	-	-
c) MAT credit entitlement	97.1	97.1	-	-
d) Prepaid Expenses	8.9	-	22.7	34.2
e) Balance with / refund due from statutory/ Government authorities	-	-	222.4	149.3
f) Others	-	-	0.2	0.3
	<u>648.5</u>	<u>635.5</u>	<u>513.1</u>	<u>381.2</u>
Total	<u>1,031.2</u>	<u>1,030.5</u>	<u>513.1</u>	<u>381.2</u>

Note XV Other Current Assets

1 Interest receivable	1.8	1.3
2 Export Duty drawback receivable	24.9	45.3
Total	<u>26.7</u>	<u>46.6</u>

Note XVI Inventories

1 Raw materials (includes Goods in Transit ₹ 22.7 Million (PY ₹ 25.6 Million))	268.8	314.2
2 Work-in-progress	458.4	397.4
3 Finished goods [includes Goods in Transit ₹ 208.3 Million (PY ₹ 211.2 Million)]	320.2	412.6
4 Stores and Spares	300.7	254.0
5 Loose tools and Dies	164.9	146.6
Total	<u>1,513.0</u>	<u>1,524.8</u>

Notes to the financial statements for the period from April 1, 2015 to December 31, 2015

(₹ In Million)

As at
31-December-15 31-March-15

Note : XVII Trade Receivables

1	Trade Receivables outstanding for more than six months from the date they are due for payment		
a)	Unsecured, considered good	53.2	31.4
b)	Considered doubtful	79.1	224.6
c)	Less: Allowance for doubtful trade receivables	79.1	224.6
		<u>53.2</u>	<u>31.4</u>
2	Others		
	Unsecured, considered good	2,148.6	2,275.4
		<u>2,148.6</u>	<u>2,275.4</u>
	Total	<u>2,201.8</u>	<u>2,306.8</u>

Note : XVIII Cash & Bank balances

A	Cash and cash equivalents		
	Balances with the Banks		
	On current account in Banks (refer Note below)	130.4	148.3
	Cheques in hand	-	6.3
	Cash on hand	0.8	1.0
		<u>131.2</u>	<u>155.6</u>
B	Other Bank Balances		
	Margin money deposits		
	Deposit with original maturity more than 3 months and less than 12 months	125.4	22.1
		<u>125.4</u>	<u>22.1</u>
	Total	<u>256.6</u>	<u>177.7</u>

Note:

Earmarked balance out of the above is ₹ 4.9 Million for redemption of preference shares, fractional shares and unclaimed fixed deposits (PY ₹ 5.0 Million for redemption of preference shares, unclaimed fixed deposits)

Notes to the financial statements for the period from April 1, 2015 to December 31, 2015

(₹ In Million)

Period from
April 1, 2015
to December
31, 2015

Year ended
March
31, 2015

Note : XIX Revenue from operations

Revenue from -		
a) Sale of finished goods - automotive parts	12,405.7	16,662.8
b) Other operating revenues		
i) Sale of scrap	680.2	1,185.8
ii) Sale of dies & moulds	132.5	110.2
iii) Export incentives	27.5	85.8
iv) Other operating income	63.2	52.0
Revenue from operations (Gross)	13,309.1	18,096.6
Less: Excise duty	1,272.7	1,671.2
Revenue from operations (Net)	12,036.4	16,425.4

Note : XX Other income

a) Interest received		
i) Interest on bank deposit	7.7	29.1
ii) Interest others	-	0.4
b) Discount received	9.1	13.6
c) Dividend received		
i) Subsidiary	-	2.4
ii) Mutual Fund	17.9	53.0
d) Profit on sale of investments	-	2.5
e) Profit on sale of fixed assets	-	42.6
f) Exchange gain	6.9	8.6
g) Miscellaneous income	9.2	47.2
Total	50.8	199.4

Earnings in foreign exchange

Particulars		
FOB value of exports	1,099.9	1,760.6
Total	1,099.9	1,760.6

Notes to the financial statements for the period from April 1, 2015 to December 31, 2015

	(₹ In Million)	
	Period from April 1, 2015 to December 31, 2015	Year ended March 31, 2015
Note : XXI Raw material consumed		
Inventory at the beginning of the year	314.2	70.2
Inventory at the beginning of the year of the merging companies	-	260.0
Add: Purchases (Net)	6,222.4	9,004.3
Less: inventory at the end of the year	268.8	314.2
Cost of material consumed	<u>6,267.8</u>	<u>9,020.3</u>

Details of Raw materials consumed

Particulars

a) Alloy and non alloy steel	1,443.4	1,860.8
b) Ferrous scrap, moly and other material	881.6	1,533.6
c) Steel sheets, components and paints	3,236.1	4,791.4
d) Other materials	706.7	834.5
Total	<u>6,267.8</u>	<u>9,020.3</u>

Value of Raw material consumed

Particulars

	Period from April 1, 2015 to December 31, 2015		Year ended March 31, 2015	
	(₹ In Million)	%	(₹ In Million)	%
a) Indigenous	5,675.4	90.55	8,254.3	91.51
b) Imported	592.3	9.45	766.0	8.49
Total	<u>6,267.7</u>	<u>100.00</u>	<u>9,020.3</u>	<u>100.00</u>

	(₹ In Million)	
	Period from April 1, 2015 to December 31, 2015	Year ended March 31, 2015
Note : XXII (Increase)/ decrease in inventories		
(Increase)/ decrease in stocks		
A Stock at the beginning of the year:		
Work in progress	397.4	225.2
Work in progress of the merging companies as at April 1, 2014	-	206.4
Finished products	412.6	35.7
Finished products of the merging companies as at April 1, 2014	-	339.4
Total (A)	<u>810.0</u>	<u>806.7</u>
B		
Less: Closing Stock of		
Work in progress	458.4	397.4
Finished products	320.2	412.6
Total (B)	<u>778.6</u>	<u>810.0</u>
(Increase)/ decrease in inventories	<u>31.4</u>	<u>(3.3)</u>

Notes to the financial statements for the period from April 1, 2015 to December 31, 2015

(₹ In Million)

Period from
April 1, 2015 to
December
31, 2015

Year ended
March
31, 2015

Turnover, opening and closing stock

Turnover	11133	14,991.7
Opening stock	412.6	35.7
Opening stock of merging companies	-	339.4
Closing stock	320.2	412.6

Note : XXIII Employee benefit expenses

1	Salaries, wages and bonus	1,335.3	1,645.7
2	Contribution to provident & other funds	63.4	76.1
3	Gratuity expenses [Net of recovery of ₹ Nil Million (PY ₹ 7.7 Million)]	29.6	38.9
4	Expense on employee stock option plan	(0.3)	1.8
5	Staff welfare expenses	86.0	122.0
	Total	1,514.0	1,884.5

Contribution to provident and other funds

Provident fund	26.1	35.8
Pension fund	28.5	29.7
Labour welfare fund	0.2	0.2
Deposit linked insurance scheme	2.7	2.5
Employees state insurance scheme	1.1	1.6
Superannuation scheme	4.8	6.3
Total	63.4	76.1

The following table sets out the status of Gratuity Plans & Voluntary Retirement Schemes as required under AS 15 (Revised 2005).

(₹ In Million)

	Period from April 1, 2015 to December 31, 2015	Year ended March 31, 2015	Period from April 1, 2015 to December 31, 2015	Year ended March 31, 2015
Movement in present value of obligation	Gratuity	Gratuity	VRS	VRS
Present value of obligation at the beginning of the year	257.1	36.9	27.5	32.8
Present value of obligation of the merging companies	-	172.3	-	-
Interest cost	14.5	17.8	1.4	2.4
Current service cost	17.0	22.6	-	-
Benefits paid	(5.8)	(10.0)	(8.2)	(11.1)
Actuarial (gain)/loss on obligations	9.8	17.4	(0.1)	3.5
Present value of obligations as at the end of year	292.6	257.0	20.6	27.6

Notes to the financial statements for the period from April 1, 2015 to December 31, 2015

(₹ In Million)

	Period from April 1, 2015 to December 31, 2015	Year ended March 31, 2015	Period from April 1, 2015 to December 31, 2015	Year ended March 31, 2015
Movement in the fair value of plan assets as on	Gratuity	Gratuity	VRS	VRS
Fair value of plan assets at the beginning of the year	180.8	22.7	-	-
Fair value of plan assets of the merging companies	-	122.1	-	-
Expected return on plan assets	12.2	13.3	-	-
Contributions	31.8	34.6	-	-
Benefits paid	(5.8)	(10.0)	-	-
Actuarial gain/(loss) on plan assets	-	(1.9)	-	-
Fair value of plan asset at end of year	219.0	180.8	-	-
Present value of obligations as at the end of the year	292.6	257.0	20.6	27.5
Fair value of plan assets as at the end of the year	219.1	180.8	-	-
Net asset/(liability) recognised in balance sheet	(73.5)	(76.2)	(20.6)	(27.5)

Expenses Recognised in statement of Profit & Loss Account

Current Service Cost	16.2	22.6	-	-
Interest Cost	15.3	17.8	1.4	2.4
Expected return on plan assets	(12.2)	(13.2)	-	-
Net Actuarial(gain)/Loss recognised in the year	9.7	19.4	(0.1)	3.5
Expenses recognised in statement of Profit & Loss	29.0	46.6	1.3	5.9

Actuarial assumptions:

Discount rate	8.00%	8.00%	8.00%	8.00%
Rate of return on plan assets	6.75% to 9.00%	6.75% to 9.00%	NA	NA
Salary escalation	7% to 8.5%	7% to 8.5%	NA	NA
Attrition rate	2% to 11%	1% to 2%	NA	NA
Expected average remaining years working	NA	NA	2.3	2.64
Mortality	Indian Assured Lives Mortality (2006-2008) Ultimate		Indian Assured Lives Mortality (2006-2008) Ultimate	

(₹ In Million)

	Period from April 1, 2015 to December 31, 2015	Year ended March 31			
		2015	2014	2013	2012
Experience adjustments					
On actuarial liability gain/(loss)	(13.3)	(15.3)	(5.5)	(2.6)	0.1
On plan asset gain/(loss)	(2.4)	1.2	0.1	0.3	N.A.

Notes to the financial statements for the period from April 1, 2015 to December 31, 2015

		(₹ In Million)
	Period from April 1, 2015 to December 31, 2015	Year ended March 31, 2015
Details of Compensated absences		
1 Current service cost	12.8	14.3
2 Interest cost	5.3	6.2
3 Expected return on plan assets	-	-
4 Actuarial losses/(gains)	7.8	11.6
5 Total expense	<u>25.9</u>	<u>32.1</u>

Movement in present value of obligation		
1 a) Net Asset/ (liability) at the beginning of the year	(142.6)	(12.0)
b) Net Asset/ (liability) of merging companies	-	(114.3)
2 Employee expense	(25.9)	(32.1)
3 Employee contributions	5.5	15.9
4 Net asset/ (liability) at the end of the year	(163.0)	(142.6)
5 Actual return on plan assets		
Actuarial assumptions***		

1 Discount rate	8% per annum	8% per annum
2 Expected rate of return on plan assets	N.A.	N.A.
3 Expected rate of salary increase	7% to 8.5% per annum	7% to 8.5% per annum
4 Mortality table	Indian Assured Lives Mortality (2006-2008) Ultimate	Indian Assured Lives Mortality (2006-2008) Ultimate

*** Estimates of future salary increases considered in actuarial valuation take into account inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market

Note : XXIV Finance Cost

1 Interest on term loans and other loans	16.1	134.9
2 Finance charges	6.8	5.5
Total	<u>22.9</u>	<u>140.4</u>

Note : XXV Depreciation and amortisation expenses

1 Depreciation on tangible assets (Refer Note X)	535.6	681.0
2 Amortisation of Intangible assets (Refer Note X)	8.3	7.7
Total	<u>543.9</u>	<u>688.7</u>

Notes to the financial statements for the period from April 1, 2015 to December 31, 2015

		(₹ In Million)	
		Period from April 1, 2015 to December 31, 2015	Year ended March 31, 2015
Note : XXVI Other Expenses			
1	Stores consumed	617.8	822.0
2	Tools consumed	149.1	164.0
3	Power and fuel	892.6	1,150.7
4	Subcontracting, Hire & Service Charges	575.4	737.8
5	Rent including lease rentals	14.3	18.8
6	Repairs and maintenance		
	Buildings	39.0	15.3
	Machinery	194.3	195.7
	Others	97.1	110.5
7	Insurance	23.9	25.5
8	Rates & Taxes	24.8	35.4
9	Packing & Freight outward	318.0	429.1
10	Printing and Stationery	7.9	11.4
11	Postage, Telephone and Communication	9.6	12.5
12	Travelling & Conveyance Expenses	38.1	36.7
13	Legal and Professional Charges	54.0	102.9
14	Provision for doubtful trade receivables	11.3	25.6
15	Auditors' remuneration	6.5	9.9
16	Service charges	54.4	53.9
17	Commission paid	2.3	1.3
18	Bad Debts Written off	-	1.8
19	Advertisement Expenses	0.5	2.1
20	Director's fees	1.1	1.7
21	Loss/(gain) on Fixed Assets sold/scrapped/written off/provision	6.9	-
22	Provision for diminution in the value of investments	1.8	2.4
23	Write off of old balances	1.6	27.8
24	Miscellaneous expenses	51.9	173.5
25	Bank charges	12.2	14.7
26	Discount allowed	4.5	4.9
27	Corporate Social Responsibility Expenses	4.1	3.6
Total		3,215.0	4,191.5

Value of Stores & Spares Consumed

		(₹ In Million)	
		Period from April 1, 2015 to December 31, 2015	Year ended March 31, 2015
		%	%
Indigenous	593.2	96.0	800.8
Imported	24.6	4.0	21.2
Total	617.8	100.0	822.0

Notes to the financial statements for the period from April 1, 2015 to December 31, 2015

	(₹ In Million)	
	Period from April 1, 2015 to December 31, 2015	Year ended March 31, 2015
CIF Value of Imports		
Raw material	592.4	766.1
Stores and spares	24.6	21.2
Capital goods	20.9	27.9
Total	637.9	815.2
Expenditure in Foreign Currency		
Foreign travel	2.9	2.5
Rework charges	6.6	16.2
Warehouse and logistics charges	17.3	17.5
Other expenses	8.4	4.1
Total	35.2	40.3
Auditors' remuneration includes payment to auditors:		
(a) As statutory auditor	5.1	5.5
(b) For taxation matters	0.3	0.8
(c) For Tax audit fees	0.7	0.8
(d) For other services *	0.1	2.4
(e) For reimbursement of expenses	0.3	0.4
Total	6.5	9.9

*Other services include - in the previous year Audit fees and fees for other services paid to the auditors of the merging companies

Details of Lease

Rent payable	-	-
Not more than one year	9.6	3.9
Later than one year but not more than five years	3.8	6.5

Note : XXVII

(₹ In Million)

1 Contingent Liabilities

		As at	
		31-December-15	31-March-15
A) Claims against the company not acknowledged as debts			
i) a) Income Tax claims against which company has preferred an appeal.		77.0	73.8
b) Disallowance of certain expenses		157.4	157.4
ii) a) Excise cases against the Company, appealed by the Company with CESTAT		136.3	92.7
b) Relating to cenvat availed on rejected goods		-	42.6
c) Interest on Supplementary Invoices		-	1.0
d) Show cause cum Demand Notice pending with the Commissioner of Central Excise		1.0	0.7
e) Relating to reversal of cenvat on shortages in inventories		-	9.2

Notes to the financial statements for the period from April 1, 2015 to December 31, 2015

Note : XXVII

(₹ In Million)

1 Contingent Liabilities (Contd.)

	As at	
	31-December-15	31-March-15
f) Service Tax	67.1	56.4
g) Sales Tax	159.0	157.9
iii) Water Charges (refer note below)	325.0	507.4
iv) Claims against the company not acknowledged as debt:- Stamp duty & Others	79.8	81.3
v) Government Cess on extraction of minor mineral	10.5	10.5
B) Bill Discounting facilities availed under Bill Marketing Scheme from customers	101.8	158.7
C) The Company had imported capital goods under the Export Promotion Capital Goods (EPCG) scheme, of the Government of India, at concessional rates of duty on an understanding to fulfil quantified exports against future obligation	30.7	79.9
Commitment		
Estimated value of contracts remaining to be executed on capital account (net of advances) and not provided for	167.3	178.1

The Company has an ongoing dispute pertaining to the Stamping Division of the Company [formerly known as Mahindra Ugine Steel Company Limited (MUSCO)] with the Irrigation Department (Water Resource Department) in respect of levy of charge for use of water from Patalganga River, for the period from July 1991 to May 2012 for an aggregate amount of ₹ 587.3 Million including penal charge of ₹ 101.9 Million and late fee charge of ₹ 223.1 Million. Presently the matter is pending before the Hon'ble High Court of Bombay ("the Court") where the Company had filed a writ and the Court, vide Order dated 2nd July, 2012, has admitted the writ petition of the Company. In compliance with the Order admitting the Company's petition, the Company has deposited an amount of ₹ 233.5 Million with the Irrigation Department, being the arrears of water charges for the period from July 1991 to May 2012 and has also given a bank guarantee towards penal rate charges of ₹ 101.9 Million claimed by the Irrigation Department. The High Court has also allowed the Irrigation Department to withdraw the amount of arrears of ₹ 28.8 Million deposited earlier by the Company with it in respect of disputed water charge claim for the period from July 1991 to March 2001. As per the Order, the Company is entitled to pursue the proceedings filed by it before the Hon'ble Bombay High Court and that the State of Maharashtra (Irrigation Department) shall not adopt any coercive steps for recovery of the aforesaid penal rate charges of ₹ 101.9 Million and the late fee of ₹ 223.1 Million. The Company has provided for an amount of ₹ 262.3 million (aggregate of the aforesaid ₹ 233.5 million and ₹ 28.8 million) (March 31, 2015 : ₹ 116.8 million) including ₹ 145.5 million provision made during the year.

Subject to the final disposal of these proceedings the Company does not expect any liability to arise in respect of the balance amount of ₹ 325 million and the said amount has been disclosed as contingent liability.

Note : XXVII contd.

2 Related Party Transactions

a) Names of the related parties

Ultimate Holding company

Sr. Name of the Company

No

1 CIE Automotive S.A.

Holding company

Sr. Name of the Company

No

1 Participaciones Internacionales Autometal, Dos S.L.

Associate Company

1 Mahindra & Mahindra Limited (M&M) the investing company in respect of which the Company is an associate w.e.f. December 12, 2014

2 Mahindra Vehicle Manufactures Limited (MVML) the investing company in respect of which the Company is an associate w.e.f. December 30, 2015

Notes to the financial statements for the period from April 1, 2015 to December 31, 2015

Subsidiary Companies

Sr. Name of the Company No.

- 1 Stokes Group Limited
- 2 Stokes Forgings Dudley Limited
- 3 Stokes Forgings Limited
- 4 Mahindra Forgings International Limited
- 5 Mahindra Forgings Europe AG
- 6 Jeco Jellinghaus GmbH
- 7 Gesenkschmiede Schneider GmbH
- 8 Falkenroth Umformtechnik GmbH
- 9 Schonoeweiss & Co GmbH
- 10 Mahindra Forgings Global Limited
- 11 Mahindra Gears & Transmissions Private Limited
- 12 Mahindra Gears Global Limited
- 13 Metalcastello SA
- 14 Crest Geartech Private Limited
- 15 CIE Galfor SA
- 16 UAB CIE LT Forge
- 17 CIE Legazpi, S.A.

Subsidiaries post merger of companies in December 2014

Key Managerial Personnel

Sr. Name No.

Designation

- | | | |
|---|---|-------------------------------------|
| 1 | Mr. Hemant Luthra (w.e.f April 1, 2015) | Chairman |
| 2 | Mr. K. Ramaswami | Managing Director |
| 3 | Mr. Pedro Echegaray (w.e.f October 21, 2014) | Executive Director |
| 4 | Mr. Sanjay Joglekar (w.e.f. December 12, 2014) | C.F.O |
| 5 | Mr. Romesh Kaul (w.e.f December 12, 2014) | Chief Executive Composites Division |
| 6 | Mr. Ajit Lele (w.e.f. December 12, 2014 to March 31, 2015) | Head Stampings |
| 7 | Mr. K. Jayaprakash (April 29, 2014 to December 11, 2014) | C.F.O |
| 8 | Mr. Krishnan Shankar (w.e.f April 1, 2014 pursuant to Sec 2(76) of the Companies Act, 2013) | Company Secretary- Head Legal |

Notes to the financial statements for the period from April 1, 2015 to December 31, 2015

Note : XXVII contd.

2 b) Transactions with related parties

Nature of Transactions	Period from April 1, 2015 to December 31, 2015					Year ended March 31, 2015					Key Mgmt personnel	Associate Company	Key Mgmt personnel
	Ultimate Holding Company	Holding Company	Subsidiary Company	Step down Subsidiaries	Associate Company * &	Ultimate Holding Company	Holding Company	Subsidiary Company	Step down Subsidiaries	Associate Company			
Sales :													
- Goods	-	-	94.8	89.7	6,253.8	-	-	112.5	155.9	7,556.0	-	-	-
- Scrap	-	-	-	-	-	-	-	-	-	-	-	-	-
- Fixed assets	-	-	2.3	-	-	-	-	3.9	-	3.9	-	-	-
Purchases:													
- Raw material/ goods	-	-	-	-	-	-	-	-	-	-	-	-	-
- Capital goods	-	-	-	-	-	-	-	-	-	-	-	-	-
- Services received	-	-	-	-	0.1	-	-	1.0	-	40.2	-	-	-
- Fixed Assets	-	-	-	-	4.3	-	-	-	-	64.9	-	-	-
Rent Paid	-	-	-	-	13.0	-	-	-	-	16.0	-	-	-
Dividend received	-	-	-	-	-	-	-	2.4	-	-	-	-	-
Interest on ICD received	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest on ICD paid	0.1	-	-	-	-	-	-	-	-	-	-	-	-
Reimbursement received	-	-	28.6	15.8	1.4	-	-	8.6	-	-	-	-	-
Reimbursements paid	-	-	4.0	-	75.5	-	-	0.1	-	64.7	-	-	-
Receivables	-	-	16.4	4.7	835.3	-	-	58.1	-	667.8	-	-	-
Payables	-	-	-	-	36.8	-	-	0.7	-	54.0	-	-	-
Investment in subsidiaries ** @	-	265.7	11.2	-	-	-	-	7,827.5	-	-	-	-	-
Inter corporate loan received	-	-	-	-	-	-	-	-	-	-	-	-	-
Inter corporate deposit given	-	-	-	-	-	-	-	-	-	-	-	-	-
Inter corporate deposit refunded	11.4	-	-	-	-	-	-	0.2	-	-	-	-	-
Deposit paid	-	-	0.1	-	5.7	-	-	-	-	-	-	-	-
Deposit refund received	-	-	0.3	-	-	-	-	-	-	-	-	-	-
Deposit received	-	-	-	-	0.1	-	-	-	-	-	-	-	-
Deposit refunded	-	-	-	-	0.1	-	-	-	-	-	-	-	-
Guarantee given	-	-	-	-	-	-	-	-	-	-	-	-	-
Managerial remuneration	-	-	-	-	-	-	-	-	-	-	-	-	56.1

** Investment in subsidiaries is by virtue of merger of companies in the previous year.

@ During the current year the company purchased investment in Mahindra Gears & Transmissions Private Limited from its Holding company.

& Since MVML had acquired the shares from M&M with effect from December 30, 2015, the transactions with Associate Company include the transactions with MVML as Associate company for December 31, 2015.



Notes to the financial statements for the period from April 1, 2015 to December 31, 2015

Note : XXVII contd

2 c) Significant transactions with related parties

			(₹ In Million)	
Relationship	Name of the Company	Nature of transaction	Period from April 1, 2015 to December 31, 2015	Year ended March 31, 2015
Holding Company	Participaciones Internacionales Autometal, Dos S.L.	Purchase of investment	265.7	-
Investing Company in respect of which the Company is an associate	Mahindra & Mahindra Limited	Sales – products	6,253.8	7,556.0
		Rent paid	13.0	16.0
		Service charges paid	0.1	40.2
		Reimbursement of expenses paid	75.5	64.7
		Reimbursement of expenses received	1.4	-
		Deposit received	0.1	-
		Deposit refunded	0.1	-
		Receivables	751.7	667.8
		Payables	31.5	54.0
		Fixed asset purchase	4.3	3.9
		Fixed assets sold	-	64.9
	Mahindra Vehicle Manufacturers Limited (Associate with effect from December 31, 2015)	Sales – products	-	-
		Receivables	83.4	-
		Payables	5.2	-
Subsidiary Companies	Stokes Group Limited, U.K.	Sales - products	93.6	112.5
		Reimbursement received	0.9	-
		Receivables	10.7	37.9
	Mahindra Forgings International Limited, Mauritius	Investment in equity	11.2	-
		Receivables	-	1.3
		Payables	-	0.7
	Mahindra Forgings Global Limited, Mauritius	Receivables	-	1.4
	Mahindra Gears Global Limited, Mauritius*	Receivables	-	4.4
	Mahindra Gears & Transmissions Private Limited, India*	Sales - products	1.2	-
		Service charges paid	-	1.0
		Reimbursement of expenses	4.0	0.1
		Reimbursement received	22.4	8.6
		Receivables	5.7	13.0
		Deposit paid	0.1	0.2
		Deposit refund received	0.3	-
	CIE Galfor S.A., Spain*	Fixed assets sold	2.3	3.9
		Dividend	-	2.4
		Reimbursement received	5.3	-

Notes to the financial statements for the period from April 1, 2015 to December 31, 2015

(₹ In Million)				
Relationship	Name of the Company	Nature of transaction	Period from April 1, 2015 to December 31, 2015	Year ended March 31, 2015
Step down subsidiary Companies	Jeco Jellinghaus GmbH	Sales- Products	89.7	155.9
		Reimbursement received	1.5	-
		Receivables	3.3	-
	Gesensschmiede Schneider GmbH	Reimbursement received	4.0	-
		Receivables	1.3	-
	Falkenroth Umformtechnik GmbH	Reimbursement received	1.5	-
	Schonoeweiss & Co GmbH	Reimbursement received	3.5	-
	Metalcastello S.p.A.	Reimbursement received	2.0	-
	CIE Legazpi S.A.	Reimbursement received	2.4	-
	UAB CIE LT Forge	Reimbursement received	0.9	-
Key Managerial Personnel	Mr. Hemant Luthra, Chairman (w.e.f. April 01, 2015)	Remuneration	22.7	-
	Mr. K. Ramaswami, Managing Director	Remuneration	10.5	21.9
	Mr. Pedro Echegaray (w.e.f. October 21, 2014)	Remuneration	21.8	8.4
	Mr. Sanjay Joglekar (from December 12, 2014)	Remuneration	14.9	12.1
	Mr. Ajit Lele (December 12, 2014 to March 31, 2015)	Remuneration	-	3.5
	Mr. Romesh Kaul (from December 12, 2014)	Remuneration	9.5	2.5
	Mr.K Jayaprakash (from April 29, 2014 to December 11,2014)	Remuneration	-	4.8
	Mr. Krishnan Shankar	Remuneration	4.2	2.8

* became subsidiaries post merger of companies

Note : XXVII contd.

3 Employee Stock Option Scheme

Employees' Stock Option Scheme (ESOS) was formulated by the Remuneration/Compensation committee of directors of the company and approved by it on 26th October, 2007. This was subject to the authority vested in it by the shareholders at the general meeting of the company held on 25th July 2007 in accordance with the Securities and Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999. Under this scheme, each option is entitled to one equity share of ₹ 10/- each fully paid up and were granted as follows:-

- 296,000 options to the employees of the company at a fixed price of ₹ 197.0 per share on October 26, 2007.
- 391,000 options to the employees of the holding company (M&M) at a fixed price of ₹ 83.00 per share on February 26, 2008
- 88,000 and 12,000 options to the directors of the company at a fixed price of ₹ 197.00 per share on October 26, 2007 and February 26, 2008 respectively.
- 250,000 options to the employees of Foreign subsidiaries at a fixed price of ₹ 151.80 per share on May 9, 2008.
- 245,000 options to the employees of Foreign subsidiaries at a fixed price of ₹ 102.00 per share on July 29, 2008
- 500,000 options to the employees of the company at a fixed price of ₹ 109.00 per share on August 26, 2008.
- 93,000 options to the employees of the company at fixed price of ₹ 97.00 per share on May 12, 2010.
- 2,000,000 option to the employees of the company at fixed price of ₹ 57.00 per share on April 1, 2011

Notes to the financial statements for the period from April 1, 2015 to December 31, 2015

- ix) 589,883 option to the employees of the company at fixed price of ₹ 44.00 per share on January 20, 2012

The equity settled options vest in 4 equal instalments on the expiry of 12 months, 24 months, 36 months and 48 months respectively from the date of the grant and are exercisable on specified dates in 4 tranches within a period of 5 years from the date of vesting. The number of options exercisable in each tranche is between the minimum of 100 options and maximum of the options vested, except in case of the last date of exercise, where the employee can exercise all the options vested but not exercised / lapsed till that date. Consequent to the amalgamation effective October 1, 2013 the Company has issued options to the employees of the amalgamating companies (See NoteXXVI (4)) as follows:

206,610 options to the employees of Mahindra Ugine Steel Company Limited (MUSCO) 20,697 options to the employees of Mahindra Composites Limited (MCL)

The above options are also equity settled and the options have the following vesting and exercise periods

Options granted to MUSCO employees - The Options vest one year from the date of the grant and are exercisable on specified dates in 4 tranches within a period of 5 years from the date of each vesting. The eligible employee must exercise a minimum of 50 (Fifty only) Options or Options vested, whichever is lower; and the Options in respect of each tranche may be exercised on the date of vesting or at the end of each year from the date of each vesting, provided that at the end of five (5) years from the date of each vesting (or such extended period as may be decided by the Remuneration Committee), the eligible employee may exercise all Options vested but not exercised by him/her failing which all the unexercised Options shall lapse.

Options granted to MCL employees - The options vest over a period of one to three years from the date of grant and are exercisable over a period of five years from the respective dates of vesting.

The summary of options granted and outstanding at December 31, 2015 are summarised below:

Date of the Tranche	Exercise Price	Options Outstanding as on April 1, 2015	Options forfeited during the period April 1, 2015 to December 31, 2015	Options Exercised during the period April 1, 2015 to December 31, 2015	Options outstanding as at end December 31, 2015	Options vested but not exercised as on December 31, 2015
October 26,2007	197.00	59,500	5,500	27,000	27,000	27,000
February 26,2008	83.00	122,500		83,000	39,500	39,500
February 26,2008	197.00	5,000			5,000	5,000
May 09,2008	151.80	66,543	19,338	8,531	38,675	38,675
July 29,2008	102.00	62,393	20,798		41,595	41,595
August 26,2008	109.00	131,300	16,300	34,600	80,400	80,400
May 12,2010	97.00	11,500		3,500	8,000	8,000
April 01,2011	57.00	614,212		152,629	461,583	461,583
January 20,2012	44.00	131,895		26,386	105,509	1,569
July 31,2009	52.66	18,447	2,829		15,618	15,618
August 18,2006	34.86	70,290	58,220	12,070	-	-
October 25,2007	25.70	54,670		12,070	42,600	42,600
Weighted Average Price		74.47	82.09	78.40	71.76	75.55

The weighted average remaining contractual life of options outstanding at December 31, 2015 is 3.38 years (PY 3.71 years).

In respect of options granted the accounting value of options (equal to intrinsic value) was treated as form of employee compensation, to be amortised on a straight line basis over the vesting period. Unamortised portion is disclosed under the head Employee Stock Options outstanding in Note II (D) as deferred employee compensation expenses.

The company has adopted the intrinsic value method of accounting for determining compensation cost for its stock based compensation plan which is amortised on a straight line basis over the vesting period. Consequently, salaries, wages, bonus, etc. includes ₹ (0.3) Million credit (PY 1.8 Million) being the amortisation of deferred employee compensation, after adjusting for reversals on account of options lapsed.

Had the company adopted Fair Value Method in respect of Options granted, the employee compensation cost would have been higher by ₹ 1.8 Million (PY ₹ 15.8 Million), Profit after tax lower by ₹ 1.8 Million (PY ₹ 10.4 Million), and no change in the basic and diluted earnings per share (PY lower by ₹ 0.04)

Notes to the financial statements for the period from April 1, 2015 to December 31, 2015

4 Scheme/s of Amalgamation

The Integrated Scheme of Amalgamation and the Composite Scheme of Amalgamation under Sections 391-395 of the Companies Act, 1956 for the merger of Mahindra UGINE Steel Company Limited (MUSCO), Mahindra Hinoday Industries Limited (MHIL), Mahindra Gears International Limited (MGIL), Mahindra Investment India Private Limited (MIPL), Participaciones Internacionales Autometal Tres S.L. (PIA3) and Mahindra Composites Limited (MCL) (collectively "the amalgamating companies") which are also engaged in a business similar to that of the company were approved by the Honorable High Court of Judicature at Bombay on October 31, 2014. The Schemes came into effect on December 10, 2014, the day on which the order was delivered to the Registrar of Companies, and pursuant thereto the entire business of the amalgamating companies has been transferred to and vested in the Company with effect from the appointed date of October 1, 2013.

Consequent to the merger, Mahindra Gears & Transmissions Private Limited (MGTPPL), India, Mahindra Gears Global Limited (MGGL), Mauritius and CIE Galfor SA (Galfor), Spain became subsidiaries of the company and Metalcastello SpA, Italy (MC) (subsidiary of MGGL), CIE Legazpi S.A., Spain (subsidiary of Galfor) and UAB CIE LT Forge, Lithuania (subsidiary of Galfor) and Crest Geartech Private Limited, India (subsidiary of MC) became step subsidiaries of the company.

The merger has resulted in transfer of assets and liabilities in accordance with the terms of the scheme/s and the following are the summarised values:

Particulars	(₹ In Million)
Fixed assets (Net)	4,032.8
Capital work in progress	85.1
Non-Current investments	8,977.8
Inventories	1,155.2
Trade receivables	1,819.9
Cash and bank balances	173.1
Loans and advances (Long term and short Term)	1,507.8
Trade payables	(1,764.2)
Liabilities and provisions (Long term and short Term)	(928.7)
Long term and short term borrowings	(3,775.2)
Deferred tax liabilities	(113.7)
Net Asset	11,169.9
Shares issued pursuant to Scheme of Amalgamation	2,293.3
Additions to the reserves	8,876.6

5 Corporate Social Responsibility (CSR)

The Company was required to spend the sum of ₹ 10.4 Million (P Y ₹ 4.9 Million) as part of the CSR during the year. The details of actual expense is as under:

	Period from Apr 1, 2015 to Dec 31, 2015			Year ended Mar 31, 2015		
	In Cash	Yet to be paid in Cash	Total	In Cash	Yet to be paid in Cash	Total
(i) Construction of assets.	3.2	-	3.2	-	-	-
(ii) On the purpose other than (i) above	0.9	-	0.9	1.6	2.0	3.6

Notes to the financial statements for the period from April 1, 2015 to December 31, 2015

6 Earnings per Share:

	Period from Apr 1, 2015 to Dec 31, 2015	Year ended Mar 31, 2015
Profit/(Loss) as per the statement of Profit and Loss (₹ in Million)	308.5	776.7
Weighted Average number of equity shares outstanding during the year		
No. of shares for Basic earnings per share	323,209,285	322,426,319
No of shares for Diluted earnings per share	323,484,475	322,898,737
Basic and Diluted Earnings per equity share of face value ₹ 10/- (₹)	0.95	2.41

7 Segment:

The operations of the Company comprise a single business and geographical segment, i.e. automotive components manufactured in India.

8 Prior Period Comparables:

In view of the change in the financial year as described in Note I, the current year financial statements are for a 9 month period from April 1, 2015 to Dec 31, 2015 and hence are not comparable with those of the previous year. Previous year's figures have been regrouped/ reclassified wherever necessary to correspond with the current period's classification/ disclosure.

As per our Report of even date
For **B. K. Khare & Co.**
Chartered Accountants
Firm Registration No. 105102W

Padmini Khare Kaicker
Partner
Membership No. 044784

Mumbai, February 22, 2016

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

Hemant Luthra
Chairman
Pedro Echegaray
Executive Director

Zhooben Bhiwandiwalla
Director
Krishnan Shankar
Company Secretary & Head Legal

Mumbai, February 22, 2016

K. Ramaswami
Managing Director
Daljit Mirchandani
Director

Sanjay Joglekar
Chief Financial Officer

INDEPENDENT AUDITOR'S REPORT

To the Members of Mahindra CIE Automotive Limited

Report on the Consolidated Financial Statements

1. We have audited the accompanying consolidated financial statements of Mahindra CIE Automotive Limited ("the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries are referred to as "the Group"), comprising the consolidated balance sheet as at December 31, 2015, and the consolidated statements of profit and loss and cash flow for the period from April 1, 2015 to December 31, 2015, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Financial Statements

2. The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of the preparation of the consolidated financial statements by the directors of the Holding Company, as aforesaid.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
4. While conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain

reasonable assurance about whether the financial statements are free from material misstatement.

6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.
7. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to paragraph 10 of the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated state of affairs of the Group, as at December 31, 2015, and its consolidated profit and consolidated cash flows for the period from April 1, 2015 to December 31, 2015.

Emphasis of matter

9. We draw attention to Note No. XXXII (1) of the consolidated financial statements and for the reasons detailed therein, the management of the Holding Company does not perceive any impairment in the value of Goodwill of ₹ 7,512 million arising on consolidation of the subsidiaries in view of the measures for improving financial performance being taken by the management of the Holding Company.

Our opinion is not modified in respect of this matter.

Other Matters

10. a. We did not audit the financial statements of thirteen subsidiaries, whose consolidated financial statements reflect total assets (before consolidation adjustments) of ₹ 26,365.43 million as at December 31, 2015 as well as total revenue (before consolidation adjustments) of ₹ 27,417.59 million for the period from April 1, 2015 to December 31, 2015. These consolidated financial statements and other financial information have been audited by

other auditors whose reports have been furnished to us, and our opinion on the consolidated financial statements, insofar as it relates to the aforesaid subsidiaries is based solely on the report of such Auditors.

- b. We did not audit the financial statements of four subsidiaries included in the Consolidated Financial Results, whose consolidated financial statements reflect total assets (before consolidation adjustments) of ₹ 16,253.61 million as at December 31, 2015 as well as total revenue (before consolidation adjustments) of 0.43 million for the period from April 1, 2015 to December 31, 2015. These financial statements and other financial information are unaudited and have been furnished to us by the Management, and our opinion on the consolidated financial statements, insofar as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub Sections (3) and (11) of Section 143 of the Act insofar as it relates to the aforesaid Subsidiaries is based solely on such unaudited financial statements/financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements/financial information after consolidation adjustments are not material to the Group.
- c. Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

Report on Other Legal and Regulatory Requirements

11. As required by the Companies (Auditor's Report) Order, 2015, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (the "Order"), based on the comments in our report of the Holding Company and in the auditor's report of the subsidiary company incorporated in India ("Indian subsidiary"), we give in the Annexure I, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
12. As required by Section 143(3) of the Act, we report that:
 - a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the consolidated financial statements;
 - b. in our opinion proper books of account as required by law relating to preparation of the consolidated financial statements have been kept by the Company so far as it appears from our examination of those books and the reports of the other auditors;
 - c. the consolidated balance sheet, the consolidated statement of profit and loss, and the consolidated cash flow statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;

- d. In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);
- e. on the basis of written representations received from the directors of the Holding Company as on December 31, 2015 taken on record by the Board of Directors of the Holding Company and the report of the statutory auditors of its subsidiary company, incorporated in India, none of the directors of the aforesaid companies, is disqualified as on December 31, 2015, from being appointed as a director in terms of Section 164(2) of the Act.
- f. With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company and its Indian subsidiary and the operating effectiveness of such controls, refer our separate report in Annexure II.
- g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
 - i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group in accordance with the generally accepted accounting practice – Refer Note XXVIII to the consolidated financial statements.
 - ii. The Group did not have any long-term contracts for which there were any material foreseeable losses. Provision has been made in the consolidated financial statements as required under the applicable law or accounting standards, for material foreseeable losses, if any, on derivative contracts.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company. Based on the auditor's report of the Indian subsidiary there were no amounts which were required to be transferred to the said fund.

For **B. K. Khare & Co.**
Chartered Accountants
Firm's Registration Number 105102W

Padmini Khare Kaicker
Partner
Membership Number: 044784

Mumbai
February 22, 2016

ANNEXURE I TO THE AUDITOR'S REPORT

Referred to in paragraph 11 of our report of even date on the consolidated financial statements of Mahindra CIE Automotive Limited for the period from April 1, 2015 to December 31, 2015.

1. Based on the comments in our report of the Holding Company and in the auditor's report of the Indian subsidiary, we report that
 - (i) The aforesaid companies have maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (ii) The aforesaid companies have a rotational programme for verification of its fixed assets over a period of 3 years, which in the opinion of the respective auditors' is reasonable having regard to the size of the Company and the nature of its assets. A portion of the fixed assets have been physically verified by the managements of the respective companies during the period from April 1, 2015 to December 31, 2015 in accordance with the abovementioned program. The discrepancies reported on such verification have been properly dealt in the books of account.
2. Based on the comments in our report of the Holding Company and in the auditor's report of the Indian subsidiary, we report that
 - (i) The management of the aforesaid companies have conducted physical verification of inventory at reasonable intervals during the period from April 1, 2015 to December 31, 2015 except in the case of the Indian subsidiary's inventories lying at third party locations and goods in transit, for which confirmations have been obtained by the management of the subsidiary.
 - (ii) The procedures of physical verification of inventory followed by the management by the respective companies are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (iii) The aforesaid companies are maintaining proper records of inventory and no material discrepancies as compared to the book records were noticed on physical verification of inventory.
3. Based on the comments in our report of the Holding Company and in the auditor's report of the Indian subsidiary, we report that the aforesaid companies have not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Act. Accordingly, the provisions of para 3(iii) of the Order are not applicable to the aforesaid companies.
4. Based on the comments in our report of the Holding Company and in the auditor's report of the Indian subsidiary and according to the information and explanations given to us, and in the case of the Indian subsidiary having regard to the explanation gathered by the auditors of that subsidiary that some of the items purchased are of special nature and suitable sources are not readily available for obtaining comparable quotations, there is an adequate internal control system commensurate with the size of the aforesaid companies and the nature of their businesses, for the purchases of inventory, fixed assets and for the sale of goods and services. In our opinion and according to the information and explanations given to us, there is no continuing failure to correct major weaknesses in internal control system.
5. Based on the comments in our report of the Holding Company and according to the information and explanations given to us, the Holding Company has not accepted any deposits to which the directives issued by the Reserve Bank of India and provisions of Sections 73 - 76 of the Act, and the rules framed thereunder apply. Based on the report of the auditor's of the Indian subsidiary we report that having regard to the nature of the Indian subsidiary's business/activities/results during the period from April 1, 2015 to December 31, 2015, the provision of clause 3(v) of the Order are not applicable to the Indian subsidiary.
6. Based on the comments in our report of the Holding Company and in the auditor's report of the Indian subsidiary and according to the information and explanations given to us we report that the Holding Company and the Indian subsidiary have *prima facie* maintained the cost records prescribed by the Central Government under section 148(1) of the Companies Act, 2013, and the Rules framed thereunder in respect of the activities carried on by the aforesaid companies. The respective auditors' have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
7. Based on the comments in our report of the Holding Company and in the auditor's report of the Indian subsidiary and according to the information and explanations given to us
 - (i) The aforesaid companies are generally regular in depositing with the appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Excise Duty, Service Tax, Customs Duty, Value Added Tax, and other statutory dues applicable to it.
 - (ii) There were no undisputed amounts payable by the aforesaid companies in respect of Provident Fund, Employees' State Insurance, Income tax, Sales Tax, Wealth Tax, Excise Duty, Service Tax, Customs Duty and Value Added Tax that were outstanding, at the year-end for a period of more than six months from the date they became payable except in the case of the Indian subsidiary wherein the Area Enforcement Officer has raised a demand of ₹ 0.3 million (including interest) for the 2007-09 for alleged deliberate reduction by the subsidiary of wages of the employees to reduce the provident fund liability which is contested by the subsidiary.
 - (iii) Dues of income-tax, sales tax, service tax, excise duty, customs duty and work contract tax which have not been deposited on account of any dispute are as follows:

Name of Statute	Nature of dues	₹ in million	Period to which amount relates	Forum where pending
Central Excise Act, 1944	Excise Duty	8.1	2010-11 to 2012-13	CESTAT Mumbai
Central Excise Act, 1944	Excise Duty	1.1	2012-13	Additional Commissioner of Central Excise
Central Excise Act, 1944	Excise Duty	8.9	2002-03 to 2003-04	CESTAT Mumbai
Central Excise Act, 1944	Excise Duty	12.8	2002-03 to 2003-04	CESTAT Mumbai
Central Excise Act, 1944	Excise Duty	1.0	2002-03 to 2003-04	CESTAT Mumbai
Central Excise Act, 1944	Excise Duty	0.01	1999-00	Commissioner Appeals
Central Excise Act, 1944	Excise Duty	5.3	1997-98	CESTAT
Central Excise Act, 1944	Excise Duty	0.5	2013-14	CESTAT
Central Excise Act, 1944	Excise Duty	19.3	2014-15	CESTAT
Central Excise Act, 1944	Excise Duty	0.5	2012-13	Commissioner of Central Excise and Customs (Appeals) – Mumbai
Central Excise Act, 1944	Excise Duty	0.5	2008-09	Commissioner of Central Excise and Customs (Appeals) – Mumbai
Central Excise Act, 1944	Excise Duty	91.9	1999 to 2004, 2003 to 2007, 2008 to 2010 & 2012 to 2013	Customs, Excise and Service Tax Appellate Tribunal
Finance Act, 1994	Service Tax	0.9	2009-10	CESTAT
Finance Act, 1994	Service Tax	0.3	2011-12 to 2012-13	CESTAT
Finance Act, 1994	Service Tax	0.5	2012-13	CESTAT
Finance Act, 1994	Service Tax	0.3	2013-14	CESTAT
Finance Act, 1994	Service Tax	1.1	2013-14	Commissioner Appeals
Finance Act, 1994	Service Tax	0.5	2013-14 to 2014-15	Commissioner Appeals
Finance Act, 1994	Service Tax	0.9	2013-14	Commissioner Appeals
Finance Act, 1994	Service Tax	0.04	2013-14	Commissioner of Central Excise and Customs (Appeals) – Mumbai
Finance Act, 1994	Service Tax	1.8	2010-11 to 2012-13	Commissioner Appeals
Finance Act, 1994	Service Tax	56.5	2008-09 to 2011-12	Customs, Excise and Service Tax Appellate Tribunal
Finance Act, 1994	Service Tax	0.1	March 2012 to September 2012	Commissioner (Appeals)
Finance Act, 1994	Service Tax	0.6	Various	Customs, Excise and Service Tax Appellate Tribunal
Finance Act, 1994	Service Tax	3.5	Various	Commissioner (Appeals)
Central Sales Tax, 1956	CST	1.0	2009-10	Deputy Commissioner of Sales Tax
Customs Act, 1962	Customs Duty	0.45	--	Assistant Commissioner of Customs
Income Tax Act, 1961	Income Tax Act, 1961	157.4	2005-06 to 2011-12	Commissioner of Income Tax (Appeals) – Mumbai
Income Tax Act, 1961	Appeals against Income Tax Claims	2.7	2010-11	Commissioner of Income Tax (Appeals) – Pune
Income Tax Act, 1961	Appeals against Income Tax Claims	3.1	2011-12	Commissioner of Income Tax (Appeals) – Pune
Income Tax Act, 1961	Income Tax	71.1	2005-06 to 2011-12	Commissioner of Income Tax (Appeals) – Mumbai
Income Tax Act, 1961	Income Tax	0.8	2011-12	Deputy Commissioner of Income Tax
MVAT Act, 2002	MVAT	0.07	2009-10	Deputy Commissioner of Sales Tax
Sales Tax Laws	Sales Tax	64.0	2008-09, 2010-11, 2011-12	Joint Commissioner Appeals

Name of Statute	Nature of dues	₹ in million	Period to which amount relates	Forum where pending
Sales Tax Laws	Sales Tax	86.7	2006-07, 2007-08	Maharashtra Sales Tax Tribunal
Haryana Value Added Tax Act, 2003	Value Added Tax	2.46	2009-10	Joint Excise and Taxation Commissioner (Appeals)
Haryana Value Added Tax Act, 2003	Value Added Tax	1.28	2010-11	Joint Excise and Taxation Commissioner (Appeals)
Haryana Value Added Tax Act, 2003	Value Added Tax	1.01	2012-13	Joint Excise and Taxation Commissioner (Appeals)

8. Based on the comments in our report of the Holding Company and according to the information and explanations given to us there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company. Based on the auditor's report of the Indian subsidiary there were no amounts which were required to be transferred to the said fund.
9. The Group's accumulated losses at the end of the financial Year do not exceed fifty percent of its net worth. The Group has not incurred any cash losses in the current and in the immediately preceding financial year.
10. Based on the comments in our report of the Holding Company and in the auditor's report of the Indian subsidiary and according to the information and explanations given to us and based on the documents and records produced before us, the aforesaid companies have not defaulted in repayment of dues to a financial institution, banks or debenture holders.
11. Based on the comments in our report of the Holding Company and in the auditor's report of the Indian subsidiary, there are no outstanding guarantees for loans taken by others from banks and financial institutions at balance sheet date.
12. Based on the comments in our report of the Holding Company and in the auditor's report of the Indian subsidiary and according to the information and explanations given to us, the term loans were applied for the purposes for which they were obtained.
13. Based on the comments in our report of the Holding Company and in the auditor's report of the Indian subsidiary and as per the information and explanations given to us by management, no fraud by the Holding Company and its Indian subsidiary has been noticed or reported during the period from April 1, 2015 to December 31, 2015.

For **B. K. Khare & Co**
Chartered Accountants
Firm Registration No. 105102W

Padmini Khare Kaicker
Partner
Membership No. 044784

Mumbai
February 22, 2016

ANNEXURE II TO OUR REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF MAHINDRA CIE AUTOMOTIVE LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of the Mahindra CIE Automotive Limited as of December 31, 2015 and for the period from April 1, 2015 to December 31, 2015 we have audited the internal financial controls over financial reporting of Mahindra CIE Automotive Limited (hereinafter referred to as "the Holding Company") and its two subsidiary companies incorporated in India ("Indian Subsidiary Companies"), as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding company and its Indian Subsidiary Companies are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that operate effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 ("the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Holding Company and its Indian Subsidiary Companies have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at December 31, 2015, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to the Indian Subsidiary Companies, is based on the corresponding reports of the auditors of such companies.

For **B. K. Khare & Co.**
Chartered Accountants
Firm's Registration No. 105102W

Padmini Khare Kaicker
Partner
Membership No. 044784

Mumbai
February 22, 2016

Consolidated Balance Sheet as at 31st December, 2015

(₹ In Million)

	Notes	As at 31-December-15	31-March-15
I EQUITY & LIABILITIES			
1 SHAREHOLDERS' FUNDS			
(a) Share Capital	II	3,233.3	3,229.8
(b) Reserves & Surplus	III	16,874.0	15,635.4
		<u>20,107.3</u>	<u>18,865.2</u>
2 Minority Interest		-	155.1
		<u>20,107.3</u>	<u>19,020.3</u>
3 Non- Current Liabilities			
(a) Long term borrowings	IV	7,625.3	14,229.2
(b) Deferred tax liability	XXVII	659.4	333.1
(c) Long term liabilities	V	-	53.6
(d) Long term provisions	VI	2,549.4	2,361.9
		<u>10,834.1</u>	<u>16,977.8</u>
4 Current Liabilities			
(a) Short term borrowings	VII	2,931.0	953.8
(b) Trade payables	VIII	14,545.9	10,476.8
(c) Other current liabilities	IX	3,044.9	2,183.0
(d) Short term provisions	X	470.3	227.4
		<u>20,992.1</u>	<u>13,841.0</u>
Total		<u>51,933.5</u>	<u>49,839.1</u>
II ASSETS			
1 Non-Current assets			
(a) Fixed Assets	XI		
(i) Tangible assets		15,516.5	14,746.5
(ii) Intangible assets		17,900.3	16,491.1
(iii) Capital work in progress		559.3	1,263.3
		<u>33,976.1</u>	<u>32,500.9</u>
(b) Non-current investments	XII	59.1	76.9
(c) Deferred tax assets	XXVII	1,502.0	1,307.3
(d) Long term loans and advances	XIII	2,171.9	2,121.4
(e) Other Non Current Assets	XIV	179.6	25.9
		<u>37,888.7</u>	<u>36,032.4</u>
2 Current assets			
(a) Current investments	XII	662.8	493.3
(b) Inventories	XV	7,188.6	6,849.6
(c) Trade receivables	XVI	3,724.0	4,225.1
(d) Cash and Bank Balances	XVII	501.4	892.7
(e) Short term loans and advances	XIII	684.1	615.9
(f) Other Current Assets	XIV	1,283.9	730.1
		<u>14,044.8</u>	<u>13,806.7</u>
Total		<u>51,933.5</u>	<u>49,839.1</u>

Significant accounting policies.

See accompanying notes to financial statements (I to XXXII)

As per our Report of even date

For **B. K. Khare & Co.**

Chartered Accountants

Firm Registration No. 105102W

Padmini Khare Kaicker

Partner

Membership No. 044784

Mumbai, February 22, 2016

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

Hemant Luthra

Chairman

Pedro Echegaray

Executive Director

Zhooben Bhiwandiwalla

Director

Krishnan Shankar

Company Secretary & Head Legal

Mumbai, February 22, 2016

K. Ramaswami

Managing Director

Daljit Mirchandani

Director

Sanjay Joglekar

Chief Financial Officer

Consolidated Statement of Profit & Loss for the period from April 1, 2015 to December 31, 2015

			(₹ In Million)
	Note	Period from April 1, 2015 to December 31, 2015	Year ended March 31, 2015
I. Revenue from operations	XVIII	39,966.5	57,455.9
Less: Excise duty		1,354.0	1,756.9
Net revenue from operations		38,612.5	55,699.0
II. Other Income	XIX	174.1	429.2
III. Total Revenue (I+II)		38,786.5	56,128.1
IV. EXPENDITURE:			
Cost of materials consumed	XX	17,773.0	25,418.3
Changes in Inventories of finished goods/WIP/stock in trade	XXI	(510.1)	189.8
Employee benefits expense	XXII	7,834.9	11,866.8
Finance costs	XXIII	471.3	1,196.5
Depreciation and amortisation expense	XXIV	1,636.7	2,375.0
Other expenses	XXV	9,734.1	13,821.6
Total Expenses		36,939.9	54,868.0
V. Profit/(Loss) before exceptional items and tax (III-IV)		1,846.6	1,260.1
VI. Exceptional Items (Expense)	XXVI	778.7	2,261.0
VII. Profit/ (Loss) before tax (V - VI)		1,067.9	(1,000.9)
VIII Less: Tax charge/(credit)			
- Current tax		327.1	366.0
- MAT Credit entitlement			(67.8)
		327.1	298.2
- Prior year tax charge/(credit)			(167.1)
- Deferred tax charge/(credit)		(131.6)	(350.4)
IX. Profit before Minority Interest (VII - VIII)		872.3	(781.6)
Minority Share in (Profit) / Loss		-	0.9
X. Net Profit for the year		872.3	(780.7)
Earning per equity share of face value of ₹ 10 each:			
(1) Basic	XXXII (7)	2.70	(2.42)
(2) Diluted		2.70	(2.42)

Significant accounting policies.

See accompanying notes to the financial statements (I to XXXII)

As per our Report of even date

For **B. K. Khare & Co.**

Chartered Accountants

Firm Registration No. 105102W

Padmini Khare Kaicker

Partner

Membership No. 044784

Mumbai, February 22, 2016

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Company Secretary & Head Legal

Mumbai, February 22, 2016

K. Ramaswami

Managing Director

Daljit Mirchandani

Director

Sanjay Joglekar

Chief Financial Officer

Consolidated Cash Flow Statement for the period from April 1, 2015 to December 31, 2015

Particulars	(₹ In Million)	
	As at	
	31-December-15	31-March-15
Profit / (Loss) before tax as per consolidated statement of profit & loss account.	1,067.9	(1,000.9)
Add: Adjustment for	-	-
Depreciation and Amortisation Expenses	1,636.7	2,375.0
Provision for doubtful debts / write off's	(285.1)	70.3
Provision for Pensions	(239.3)	369.2
Impairment of Goodwill	-	1,650.0
Provision for Water Charges	145.5	-
Other Provisions	531.9	-
Interest Expenses	471.3	1,196.5
Amortisation of Investment in WPCL	1.8	2.4
Expense on Employee Stock Option Plan	(0.3)	1.8
Currency Translation Adjustments	(11.3)	10.9
Sub Total	3,319.0	4,675.2
Less: Adjustment for		
Interest / Dividend Income	26.1	101.8
Profit on sale of Investment	-	2.5
Profit on sale of Fixed Assets	18.0	29.5
Unrealised foreign exchange gain	16.3	10.4
Sub Total	60.4	144.2
Operating Profit before Working Capital Change	3,258.7	4,531.0
Movement in		
Trade & other Receivables	(302.7)	1,050.0
Inventories	(339.1)	528.6
Liabilities & Provisions	4,305.1	(2,681.4)
Sub Total	3,663.3	(1,102.8)
Cash Generated from Operations	6,922.0	3,428.2
Income Tax Refund/(Paid)	(260.7)	(205.6)
Net cash flow from operating activities	6,661.3	3,222.6

Consolidated Cash Flow Statement for the period from April 1, 2015 to December 31, 2015 (Contd.)

(₹ In Million)

Particulars	As at	
	31-December-15	31-March-15
Cash Flow from Investing Activities		
Purchase of Fixed Assets (Net of Advances)	(2,068.4)	(2,146.3)
Sale of Fixed Assets	62.3	68.9
Purchase of Investments	(3,098.2)	(3,155.8)
Sale of Investments	2,803.4	3,291.4
Interest/ Dividend Received	26.1	101.9
Net Cash from Investing Activities	(2,274.7)	(1,839.9)
Cash Flow from Financing Activities		
Term Loans(repayment)/ received	(4,626.7)	(1,803.3)
Issue of Share Capital	28.2	86.7
Interest Paid	(304.6)	(1,220.0)
Net Cash from Financing Activities	(4,903.1)	(2,936.6)
Net (Decrease)/ Increase in Cash or Cash Equivalents	(516.6)	(1,553.9)
Opening Cash and Cash equivalents	890.9	435.9
Opening Cash and Cash equivalents - Merging companies	-	2,008.9
Closing Cash and Cash equivalents	374.3	890.9
Significant Accounting Policies		
See Accompanying Notes to Financial Statements I to XXXII		

Notes :

1. The Cash Flow has been prepared under the "Indirect method " as set out in Accounting Standard 3 on Cash Flow Statement issued by the Institute of Chartered Accountants of India.
2. Cash and cash equivalents represents cash and bank balances only. Balances with bank in the form of deposits ₹ 127.1 Mio not considered in cash and cash equivalents (Refer Note XVII).
3. Previous years figures have been regrouped/ reclassified wherever necessary to correspond with the current year classification / disclosure.

As per our Report of even date
For **B. K. Khare & Co.**
Chartered Accountants
Firm Registration No. 105102W

Padmini Khare Kaicker
Partner
Membership No. 044784

Mumbai, February 22, 2016

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

Hemant Luthra
Chairman
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Zhooben Bhiwandiwalla
Director

Krishnan Shankar
Company Secretary & Head Legal

Mumbai, February 22, 2016

K. Ramaswami
Managing Director
Daljit Mirchandani
Director

Sanjay Joglekar
Chief Financial Officer

Notes to Consolidated financial statements for the period from April 1, 2015 to December 31, 2015

Note I

1. Basis of preparation and Principles of Consolidation

The Consolidated Financial Statements relate to Mahindra CIE Automotive Limited (the 'Parent Company') and its subsidiary companies (hereinafter referred to as the "Group"). The Consolidated Financial Statements have been prepared under the historical cost convention as a going concern and on accrual basis of accounting in accordance with generally accepted accounting principles of India including the accounting standards applicable under Section 133 of the Companies Act, 2013 ("the Act") read with Rule 7 of the Companies Accounts Rules, 2014 (as amended) and the relevant provisions of the Act as applicable. The accounting policies adopted in the preparation of the financial statements are consistent with those of the previous year. The Company has obtained the permission for changing the Financial Year end from March 31 to December 31. In view of the change, the consolidated financial statements for the current year is for the period April 1, 2015 to December 31, 2015. The Consolidated Financial Statements have been prepared on the following basis.

a) Basis of Consolidation

- i) The financial statements of the Company and its subsidiary companies have been combined on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses. Intra group balances, intra group transactions and unrealised profits or losses have been fully eliminated.
- ii) The difference between the costs of investment in the subsidiaries over the Company's portion of equity of the subsidiary is recognised in the financial statements as Goodwill (excess of investment over equity) or Capital Reserve (excess of equity over investment).
- iii) The difference between the proceeds from disposal of investment in a subsidiary and the carrying amount of its assets less liabilities as of date of disposal is recognised in the Consolidated Statement of Profit and Loss Account as profit or loss on disposal of investment in subsidiary.
- iv) Minority Interest in the net assets of consolidated subsidiaries consist of : a) the amount of equity attributable to minorities at the date on which investment in a subsidiary is made and b) The minorities' share of movements in equity since the date the parent- subsidiary relationship comes into existence.
- v) The Financial Statements of the subsidiaries are drawn up to December 31, 2015.

The subsidiaries considered in the presentation of these Consolidated Financial Statements are:

Name of the Subsidiary Company	Country of Incorporation	Proportion of ownership interest
		as at 31.12.2015
Mahindra Forgings International Limited	Mauritius	100.00%
Mahindra Forgings Europe AG	Germany	100.00%
Gesenkschmiede Schneider GmbH	Germany	100.00%
Jeco Jellinghaus GmbH	Germany	100.00%
Falkenroth Umformtechnik GmbH	Germany	100.00%
Schonoeweiss & Co. GmbH -	Germany	100.00%
Mahindra Forgings Global Limited	Mauritius	100.00%
Stokes Group Limited	U.K.	100.00%
Stokes Forgings Dudley Limited	U.K.	100.00%
Stokes Forgings Limited	U.K.	100.00%
Mahindra Gears & Transmissions Private Limited	India	100.00%
CIE Galfor, S.A	Spain	100.00%
CIE Legazpi S A	Spain	100.00%
UAB CIE LT Forge	Lithuania	100.00%
Mahindra Gears Global Limited	Mauritius	100.00%
Metalcastello S.p.A	Italy	100.00%
Crest Geartech Private Limited	India	100.00%

b) Goodwill arising on consolidation

The goodwill recorded in these Consolidated Financial Statements has not been amortised, but instead evaluated for impairment. The Group evaluates for carrying amount of its goodwill whenever events or changes in circumstances indicates that its carrying amount may be impaired, for diminution other than temporary.

Notes to Consolidated financial statements for the period from April 1, 2015 to December 31, 2015

2. Significant Accounting Policies

(A) Operating Cycle

All assets & liabilities have been classified as current & non – current as per the Company's normal operating cycle and other criteria set out in the Revised Schedule III of the Companies Act, 2013 . Based on the nature of activities undertaken by the Company and their realisation in cash and cash equivalents, the company has ascertained its operating cycle as 12 months for the purpose of current – non- current classification of assets & liabilities.

(B) Use of Estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles require estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of financial statements and the reported amount of revenues and expenses during the reported period. Difference between the actual results and estimates are recognised in the period in which the results are known / materialise.

(C) Fixed Assets

- (a) (i) Fixed Assets are stated at cost less depreciation. Cost of acquisition is inclusive of purchase price, levies and any directly attributable cost of bringing the assets to its working condition for the intended use.
- (ii) When an asset is scrapped or otherwise disposed off, the cost and related depreciation are removed from the books of account and resultant profit (including capital profit) or loss, if any, is reflected in the Statement of Profit and Loss.
- (b) (i) Free hold land is stated at cost.
- (ii) Leasehold land is amortized over the period of lease.
- (iii) Depreciation on assets is calculated on Straight Line Method as per Sch II of the Companies Act, 2013 except for certain items of plant and machinery depreciated over estimated useful lives ranging from 2-24 years, determined based on technical assessment of lives of each assets.
- (iv) The comparative table of lives as per Sch II of the Companies Act and the useful life of Assets has been taken based on technical assessment of the lives is as follows:

Asset	Life as per Schedule II Technical Estimate	Life based on
Plant & Machinery	15 Years	2 to 24 Years

(D) Intangible Assets

- (a) Intangible Assets except software are initially measured at cost and amortised on a straight line basis over the asset's economic life.
- (b) Software expenditure incurred is amortised over thirty six months equally.

(E) Investments

Investments held as long-term investments are stated at cost comprising of acquisition and incidental expenses less permanent diminution in value, if any.

Investments other than long-term investments are classified as current investments and valued at cost or fair value whichever is less.

(F) Inventories

- (i) Raw material, stores & spares are valued on moving weighted average method.
- (ii) Inventories of finished goods and work in progress and dies are valued at cost or net realizable value, whichever is lower.
- (iii) In case of Work in Process & Finished Goods, cost includes material cost, labour and appropriate manufacturing overheads & Excise Duty in the case of finished goods.

(G) Foreign Currency Transactions

- (i) Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction. Realised gains and losses and also exchange differences arising on translation at year end exchange rates of monetary assets and monetary liabilities outstanding at the end of the year are recognised in the Statement of Profit and Loss.

Notes to Consolidated financial statements for the period from April 1, 2015 to December 31, 2015

- (ii) In case of forward exchange contracts entered as hedge transactions, the premium or discount arising at the inception of forward exchange contract is amortized as income or expense over the life of the contract. Exchange differences are recognized as an income or expense in the reporting period in which the exchange rates change. Any profit or loss arising on cancellation or expiry of such forward exchange contract is recognized as income or expense for the period.
- (iii) Exchange difference arising on payment of liabilities for purchase of fixed assets from outside India and year end conversion of such liabilities are charged /credited to the Statement of Profit and Loss.
- (iv) Exchange differences arising on a monetary item, forming part of a net investment in a Non Integral Foreign Operation is accumulated in Foreign Currency Translation Reserve.

(H) Revenue Recognition

- (a) Sales of products and services are recognised when the products are dispatched or services rendered which coincide with transfer of risk and rewards. Sales are exclusive of sales tax and net of sales return and trade discounts.
- (b) Interest income is accounted on an accrual /time proportionate basis at contractual rates.
- (c) Dividend Income is recognized when the right to receive the same is established.
- (d) Export Incentives are recognised on accrual basis and to the extent of certainty of realisation of ultimate collection.

(I) Retirement Benefits

Employee Benefits in respect of gratuity and leave en-cashable at retirement/cessation are provided for based on valuations, as at the Balance Sheet date at the year end, made by independent actuaries.

(a) Defined Contribution Plan

Group's contributions paid/payable during the year to Provident Fund, ESIC and Labour Welfare Fund are recognised in the Profit and Loss Account.

(b) Defined Benefit Plan/ Long term compensated absences

Group's liability towards gratuity, compensated absences and pensions are determined by independent actuaries, using the projected unit credit method. Past service costs are recognised on a straight line basis over the average period until the benefits become vested. Actuarial gains and losses are recognised immediately in the statement of Profit and Loss as income or expense. Obligation is measured at the present value of estimated future cash flows using a discounted rate that is determined by reference to the market yields at the Balance Sheet date on Government Bonds where the currency and terms of the Government Bonds are consistent with the currency and estimated terms of the defined benefit obligation. Company's liability towards gratuity is funded by way of Group Gratuity cum assurance policy with Life Insurance Corporation of India.

- (c) Expenses incurred towards voluntary retirement scheme are charged to the expenses in the statement of profit and loss.

(J) Product Warranty

In respect of warranties on sale of certain products, the estimated costs of these warranties are accrued at the time of sale. The estimates for accounting of warranties are reviewed and revisions are made as required.

(K) Segment Reporting

The accounting policies adopted for segment reporting are in line with the accounting policies of the Group. Segments are identified having regard to the dominant source and nature of risks and returns and internal organisation and management structure.

Revenues and expenses have been identified to the segments based on their geographical location of assets. Income/ Expenses relating to the enterprise as a whole and not allocable on a reasonable basis to geographical segments are reflected as unallocated corporate income / expenses. Inter-segment transfers are at prices which are generally market led.

(L) Taxation

Current tax is determined as the amount of tax payable in respect of taxable income for the year.

Deferred tax assets and liabilities are recognized for future tax consequences attributable to the timing differences between taxable income and accounting income that are capable of reversal in one or more subsequent periods and are measured using the tax rates enacted or substantively enacted as at the Balance Sheet date. Deferred Tax assets are

Notes to Consolidated financial statements for the period from April 1, 2015 to December 31, 2015

not recognised unless in the management judgment, there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized except in case of deferred tax assets arising from brought forward tax losses wherein deferred tax assets is only recognized when there is virtual certainty.

(M) Impairment of Assets

The carrying amount of cash generating units/ assets is reviewed at the Balance Sheet date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount is estimated as the net selling price or value in use, whichever is higher. Impairment loss, if any, is recognized whenever carrying amount exceeds the recoverable amount.

(N) Government Grants

Government grants in respect of capital expenditure are credited to a deferred income account and are released to the statement of profit and loss by equal annual instalments over the expected useful lives of the relevant assets.

Government grants of a revenue nature are credited to the statement of profit and loss account in the same period as the related expenditure.

(O) Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is shorter. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the statement of profit and loss over the period of the lease.

All other leases are regarded as operating leases and the payments made under them are charged to the statement of profit and loss on a straight line basis over the lease term.

(P) Borrowing costs

Borrowing costs that are directly attributable to the acquisition or construction of qualifying assets are capitalised up to the date when such qualifying assets are ready for intended use. Other borrowing costs are recognised as expense in the period in which they are incurred.

(Q) Provisions and Contingent Liabilities

Provisions are recognized in accounts in respect of present probable obligations, the amount of which can be reliably estimated.

Contingent liabilities are disclosed in respect of possible obligations that arise from past events but their existence is confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company.

Note II Share capital

(₹ In Million)

		As at	
		31-December-15	31-March-15
A	Authorised		
	395,000,000 (PY 395,000,000) equity shares of ₹ 10/- each	3,950.0	3,950.0
	29,658,916 (PY 14,820,206) 4% Non cumulative redeemable non convertible preference shares of ₹ 31/- each	919.4	919.4
		<u>4,869.4</u>	<u>4,869.4</u>
B	Issued		
	323,336,993 (PY 322,977,207) equity shares of ₹ 10/- each fully paid-up)	3,233.4	3,229.8
		<u>3,233.4</u>	<u>3,229.8</u>
C	Subscribed and paid-up		
	323,336,048, (PY 322.976,262 equity shares of ₹ 10/- each fully paid-up)	3,233.3	3,229.8
		<u>3,233.3</u>	<u>3,229.8</u>
	Total (Equity)	<u>3,233.3</u>	<u>3,229.8</u>

Notes to Consolidated financial statements for the period from April 1, 2015 to December 31, 2015

Movement in share capital

	As at			
	31-December-15		31-March-15	
	No. of shares	Amount ₹ in Million	No. of shares	Amount ₹ in Million
Balance as at the beginning of the year	322,976,262	3,229.8	92,340,466	923.4
Add: issued under the company employees stock option ("ESOP") scheme (on exercise of options)	359,786	3.6	1,305,277	13.1
Issued pursuant to scheme of merger [Refer note XXXII(5)]	-	-	229,331,464	-
Less: Shares issued and kept in abeyance (Note below)	-	-	945	-
	-	-	229,330,519	2,293.3
Balance at the end of the year	323,336,048	3,233.4	322,976,262	3,229.8

Note

Mahindra Composites Limited, which was merged with the Company in the previous year had issued 1050 equity shares and not allotted the same to its shareholders. Based on the swap ratio in the Composites Scheme of Merger, the Company had issued 945 equity shares and the same have been kept in abeyance.

Rights, preferences and restriction attached to shares

Equity shares:

The Company has one class of equity shares having a par value of ₹ 10/- per equity share held Each shareholder is eligible for one vote per share. If any dividend is proposed by the board of directors, then the same is subject to approval of the shareholders in the ensuing annual general meeting except in the case of interim dividend. On liquidation, the equity shareholders are eligible to receive the residual value of assets of the Company in the proportion of their shareholding in the Company after all obligations of the Company are paid off.

Shares held by the holding company and their subsidiaries and associates and shares held by each shareholder holding more than 5% shares in the Company

	As at	
	31-December-15	31-March-15
Equity shares	No. of shares	No. of shares
Participaciones Internacionales Autometal, DOS S.L (Holding Company since October 4, 2013)	171,767,537	171,767,537
	53.12%	53.18%
Mahindra & Mahindra Limited (Holding company till October 3, 2013)		65,271,407
Mahindra Vehicle Manufacturers Limited (MVML)	65,271,407	
	20.19%	20.21%

i PIA2 is a 100% subsidiary of CIE Automotive SA ("CIE"), a company incorporated in Spain (the ultimate holding company of the Company).

CIE is an associate of M&M which holds a beneficial interest of 12.44% in CIE.

M&M has transferred its entire shareholding in the Company to their subsidiary MVML on December 30, 2015.

Other than as indicated above there are no shareholders each holding more than 5 % of the shares in the Company.

ii Shares reserved for issue under options- [See Note XXXII(2)].

iii As described above, the Company has issued 229,331,464 equity shares of face value of ₹ 10 each pursuant to merger [See note XXXII (5)] as fully paid up without payment being received in cash.

Notes to Consolidated financial statements for the period from April 1, 2015 to December 31, 2015

Note III Reserves and surplus

(₹ In Million)

	As at	
	31-December-15	31-March-15
A Capital Reserve		
Balance at the beginning of the year	7,577.6	1,191.3
Add :		
Addition on account of amalgamation as at October 1, 2013	-	6,386.3
Refer Note XXXII(5)		
Balance at the end of the year	7,577.6	7,577.6
B Capital Redemption Reserve		
Balance at the beginning of the year	164.6	-
Add :		
Addition on account of amalgamation as at October 1, 2013	-	164.6
Refer Note XXXII(5)		
Balance at the end of the period	164.6	164.6
C Securities Premium Reserve		
Balance at the beginning of the year	4,949.8	3,040.3
Add:-		
Received upon issue of shares to employees under ESOP scheme on exercise of options	37.2	99.1
Addition on account of amalgamation as at October 1, 2013	-	1,810.4
[Refer Note XXXII(5)]		
Balance at the end of the year	4,987.0	4,949.8
D Employee stock option outstanding		
Option granted till date	27.9	54.3
Add : Options granted during the year		
Deferred employee compensation expenses	-	1.4
Granted to employees of merging companies [See Note XXXII(5)]	-	1.0
Less :		
Forfeiture of options	-	(1.9)
Options exercised during the year	(14.0)	(26.9)
Balance at the end of the year	13.9	27.9
E General Reserve		
Balance at the beginning of the year	6,535.8	5,767.1
Add:		
Addition on account of amalgamation as at October 1, 2013	-	768.7
Refer Note XXXII(5).		
Balance at the end of the year	6,535.8	6,535.8
F Foreign exchange fluctuation reserve		
Balance at the beginning of the year	(507.8)	(381.9)
Add: Foreign exchange gain/(loss) on investment in subsidiary	343.1	(125.9)
Balance at the end of the year	(164.7)	(507.8)
G Surplus/(Deficit)in statement of profit and loss		
Balance at the beginning of the year	(3,112.5)	(4,034.1)
Add:-		
Depreciation adjustment	-	(53.0)
Addition on account of amalgamation as at October 1, 2013	-	1,911.9
Profit of amalgamating companies during the period October 1, 2013 to March 31, 2014	-	(156.6)
Profit/(loss) for the year	872.3	(780.7)
Balance at the end of the year	(2,240.2)	(3,112.5)
Total	16,874.0	15,635.4

Notes to Consolidated financial statements for the period from April 1, 2015 to December 31, 2015

Note IV Long - term borrowings

(₹ In Million)

		As at	
		31-December-15	31-March-15
(A)	Secured Loans		
	Term loans From Banks (Refer Note below)	2,190.6	5,460.0
		<u>2,190.6</u>	<u>5,460.0</u>
(B)	Unsecured Loans		
1	Sales Tax Deferral	107.1	166.4
2	Term Loans	-	2,069.0
3	Loans from Related Parties (Refer Note XXXII(4))	5,327.6	5,406.6
4	Other loans	-	1,127.2
		<u>5,434.7</u>	<u>8,769.2</u>
	Total	<u>7,625.3</u>	<u>14,229.2</u>

Note:

Secured borrowings are secured by *pari passu* charge on immovable properties of entities of the Group which have taken the loans, both present and future, subject to certain exclusions and guarantee by parent company in some cases and are also secured by *pari passu* charge on the moveable properties of certain entities including movable machinery, machinery spares, tools and accessories both present and future.

The borrowings carry varying rates of interests ranging from 0.8% to 13% and are repayable in instalments which have already commenced. The instalments are repayable from 2016 to 2019.

Note V Other Long term liabilities

(₹ In Million)

		As at	
		31-December-15	31-March-15
1	Others	-	53.6
	Total	<u>-</u>	<u>53.6</u>

Note VI Long term provisions

(₹ In Million)

		As at	
		31-December-15	31-March-15
1	Provision for Employee benefits		
	Provision for Gratuity (Refer Note XXII)	39.3	29.2
	Provision for Pension Fund- Non funded (Refer Note XXII)	1,889.2	1,868.0
	Provision for Other Employee Termination Indemnities (Refer Note XXII)	201.2	209.1
	Provision for compensated absences (Refer Note XXII)	146.4	122.0
	Provision for voluntary retirement scheme (VRS) (Refer Note XXII)	11.0	16.8
2	Water charges		
	Refer Note XXVIII(2)(i) and Note below	262.3	116.8
		<u>2,549.4</u>	<u>2,361.9</u>
	Total	<u>2,549.4</u>	<u>2,361.9</u>

Movement in provisions during the year is summarised below:

		Water Charges*	
		31-December-15	31-March-15
	Balance as at the beginning of the year	116.8	-
	Acquired on amalgamation [Refer Note XXXII (5)]	-	36.8
	Provided during the year	145.5	80.0
	Balance at the end of the year	<u>262.3</u>	<u>116.8</u>

Notes to Consolidated financial statements for the period from April 1, 2015 to December 31, 2015

Note VII Short- Term Borrowings

(₹ In Million)

		As at	
		31-December-15	31-March-15
1	Secured from Banks		
	- Rupee Loans repayable on demand	81.8	266.2
	(Secured against 1 st charge on movable assets and 2 nd charge on immovable assets of the Company)		
	- Other Short Term Loans	1,713.9	681.5
2	Unsecured		
	- Loans from Related Parties [Refer Note XXXII(4)]	786.8	6.1
	- Other Loans	348.5	-
	Total	2,931.0	953.8

Note VIII Trade Payables

(₹ In Million)

		As at	
		31-December-15	31-March-15
	Trade Payables		
	Acceptances	260.5	237.3
	Trade Payables - Micro & Small Enterprises (Refer Note XXIX)	103.7	12.6
	Others	14,181.7	10,226.9
	Total	14,545.9	10,476.8

Note IX Other current liabilities

(₹ In Million)

		As at	
		31-December-15	31-March-15
1	Current maturity of long term loans		
	i) - Loans in Foreign currency from Banks	-	-
	ii) - Rupee Term Loans from Banks and Financial Institutions	157.8	237.5
	iii) - Sales Tax deferral	62.3	70.5
		220.1	308.0
2	Interest Accrued but not due	173.6	6.9
3	Salary & Wages payable	799.3	1,291.4
4	Statutory dues payable	552.2	345.3
5	Payable on purchases of Fixed Assets	292.3	30.0
6	Advance received from customers	168.4	109.4
7	Trade Deposits/ Security Dep. / Adv received against HP/Lease Agreements	17.0	20.6
8	Provision for other liabilities	822.1	71.5
		2,824.8	1,875.0
	Total	3,044.9	2,183.0

Notes to Consolidated financial statements for the period from April 1, 2015 to December 31, 2015

Note X Short term provision

(₹ In Million)

		As at	
		31-December-15	31-March-15
1	Employee benefits		
	Provision for Gratuity (Refer Note XXII)	35.0	44.1
	Provision of Earned leave encashment (Refer Note XXII)	27.3	20.6
	Provision for Redundancy (Refer Note below)	311.5	76.4
	Provision for Voluntary Retirement scheme (Refer Note XXII)	9.6	10.7
2	Others		
	Provision - Others	7.9	-
	Provision for Warranties (Refer Note XXX)	79.0	75.6
	Total	470.3	227.4

Movement in provisions during the year is summarised below:

		Redundancy	
		31-December-15	31-March-15
	Balance as at the beginning of the year	76.4	-
	Paid during the year	-	-
	Provided during the year	235.1	76.4
	Balance at the end of the year	311.5	76.4

The redundancy provision in subsidiaries mainly pertains to subsidiaries in Germany for transfer of the operations (including machinery and contracts) from one unit to another (₹ 235.1 Million). There are no discontinuing operations as the assets/operations of the entity are being relocated to other group entities.

Notes to Consolidated financial statements for the year ended 31st December 2015

Note: XI Fixed Asset Schedule for the period ended December 31, 2015

(₹ In Million)

Asset Category	GROSS BLOCK					DEPRECIATION				Net Block	
	Opening Gross Block As at April 1, 2015	Additions during the 9 months from April 1, 2015 to December 31, 2015	Deletions during the 9 months from April 1, 2015 to December 31, 2015	Adjustments from April 1, 2015 to December 31, 2015	Closing Gross Block As at December 31, 2015	Opening Accumulated Depreciation As at April 1, 2015	Depreciation during the 9 months from April 1, 2015 to December 31, 2015	Deletions during the 9 months from April 1, 2015 to December 31, 2015	Adjustments from April 1, 2015 to December 31, 2015	Closing Accumulated Depreciation December 31, 2015	Opening Net Block March 31, 2015
Tangible Assets											
Land	-	-	-	-	-	-	-	-	-	-	-
Freehold	789.5	102.4	-	90.4	982.3	-	-	-	-	-	789.5
Leasehold	460.7	79.4	-	0.2	540.2	46.0	6.5	-	-	52.5	414.7
Building											
Freehold	5,781.2	210.8	(0.6)	213.4	6,204.7	3,022.5	110.7	(0.4)	175.8	3,308.6	2,758.7
Leasehold	72.5	0.9	-	-	73.4	37.7	5.8	-	-	43.5	34.8
Plant & Equipment	32,973.1	1,145.9	(193.3)	1,314.3	35,240.0	23,395.3	1,162.4	(126.5)	935.0	25,366.2	9,569.7
Office Equipment	4,111.4	29.3	(1.6)	114.3	4,253.4	3,398.6	54.4	(1.6)	97.6	3,549.0	712.8
Furniture & Fittings	2,054.2	182.0	(14.6)	374.6	2,596.2	1,675.0	225.2	(9.1)	238.8	2,129.9	379.2
Cars & Vehicles	203.8	5.8	(6.2)	12.4	215.8	161.6	9.0	(3.5)	11.8	179.0	43.9
Computers and EDP equipment	197.3	4.7	(2.6)	9.4	208.8	154.1	10.8	(2.4)	7.1	169.6	43.2
Sub Total (A)	46,643.7	1,761.2	(218.9)	2,128.9	50,314.8	31,890.9	1,584.8	(143.5)	1,466.1	34,798.3	14,746.5
Intangible Assets											
Trademarks	90.7	-	-	0.8	91.6	81.3	-	-	0.8	82.1	9.5
Software Expenses	426.2	51.3	(0.2)	24.3	501.6	390.1	15.4	(0.2)	23.5	428.8	40.6
Development Expenditure	119.1	-	-	51.4	170.5	116.2	1.7	-	8.0	125.8	2.9
Other Intangible Assets	216.3	25.0	-	30.3	271.6	158.9	34.8	-	18.9	212.5	57.4
Sub Total (B)	852.3	76.3	(0.2)	106.9	1,035.3	746.4	51.9	(0.2)	51.1	849.2	110.4
Goodwill on Consolidation	18,257.7	133.3	-	1,200.1	19,591.1	1,877.0	-	-	-	1,877.0	16,380.7
Sub Total (C)	18,257.7	133.3	-	1,200.1	19,591.1	1,877.0	-	-	-	1,877.0	16,380.7

The estimated useful life of forging machinery in operating companies under Mahindra Forging Europe AG was assessed in line with the CIE Group policy and with comparable assets and has been revised during the year. Due to this change, depreciation for the 9 month period ending December 31, 2015 was lower by about ₹ 143.3 Million (approximately Euro 2 million) as compared to that of the previous year.

Capital Work in Progress

559.3 1,263.3

Sub Total (D)	-	-	-	-	-	-	-	-	-	-	1,263.3
Gross Total	65,753.7	1,970.8	(219.1)	3,435.9	70,941.3	34,514.3	1,636.7	(143.7)	1,517.2	37,524.5	32,500.9

Notes to Consolidated financial statements for the year ended 31st December 2015

Note: XI Fixed Assets

(₹ In Million)

Asset Category	GROSS BLOCK						DEPRECIATION						NET BLOCK			
	Opening Gross Block As at April 1, 2014	Additions by virtue of Merger	Additions during the year	Deletions during the year	Adjustments	Closing Gross Block As at March 31, 2015	Opening Accumulated Depreciation As at April 1, 2014	Additions by virtue of Merger	Depreciation during the year	Impact due to Sch. II Companies Act, 2013 carried to Reserves	Deletions during the year	Adjustments	Impairment	Closing Accumulated Depreciation As at March 31, 2015	Net Block March 2015	Net Block March 31, 2014
Tangible Assets																
Land																
Freehold	326.2	526.1	-	(4.5)	(58.3)	789.5	-	-	-	-	-	-	-	-	789.5	326.2
Leasehold	-	460.7	-	-	-	460.7	-	38.8	7.2	-	-	-	-	46.0	414.7	-
Building	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Freehold	3,281.4	2,940.8	112.2	(45.3)	(508.0)	5,781.2	2,167.1	1,072.4	163.6	20.2	(28.1)	(372.6)	-	3,022.5	2,758.7	1,114.3
Leasehold	77.0	-	1.2	-	(5.6)	72.5	33.0	-	7.1	-	-	(2.4)	-	37.7	34.8	44.0
Plant & Equipment	20,487.4	14,147.6	1,487.2	(127.8)	(3,021.1)	32,973.3	16,433.0	7,999.3	1,609.1	58.2	(134.5)	(2,561.6)	-	23,403.6	9,569.7	4,056.7
Office Equipment	253.8	3,680.0	236.4	(19.7)	(39.2)	4,111.4	234.7	3,004.1	208.5	8.0	(19.3)	(37.4)	-	3,398.6	712.8	19.2
Furniture & Fittings	2,335.1	127.0	152.3	(143.4)	(416.9)	2,054.2	1,847.0	80.7	202.1	1.4	(124.4)	(331.7)	-	1,675.0	379.2	488.1
Cars & Vehicles	177.2	46.6	20.4	(11.0)	(29.4)	203.8	158.9	27.8	8.8	0.3	(6.0)	(28.1)	-	161.6	43.9	18.2
Computers and EDP equipment	91.3	100.0	31.4	(1.4)	(24.0)	197.3	77.0	80.0	12.8	4.2	(1.3)	(18.6)	-	154.1	43.2	14.2
Sub Total (A)	27,029.3	22,028.9	2,041.1	(352.9)	(4,102.4)	46,643.9	20,950.7	12,303.1	2,219.1	92.3	(313.6)	(3,352.5)	-	31,899.2	14,746.5	6,080.9
Intangible Assets																
Goodwill	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Goodwill on Consolidation*	6,233.5	13,577.8	-	-	(1,553.5)	18,257.7	227.0	-	-	-	-	-	1,650.0	1,877.0	16,380.7	6,006.5
Trademarks	-	90.7	-	-	-	90.7	-	77.4	3.9	-	-	-	-	81.3	9.5	-
Software Expenses	364.7	85.8	21.5	-	(45.9)	426.1	338.7	72.1	24.3	0.8	-	(45.7)	-	390.1	40.6	26.0
Development Expenditure	-	119.1	-	-	-	119.1	-	113.3	2.8	-	-	-	-	116.2	2.9	-
Other Intangible Assets	-	132.6	83.7	-	-	216.3	-	118.7	40.2	-	-	-	-	158.9	57.4	-
Sub Total (B)	6,598.2	14,006.0	105.2	-	(1,599.5)	19,109.9	565.7	381.5	71.2	0.8	-	(45.7)	1,650.0	2,623.4	16,491.1	6,032.5
Capital Work in Progress	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,263.3	290.7
Sub Total (C)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,263.3	290.7
Gross Total	33,627.5	36,034.9	2,146.3	(352.9)	(5,701.9)	65,753.8	21,516.4	12,684.7	2,290.3	93.1	(313.6)	(3,398.2)	1,650.0	34,522.6	32,500.9	12,404.2

* Goodwill on consolidation is on merger of following Subsidiaries -

1. Mahindra Gears and Transmissions Pvt. Ltd.	281.1
2. CIE Galfor S.A., CIE Legazpi S.A. and UAB CIE LT Forge	8,207.4
3. Metacastello S.p.A.	5,089.4
Total	13,577.9

Also Goodwill amounting to ₹ 1650 Million on merger of a step subsidiary, Metacastello S.p.A. was impaired during the year



Notes to Consolidated financial statements for the period from April 1, 2015 to December 31, 2015

Note : XII Non Current Investment

(₹ In Million)

	As at	
	31-December-15	31-March-15
Non Trade, Unquoted investment valued at cost unless otherwise stated Equity shares		
2,550 (PY2550) fully paid up equity shares of ₹ 10 each in The Saraswat Co-operative Bank Limited	-	-
2,653,455 (P Y 2,653,455) Class "A" equity shares of ₹ 10 each in Wardha Power Company Limited (refer note I)	26.5	26.5
	<u>26.5</u>	<u>26.5</u>
Preference shares		
3,346,545 (PY 3,346,545) Class "A" redeemable preference shares of ₹10 each in Wardha Power Company Limited	33.5	33.5
Less:- Aggregate provision for diminution in value of unquoted investment Wardha Power Company Limited	(8.8)	(7.0)
	<u>24.7</u>	<u>26.5</u>
Investments held by subsidiary companies acquired in amalgamation		
Wohnungsbau Aalen GmbH, Aalen, Germany and Aalenar Thermal Mineralbad GmbH & Co. KG, Aalen	3.3	2.8
Galfor Eolica S.L., Spain	4.5	4.2
Crest Geartech Pvt. Ltd.	-	16.8
	<u>7.9</u>	<u>23.8</u>
Total	<u>59.1</u>	<u>76.9</u>

Note

- Investment in Wardha Power Company Limited entitles the company to obtain energy equivalent of 5MW from the Group Captive Power Plant. This investment would be amortised over a period of 25 years. These shares will receive restrictive dividend not more than 0.01% of the face value of the equity shares. The preference shares carry a coupon rate of 0.01% per annum of the face value and is redeemable on expiry of 25 years.

(₹ In Million)

Note : XII Current Investment

	As at	
	31-December-15	31-March-15
Investment in Mutual Funds		
1 Nil Units (PY 829,401.967) ICICI Prudential Money Market Fund- Regular Plan Dividend	-	83.1
2 Nil Units (PY 2,694,128) in ICICI Prudential Interval Fund III Quarterly Interval Fund Growth	-	40.0
3 Nil Units (PY 4,495,358.046) Sundaram Money Regular Fund Dividend	-	45.4
4 Nil Units (PY 5,611,848.046) HDFC Liquid Fund Dividend	-	57.2
5 Nil Units (PY 83,899.629) HSBC Cash Fund Dividend	-	83.9
6 100,404.072 Units (PY 34,113.686) Axis Liquid Fund Dividend	100.5	34.1
7 215639.529 Units (PY 91,415.168) Taurus Liquid Fund Existing Plan - Super Institutional Dividend	215.7	91.4
8 Nil Units (PY 57,477.898) L&T Liquid Fund Dividend	-	58.1
9 4,888,234.804 units (PY Nil) in AXIS Short Term Fund	50.1	-
10 49,799.932 units (PY Nil) in AXIS Treasury Advantage Fund	50.0	-
11 459,852.688 units (PY Nil) in ICICI Liquid Plan	101.1	-
12 464,083.656 units (PY Nil) in ICICI Money Market Fund	95.3	-
13 178,508.058 units (PY Nil) in ICICI Flexible Income Plan	50.1	-
Total	<u>662.8</u>	<u>493.3</u>
Market value of quoted investments	662.8	493.7

Notes to Consolidated financial statements for the period from April 1, 2015 to December 31, 2015

Note XIII Loans and advances

		(₹ In Million)			
		Non-Current As at		Current As at	
		31-December-15	31-March-15	31-December-15	31-March-15
1	Capital advances				
	Secured, Considered Good	-	-	-	-
	Unsecured, Considered Good	77.1	54.6	-	-
	-Doubtful	-	0.1	-	-
	Less: Provision for doubtful capital advances	-	(0.1)	-	-
		77.1	54.6	-	-
2	Security deposits				
	Secured, Considered Good	-	-	-	-
	Unsecured, Considered Good	312.8	308.2	81.8	-
	-Doubtful	0.1	0.1	-	-
	Less: Provision for doubtful Security Deposits	(0.1)	(0.1)	-	-
		312.8	308.2	81.8	-
3	Advances				
a)	Advances to Sundry Creditors				
	Secured, Considered Good	-	-	-	-
	Unsecured, Considered Good	1,121.4	1,115.6	269.8	192.0
	Doubtful	-	-	5.8	7.5
	Less: Provision for doubtful advances	-	-	(5.8)	(7.5)
b)	Other loans and advances	4.6	4.5	1.3	-
c)	Advance Income Tax (Net of provision for taxation)	545.3	504.9	-	-
d)	Prepaid Expenses	9.1	-	28.3	45.0
e)	Balance with / refund due from statutory/ Government authorities	-	-	274.4	378.9
f)	MAT Credit Entitlement	101.6	133.6	-	-
		1,782.0	1,758.6	573.8	615.9
	Total	2,171.9	2,121.4	684.1	615.9

Note XIV Other Assets

		(₹ In Million)			
		Non-Current As at		Current As at	
		31-December-15	31-March-15	31-December-15	31-March-15
a)	Others	179.6	25.9	1,283.9	730.1
	Total	179.6	25.9	1,283.9	730.1

Note XV Inventories

		(₹ In Million)	
		As at	
		31-December-15	31-March-15
1	Raw materials [includes Goods in Transit ₹ 22.7 Mio (PY ₹ 25.6 Mio)]	1,725.6	1,446.8
2	Work-in-progress	2,547.0	3,103.7
3	Finished goods [includes Goods in Transit ₹ 62.0 Mio. (PY ₹ 68.8 Mio.)]	1,927.2	1,453.1
4	Stores and spares	310.6	294.5
5	Loose tools and dies	678.2	551.5
	Total	7,188.6	6,849.6

Notes to Consolidated financial statements for the period from April 1, 2015 to December 31, 2015

Note : XVI Trade Receivables

		(₹ In Million)	
Particulars		As at	
		31-December-15	31-March-15
1	Trade Receivables outstanding for more than six months from the date they are due for payment		
a)	Unsecured, considered good	73.8	32.0
b)	Doubtful	119.2	328.3
	Less: Allowance for trade receivables	(119.2)	(328.3)
		<u>73.8</u>	<u>32.0</u>
2	Other Trade Receivables		
a)	Secured, considered good	-	-
b)	Unsecured, considered good	3,650.2	4,193.1
c)	Doubtful	85.1	161.1
	Less: Allowance for trade receivables	(85.1)	(161.1)
		<u>3,650.2</u>	<u>4,193.1</u>
	Total	<u>3,724.0</u>	<u>4,225.1</u>

Note : XVII Cash & Bank Balances

		(₹ In Million)	
		As at	
		31-December-15	31-March-15
A	Cash & Cash Equivalents		
a)	Balances with the Bank	369.5	841.1
	- On current account in Scheduled Banks	242.8	834.8
	- On current account in Non Scheduled Banks	126.7	1.9
b)	Cheques in Hand	3.6	6.3
c)	Cash on hand	1.2	47.9
		<u>374.3</u>	<u>890.9</u>
B	Other Bank Balances		
	Deposit with original maturity more than 3 months and less than 12 months	127.1	1.8
		<u>127.1</u>	<u>1.8</u>
	Total	<u>501.4</u>	<u>892.7</u>

Note : XVIII Revenue from operations

		(₹ In Million)	
		Period from April 1, 2015 to December 31, 2015	Year ended 31-March-15
	Revenue from -		
a)	Sale of products	38,088.6	54,775.4
	Sale of Services	40.3	-
b)	Other operating revenues		
i)	Sale of scrap	1,282.1	2,369.3
ii)	Sale of dies & moulds	137.1	110.2
iii)	Export Incentives	44.4	98.2
iv)	Processing Charges	2.4	50.8
v)	Other Operating Income	371.6	52.0
	Revenue from operations (Gross)	<u>39,966.5</u>	<u>57,455.9</u>
	Less: Excise Duty	<u>1,354.0</u>	<u>1,756.9</u>
	Revenue from operations (Net)	<u>38,612.5</u>	<u>55,699.0</u>

Notes to Consolidated financial statements for the period from April 1, 2015 to December 31, 2015

Note : XIX Other Income

		(₹ In Million)	
		Period from April 1, 2015 to December 31, 2015	Year ended 31-March-15
1	Interest Income	8.2	46.3
2	Discount received	9.3	13.6
3	Foreign Exchange gain	16.3	110.3
4	Gain on sale of investments	-	2.5
5	Gain on sale of fixed assets	18.0	29.5
6	Dividend income	17.9	55.5
7	Miscellaneous Income	104.3	171.4
Total		174.1	429.2

Note : XX Cost of Materials consumed

		(₹ In Million)	
		Period from April 1, 2015 to December 31, 2015	Year ended 31-March-15
Inventory at the beginning of the year		1,446.8	705.2
Add:- Inventory of Merging Companies		-	260.0
Add:- Inventory of Subsidiaries acquired under merger scheme		-	536.1
Add: Purchases (Net)		18,360.0	25,828.1
Less: Inventory at the end of the year		1,893.7	1,446.8
Less: Currency Translation adjustments		140.2	464.3
Cost of Raw material and components consumed		17,773.0	25,418.3

Note : XXI (Increase)/ decrease in inventories of finished goods and work in progress

		(₹ In Million)	
		Period from April 1, 2015 to December 31, 2015	Year ended 31-March-15
A	Stock at the beginning of the year:		
	Work in Progress		
	At the beginning of the year	3,103.7	1,918.5
	Work in Progress of the merging companies as at April 1, 2015	-	206.4
	Work in Progress of subsidiaries acquired under merger scheme	-	1,600.9
	Finished Products		
	At the beginning of the year	1,453.1	826.5
	Finished Products of the merging companies	-	339.4
	Finished Products Produced of subsidiaries acquired under merger scheme	-	547.8
	Total (A)	4,556.8	5,439.5
B	Less : Stock at the closing of the year		
	Work in Progress	2,599.4	3,103.7
	Finished Products	1,922.6	1,453.1
	Total (B)	4,522.0	4,556.8
	Currency Translation adjustments	544.9	692.9
	(Increase)/ Decrease in Stock	(510.1)	189.8

Notes to Consolidated financial statements for the period from April 1, 2015 to December 31, 2015

Note : XXII Employee Benefit Expenses

		(₹ In Million)
	Period from April 1, 2015 to December 31, 2015	Year ended 31-March-15
1 Salaries, wages, bonus, etc	6196.8	10214.0
2 Contribution to Provident & other funds	289.9	82.7
3 Gratuity expenses net of recovery of Nil (PY: ₹ 7.7 Million)	34.9	38.9
4 Expense on Employee Stock Option Plan (Refer Note XXXII-2)	(0.3)	1.8
5 Staff welfare Expenses	1313.6	1529.5
Total	7834.9	11866.8

Defined Benefit Plans - as per Actuarial valuation on 31st December 2015.

1 Gratuity

		Gratuity		VRS	
		31-December-15	31-March-15	31-December-15	31-March-15
A.	Expense recognised in the Statement of Profit and Loss for the year ended 31st March				
1	Current Service Cost	18.0	24.4	-	-
2	Interest Cost	15.7	18.6	1.4	2.4
3	Expected return on plan assets	(12.9)	(13.9)	-	-
4	Actuarial Losses/(Gains)	13.4	17.5	(0.1)	3.5
5	Past Service Cost	-	-	-	-
6	Total expense	34.2	46.5	1.3	5.9
B.	Net Asset / (Liability) recognised in the Balance Sheet as at 31st March				
1	Present Value of obligations as at the end of the year	305.4	264.4	20.6	27.5
2	Fair value of plan assets as at the end of the year	234.0	191.1	-	-
3	Net Asset/(Liability) recognised in balance sheet	(71.4)	(73.3)	-	-
4	Current Portion of the above	0.0	(44.1)	-	-
5	Non Current Portion of the above	-	(29.2)	11.0	16.8
C.	Movement in Present Value of obligation				
1	Present value of obligations at the beginning of the year	264.5	36.9	27.5	32.8
2	Present value of obligations of the merging companies	-	172.3	-	-
3	Present value of obligations of the subsidiaries	-	6.9	-	-
4	Interest Cost	14.9	18.6	1.4	2.4
5	Current service cost	18.9	24.4	-	-
6	Actuarial (gain)/loss on Plan assets	13.3	15.6	(0.1)	3.5
7	Benefits paid	(6.1)	(10.3)	(8.2)	(11.1)
8	Present value of obligations as at the end of year	305.5	264.4	20.6	27.6

Notes to Consolidated financial statements for the period from April 1, 2015 to December 31, 2015

		Gratuity		VRS	
		31-December-15	31-March-15	31-December-15	31-March-15
D.	Change in the fair value of the planned assets during the year ended 31st March				
1	Fair value of plan assets at the beginning of the year	191.1	22.7	-	-
2	Fair value of plan assets of the merging companies	-	122.1	-	-
3	Fair value of plan assets of the subsidiaries	-	9.8	-	-
4	Expected return on plan assets	12.9	14.0	-	-
5	Contributions	36.3	34.7	-	-
6	Benefits paid	(6.1)	(10.3)	-	-
7	Actuarial gain/(loss) on obligations	(0.1)	(1.9)	-	-
8	Fair value of plan asset at end of year	234.0	191.1	-	-

E. Actuarial Assumptions***

1	Discount rate	8.00%	8.00%	8.00%	8.00%
2	Rate of return on assets	6.75% TO 9.00%	6.75% TO 9.00%	6.75% TO 9.00%	6.75% TO 9.00%
3	Salary escalation	7% to 8.5%	7% to 8.5%	7% to 8.5%	7% to 8.5%
4	Attrition rate	2% to 11%	1% to 2%	2% to 11%	1% to 2%
5	Expected Average remaining years working	NA	NA	2.3	2.6

*** Estimates of future salary increases considered in actuarial valuation take into account inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market

2 Unfunded Pension liabilities in respect of certain foreign subsidiaries is as below:

		31-December-15	31-March-15
A.	Expense recognised in the Statement of Profit and Loss for the year ended 31st March		
1	Current Service Cost	26.0	10.2
2	Interest Cost	29.0	49.2
3	Expected return on plan assets	-	-
4	Actuarial Losses/(Gains)	(191.3)	381.0
5	Past Service Cost	0.0	-
6	Total expense	(136.2)	440.4
B.	Net Asset / (Liability) recognised in the Balance Sheet as at 31st March		
1	Present Value of obligations as at the end of the year	1,889.3	1,867.9
2	Net Asset/(Liability) recognised in balance sheet	(1,889.3)	(1,867.9)
C.	Change in the obligations during the year ended 31st March		
1	Present value of obligations at the beginning of the year	1,994.2	1,850.1
2	Adjustments on account of exchange rate variations	134.2	(334.4)
3	Interest Cost	29.0	49.2
4	Current service cost	26.0	10.2
5	Actuarial (gain)/loss on obligations	(191.3)	381.0
6	Past Service Costs	-	-
7	Benefits paid	(103.2)	(88.2)
8	Present value of obligations as at the end of year	1,888.9	1,867.9

Notes to Consolidated financial statements for the period from April 1, 2015 to December 31, 2015

(₹ In Million)

3 Compensated Absences

		Non-Current	
		31-December-15	31-March-15
1	Current Service Cost	21.2	14.3
2	Interest Cost	5.3	6.2
3	Expected return on plan assets	-	-
4	Actuarial Losses/(Gains)	7.8	11.6
5	Total expenses	<u>34.3</u>	<u>32.1</u>

Reconciliation of Net Assets / (Liability) recognised in the Balance Sheet during the period

1	a) Net Asset/ (Liability) at the beginning of the period	(121.5)	(12.0)
	b) Net Asset/ (Liability) of merging companies	(9.3)	(114.3)
2	Employee Expense	46.2	32.1
3	Employee Contributions	3.8	15.9
4	Net Asset/ (Liability) at the end of the period	(140.8)	(142.6)
5	Actual Return on Plan Assets	-	-

Actuarial Assumptions***

1	Discount Rate	8% per annum	
2	Expected rate of return on plan assets	N.A.	
3	Expected rate of salary increase	7% to 8.5% per annum	8% per annum
4	Mortality Table	Indian Assured Lives Mortality (2006-2008) Ultimate	

*** Estimates of future salary increases considered in actuarial valuation take into account inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market

4 Employee Termination Benefits

	31-December-15	31-March-15
Balance as at the beginning of the year	209.2	-
	-	-
Acquired on amalgamation [Refer Note XXXII (5)]	-	219.6
Less: Paid during the period October 2013 to Mar 2014	-	-
Less: Paid during the year	-	-
Add/ Less:- Exchange Difference on opening balance	14.0	-
Provided during the year	-	45.8
Financial Charges for Actuarial Valuation	-	5.7
Actuarial (Gains)/Losses	(11.8)	16.0
Use of the year	-	(77.9)
Benefits paid	(10.2)	-
Balance at the end of the year	<u>201.2</u>	<u>209.2</u>

Notes to Consolidated financial statements for the period from April 1, 2015 to December 31, 2015

Note : XXIII Finance Cost

	Period from April 1, 2015 to December 31, 2015	(₹ In Million) Year ended 31-March-15
1 Interest on term loans, bonds and debentures	358.5	502.4
2 Interest on other loans	3.0	610.4
3 Finance charges	109.8	83.7
Total	471.3	1,196.5

Note : XXIV Depreciation and amortisation expenses

	Period from April 1, 2015 to December 31, 2015	(₹ In Million) Year ended 31-March-15
1 Depreciation on tangible assets	1,584.8	2,303.1
2 Amortisation on Intangible assets	51.9	71.9
Total	1,636.7	2,375.0

Note : XXV Other Expenses

	Period from April 1, 2015 to December 31, 2015	(₹ In Million) Year ended 31-March-15
1 Stores consumed	1,339.7	1,347.3
2 Tools consumed	554.2	552.1
3 Power and fuel	2,163.5	2,949.5
4 Rent including lease rentals	199.1	342.3
5 Rates and taxes	62.4	73.8
6 Insurance	91.8	123.4
7 Repairs and maintenance		
Buildings	63.0	97.5
Machinery	922.7	1,626.4
Others	198.5	283.2
8 Postage, Telephone and Communication	42.6	72.3
9 Legal and Professional Charges	180.6	353.1
10 Freight outward	668.6	956.1
11 Travelling & Conveyance Expenses	123.3	142.7
12 Subcontracting, Hire & Service Charges	2,680.2	3,239.5
13 Loss on Sale of Tangible Assets/ Scrapped/ written off	0.2	-
14 Misc Expenses	205.3	1,241.8
15 Software	53.8	125.9
16 Audit Fee	27.7	35.1
17 Donation	0.3	9.3
18 Bank charges	29.1	14.7
19 Printing & Stationery	21.4	16.7
20 Provision for Doubtful Debts and Advances	50.6	70.3
21 Bad Debts & Advances written off	3.2	1.8
22 Sales Promotion and Commission on sales / contracts, etc.	52.3	146.8
Total	9,734.1	13,821.6

Notes to Consolidated financial statements for the period from April 1, 2015 to December 31, 2015

Note : XXVI Exceptional Costs

	Period from April 1, 2015 to December 31, 2015	(₹ In Million) Year ended 31-March-15
Redundancy costs in subsidiaries	778.7	611.0
Impairment of Goodwill	-	1,650.0
Total	778.7	2,261.0

The Redundancy costs in subsidiaries mainly pertains to subsidiaries in Germany for transfer of the operations including machinery and contracts and from one unit to another (₹ 728 Million), Stokes, UK for reduction in the work force (₹ 27 Million) and Metalcastello, Italy for reduction in the work force as part of a restructuring and reorganization undertaken in 2014 (₹ 24 million). There are no discontinuing operations as the assets/operations of the entity in Germany are being relocated to other Group entities.

Note : XXVII - Deferred Tax

	Period from April 1, 2015 to December 31, 2015	(₹ In Million) Year ended 31-March-15
Deferred Tax Liability (Gross)		
On Fiscal Allowances on Fixed Assets	524.4	254.7
On other timing differences	134.9	78.4
	659.4	333.1
Deferred Tax Asset (Gross)		
Unabsorbed depreciation carried forward	34.0	40.4
Non Deductible Provisions	-	-
Tax Losses	-	-
On other timing differences	1,468.0	1,266.9
	1,502.0	1,307.3

NOTE : XXVIII - Contingent Liabilities

	As at 31-December-15	31-March-15
1 Claims against the company not acknowledged as debts		
i) a) Income Tax claims against which company has preferred an appeal	77.0	73.8
b) Disallowance of certain expenses	157.4	157.4
ii) a) Excise Cases against the Company, appealed by the Company with CESTAT	136.3	92.7
b) Relating to Cenvat availed on rejected goods	-	42.6
c) Interest on Supplementary Invoices	-	1.0
d) Show Cause cum Demand Notice pending with the Commissioner of Central Excise	1.0	0.7
e) Relating to reversal of Cenvat on shortages in inventories	-	9.2
f) Service Tax	67.4	56.4
g) Sales Tax & VAT	163.8	157.9
iii) Bill Discounting facilities availed under Bill Marketing Scheme from customers	101.8	158.7

Notes to Consolidated financial statements for the period from April 1, 2015 to December 31, 2015

Particulars	(₹ In Million)	
	As at 31-December-15	31-March-15
iv) The Company had imported capital goods under the Export Promotion Capital Goods (EPCG) scheme, of the Government of India, at concessional rates of duty on an understanding to fulfill quantified exports against future obligation	30.7	79.9
v) Guarantees issued by banks on company's behalf		91.8
vi) Government Cess on extraction of minor mineral	10.5	10.5
vii) Claims against the company not acknowledged as debt:- Stamp duty & Others	79.8	81.2
viii) Water Charges [Refer Note 2(i)]	325.0	507.4
ix) (a) Claims against the Mahindra Gears & Transmissions Pvt. Ltd. not acknowledged as debt		
1. Five pending cases before the labour court from the ex-employees seeking reinstatement and full back wages	Amt not ascertainable	Amt not ascertainable
2. Employees Provident Fund and Miscellaneous Provisions Act, 1952	2.9	2.9
3. Land Revenue	1.3	1.3
x) Commitment		
Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for tangible assets	174.6	187.8
	1,329.5	1,713.3

2. Other Contingent liabilities

- i) The Company has an ongoing dispute pertaining to the Stamping Division of the Company [formerly known as Mahindra Ugine Steel Company Limited (MUSCO)] with the Irrigation Department (Water Resource Department) in respect of levy of charge for use of water from Patalganga River, for the period from July 1991 to May 2012 for an aggregate amount of ₹ 587.3 Million including penal charge of ₹ 101.9 Million and late fee charge of ₹ 223.1 Million. Presently the matter is pending before the Hon'ble High Court of Bombay ("the Court") where the Company had filed a writ and the Court, vide Order dated 2nd July, 2012, has admitted the writ petition of the Company. In compliance with the Order admitting the Company's petition, the Company has deposited an amount of ₹ 233.5 Million with the Irrigation Department, being the arrears of water charges for the period from July 1991 to May 2012 and has also given a bank guarantee towards penal rate charges of ₹ 101.9 Million claimed by the Irrigation Department. The High Court has also allowed the Irrigation Department to withdraw the amount of arrears of ₹ 28.8 Million deposited earlier by the Company with it in respect of disputed water charge claim for the period from July 1991 to March 2001. As per the Order, the Company is entitled to pursue the proceedings filed by it before the Hon'ble Bombay High Court and that the State of Maharashtra (Irrigation Department) shall not adopt any coercive steps for recovery of the aforesaid penal rate charges of ₹ 101.9 Million and the late fee of ₹ 223.1 Million.

The Company has provided for an amount of ₹ 262.3 million (aggregate of the aforesaid ₹ 233.5 million and ₹ 28.8 million) (March 31, 2015 : ₹ 116.8 million) including ₹ 145.5 million provision made during the year.

Subject to the final disposal of these proceedings the Company does not expect any liability to arise in respect of the balance amount of ₹ 325 million and the said amount has been disclosed as contingent liability.

3 Hire Purchase Contracts and Operating Leases

Hire purchase obligations relate to machinery acquired under these arrangements. The period of the arrangement ranges from 36 to 60 months.

Notes to Consolidated financial statements for the period from April 1, 2015 to December 31, 2015

Particulars	(₹ In Million)	
	As at 31-December-15	31-March-15
Net Obligations repayable		
Within one year	123.3	333.2
Between one to five years	152.2	241.3
More than five years	-	-
	275.5	574.6
4 Details of Lease - Land and Building		
The Group has entered into operating leases for office buildings. These leases range for a period from 36 to 60 months and are renewable either by mutual consent or at the option of the Group as per the terms of the agreements.		
Break up the Lease		
Within one year		
Land and Building	116.5	102.4
Others	-	-
Between one to five years		
Land and Building	529.9	524.8
Others	-	-
More than five years		
Land and Building	1,061.8	-
Others	-	-
	1,708.2	627.2

Note XXIX

Micro & Small enterprises

The identification of suppliers as micro and small enterprises covered under the Micro Small and Medium Enterprises Development Act 2006' was done on the basis of the information to the extent provided by the supplier to the company. Total outstanding due to micro and small enterprises, which were outstanding for more than stipulated period are given below.

	(₹ In Million)	
	As at 31-December-15	31-March-15
Dues remaining unpaid		
Principal	103.7	12.6
Interest for the current year	0.4	0.2
Interest paid in terms of section 16 of the Act	(2.6)	-
Amount of interest due and payable for the period of delay in payment made beyond the appointed day during the period	0.5	1.1
Amount of interest accrued and remaining unpaid	0.6	2.7
Total	102.6	16.6

Note : XXX

1 Provision for Warranty

	(₹ In Million)	
	As at 31-December-15	31-March-15
Balance as at the beginning of the year	75.6	100.0
Add/ (less) Exchange difference	5.2	-
Add: Provision made during the year	-	-
Less: Utilisation/Reversal during the year	1.8	24.4
Balance as at the end of the year	79.0	75.6

Notes to Consolidated financial statements for the period from April 1, 2015 to December 31, 2015

Note: XXXI

1) Segment Reporting

(₹ In Million)

Particulars	Indian		Overseas		Elimination		Consolidated	
	31-December-15	31-March-15	31-December-15	31-March-15	31-December-15	31-Mar-15	31-December-15	31-March-15
Revenue								
Revenue from Operations	14,439.2	19,456.1	25,885.2	37,999.8	-	-	40,324.5	57,455.9
Less: Excise Duty on Sales	1,354.0	1,756.9	-	-	-	-	1,354.0	1,756.9
Net External Revenue	13,085.3	17,699.2	25,885.2	37,999.8	-	-	38,970.5	55,699.0
Inter Segmental Revenue	-	1,359.5	-	-	(358.0)	(1,359.5)	(358.0)	-
Total	13,085.3	19,058.7	25,885.2	37,999.8	(358.0)	(1,359.5)	38,612.5	55,699.0
Result								
Segmental Result before Exceptional items	622.1	831.1	1,695.8	1,567.5	-	-	2,317.9	2,398.6
Exceptional Items allocated to Segments	-	-	778.7	2,261.0	-	-	778.7	2,261.0
Segmental Result after Exceptional items	622.1	831.1	917.1	(693.5)	-	-	1,539.2	137.6
Un allocated Expenses/ (Income)	-	-	-	-	-	-	-	58.0
Operating Profit	-	-	-	-	-	-	1,539.2	195.6
Less: Interest Cost not allocable	-	-	-	-	-	-	471.3	1,196.5
Add: Other Income not allocable	-	-	-	-	-	-	-	-
Profit / (Loss) before tax	-	-	-	-	-	-	1,067.96	(1,000.9)
Less: Tax expense	-	-	-	-	-	-	-	-
- Current tax	-	-	-	-	-	-	327.1	298.3
- Prior year tax	-	-	-	-	-	-	-	(167.2)
- Deferred tax	-	-	-	-	-	-	(131.6)	(350.4)
Profit / (Loss) before prior period adjustments	-	-	-	-	-	-	872.3	(781.6)
Less: Adjustments pertaining to previous year	-	-	-	-	-	-	-	-
Profit / (Loss) for the year before Minority Interests	-	-	-	-	-	-	872.3	(781.6)
Less: Minority Interests	-	-	-	-	-	-	-	(0.9)
Profit / (Loss) carried forward to Balance Sheet	-	-	-	-	-	-	872.30	(780.7)
Other Information	-	-	-	-	-	-	-	-
Segment Assets	13,647.5	13,598.6	38,286.0	36,240.5	-	-	51,933.5	49,839.1
Segment Liabilities	5,031.4	5,099.1	26,794.8	25,719.9	-	-	31,826.2	30,818.8
Capital Expenditure	411.4	906.9	1,714.0	1,239.4	-	-	2,125.4	2,146.3
Depreciation and Amortization	606.4	770.2	1,030.3	1,604.9	-	-	1,636.7	2,375.0
Non Cash Expenditure other than Depreciation	-	-	-	1,650.0	-	-	-	1,650.0

Notes:

a) Geographical Segment

The group has considered geographical segment as the primary segment for disclosure. The segment has been identified taking into account the organisational structure as well as the different risk and return in these segments. Indian segment comprises of sales of Automotive components by operations situated in India and Overseas segment comprises of sales of Automotive components by outside India operations.

b) Secondary Segment

There is only one business segment i.e. Automotive Components

Note: XXXII

1. Goodwill on Consolidation

Goodwill amounting to 7511.9 Mio arises on consolidation of wholly owned subsidiaries the subsidiaries namely MFGL and MFIL and their step down subsidiaries Mahindra forging Europe AG(MFE AG) and its wholly owned subsidiary companies namely Jeco Jellinghaus GmbH, Schoneweiss & Co GmbH, Gesenkschmiede Schneider GmbH and Falkenroth Unformtechnik GmbH (collectively referred to as step-down subsidiaries). After the significant decline in demand due to economic downturn in Europe the market demand showed a gradual recovery in the year under consideration. Action initiated by the management such as improving operational efficiencies, close monitoring, improving price realisation and reduction of people , under active guidance and supervision of CIE Automotive S.A, the ultimate parent company, started yielding results. In view of the improved performance of MFE AG and its subsidiaries, the management is of the view that, there is no impairment of the goodwill.

During the year, the Company acquired the remaining 23.33% of the shares in Mahindra Gears & Transmissions Pvt Ltd at ₹ 265.7 Million to make it a 100% subsidiary and also invested ₹ 11.3 Million in Mahindra Forgings International Ltd. As a result of these investments and exchange rate fluctuation, Goodwill on consolidation has increased to ₹ 17,714.2 Million (PY ₹ 16,380.7 Million)

Notes to Consolidated financial statements for the period from April 1, 2015 to December 31, 2015

2. Employee Stock Option Scheme (ESOS)

Under Employees' Stock Option Scheme [ESOS], the equity settled options vest in 4 equal instalments on the expiry of 12 months, 24 months, 36 months and 48 months respectively from the date of the grant and are exercisable on specified dates in 4 tranches within a period of 5 years from the date of vesting. The number of options exercisable in each tranche is between the minimum of 100 options and maximum of the options vested, except in case of the last date of exercise, where the employee can exercise all the options vested but not exercised / lapsed till that date. Consequent to the amalgamation effective October 1, 2013 the Company has issued options to the employees of the amalgamating companies as follows 206,610 options to the employees of Mahindra Ugin Steel Company Limited (MUSCO) and 20,697 options to the employees of Mahindra Composites Limited (MCL) in the previous year. During the period April 1, 2015 to December 31, 2015, the company has not issued any fresh options.

3. Loans

Secured borrowings are secured by *pari passu* charge on immovable properties of entities of the Group which have taken the loans, both present and future, subject to certain exclusions and guarantee by parent company in some cases and are also secured by *pari passu* charge on the moveable properties of certain entities including movable machinery, machinery spares, tools and accessories both present and future.

4. (a) Names of Related Parties

Ultimate Holding company

Sr. No. Name of the Company

1 CIE Automotive S.A.

Holding company

Sr. No. Name of the Company

1 Participaciones Internacionales Autometal, DOS S.L

Associate Company

1 Mahindra & Mahindra Limited the investing company in respect of which the Company is an associate w.e.f. Dec 12, 2014

2 Mahindra Vehicle Manufactures Limited the investing company in respect of which the Company is an associate w.e.f. Dec 30, 2015

Names of Related Parties where transactions have taken place during the year

Fellow Subsidiary companies

Sr. No. Name of the Company

- 1 CIE Berriz, S.L.
- 2 Grupo Componentes Vilanova, S.L.
- 3 CIE Mecauto, S.A., Sociedad Unipersonal
- 4 CIE Compiègne, S.A.S.
- 5 Praga Louny
- 6 Componentes de Automoción Recytec, S.L.U
- 7 Componentes de Dirección Recylan S.L.U.
- 8 Nova Recyd, S.A.U.
- 9 CIE Metal CZ, s.r.o.
- 10 Nanjing Automotive Forging Co., Ltd
- 11 CIE Automotive Parts , Co. Ltd.
- 12 Forjas de Celaya, S.A. de C.V.
- 13 Matic Dolares
- 14 Gameko Fabricación de Componentes, S.A.
- 15 Global Near S.L.

Key Managerial Personnel

Sr. No. Name

- 1 Mr. Hemant Luthra (w.e.f Apr 1, 2015)
- 2 Mr. K.Ramaswami
- 3 Mr. Pedro Echegaray (w.e.f Oct 21, 2014)
- 4 Mr. Sanjay Joglekar (w.e.f Dec 12, 2014)
- 5 Mr. Romesh Kaul (w.e.f Dec 12, 2014)
- 6 Mr. Ajit Lele (w.e.f Dec 12, 2014 to Mar 31, 2015)
- 7 Mr. K.Jayaprakash (Apr 29, 2014 to Dec 11, 2014)
- 8 Mr. Shankar Krishnan (w.e.f Apr 1, 2014 pursuant to Sec 2(76) of the Companies Act, 2013)

Designation

- Chairman
Managing Director
Executive Director
C.F.O
Chief Executive-Composites Division
Head Stampings
C.F.O
Company Secretary & Head Legal

Notes to Consolidated financial statements for the period from April 1, 2015 to December 31, 2015

4 b) Transactions with related parties

Nature of Transactions	Period from April 1, 2015 to December 31, 2015						31-March-15			
	Ultimate Holding Company	Holding Company	Fellow Subsidiaries	Associate Company#	Key Mgmt personnel	Ultimate Holding Company	Holding Company	Fellow Subsidiaries	Associate Company	Key Mgmt personnel
Sales :										
- Goods	-	-	529.5	6,253.8	-	-	-	-	7,896.9	-
- Scrap	-	-	-	-	-	-	-	-	-	-
- Fixed Assets	-	-	-	-	-	-	-	-	3.9	-
Purchases:										
- Raw material/ Goods	-	-	90.8	-	-	-	-	-	-	-
- Capital goods	-	-	-	-	-	-	-	-	-	-
- Services Received	-	-	137.7	0.1	-	-	-	-	40.2	-
- Fixed Assets	-	-	-	4.3	-	-	-	-	64.9	-
Rent Paid	-	-	-	13.0	-	-	-	-	16.0	-
Dividend Received	-	-	-	-	-	-	-	-	-	-
Interest on ICD received	-	-	28.0	-	-	-	-	-	-	-
Interest on ICD paid	0.1	129.1	119.6	-	-	0.2	4.2	6.1	-	-
Reimbursement received	-	-	-	1.4	-	-	-	-	-	-
Reimbursements paid	-	4.0	-	75.5	-	-	-	-	64.7	-
Professionla fees	-	-	-	-	-	-	-	-	0.1	-
Receivables	-	-	132.1	835.3	-	-	-	-	667.8	-
Payables	9.9	6.2	130.6	36.8	-	-	-	-	54.0	-
Interest on Inter corporate loan receivable	23.4	5.1	-	-	-	-	-	-	-	-
Inter corporate loan received	-	2,992.6	3,121.8	-	-	10.8	2,826.8	1,698.3	-	-
Inter corporate deposit given	578.5	247.7	-	-	-	-	-	-	-	-
Inter corporate Deposit Refunded	11.4	-	-	-	-	-	(44.8)	-	-	-
Deposit paid	-	-	-	-	-	-	-	-	-	-
Deposit refund received	-	-	-	-	-	-	-	-	-	-
Deposit received	-	-	-	0.1	-	-	-	-	-	-
Deposit refunded	-	-	-	0.1	-	-	-	-	-	-
Guarantee given	-	-	-	-	-	-	-	-	-	-
Managerial remuneration	-	-	-	-	83.6	-	-	-	-	59.8

Since MVML had acquired the shareholding of M&M with effect from Dec 30, 2015, the transactions with Associate Company include the transactions with MVML as Associate company for Dec 31, 2015.

Notes to Consolidated financial statements for the period from April 1, 2015 to December 31, 2015

4 c) Significant transactions with Related Parties					
	Relationship	Name of the Company	Nature of transaction	Period from April 1, 2015 to December 31, 2015	Year ended March 31, 2015
	Ultimate Holding Company	CIE Automotive S.A.	Interest on ICD paid Payables Interest on Inter corporate loan receivable Inter corporate deposit given Inter corporate Deposit Refunded	0.1 9.9 23.4 578.5 11.4	- - - - -
	Holding Company	Participations Internacionales Autometal, Dos S.L.	Inter Corporate Deposits received Interest on Inter Corporate Deposits Payable Inter Corporate Deposits given Interest on Inter Corporate Deposits Receivable Payables Reimbursement paid Interest on ICD paid	2,817.0 168.6 247.7 5.1 6.2 4.0 129.1	2,826.80 - - - - - -
	Investing Company in respect of which the Company is an associate	Mahindra & Mahindra Limited	Sales – Products Rent Paid Service Charges Paid Reimbursement of Expenses paid Reimbursement of Expenses received Deposit received Deposit refunded Receivables Payables Fixed Asset Purchase Fixed assets Sold	6,253.8 13.0 0.1 75.5 1.4 0.1 0.1 751.7 31.5 4.3 -	7,556.0 16.0 40.2 64.7 - - - 667.8 54.0 3.9 64.9
		Mahindra Vehicle Manufacturers Limited (Associate with effect from Dec 31, 2015)	Sales – Products Receivables Payables	- 83.4 5.2	- - -
	Fellow Subsidiaries	CIE Berriz S.L.	Inter Corporate Deposit Received Interest on ICD paid Interest on Inter Corporate Deposits Payable	2,511.6 119.6 692.3	1,698.3 6.1 6.1
		Other Fellow Subsidiaries	Sale of Goods Purchases of Goods Services received Receivables Payables	529.5 90.8 137.7 132.1 48.5	- - - - -
	Key Managerial Personnel	Mr. Hemant Luthra, Chairman (w.e.f Apr 01, 2015)	Remuneration	22.7	-
		Mr. K. Ramaswami, Managing Director	Remuneration	10.5	21.9
		Mr. Pedro Echegaray (w.e.f. Oct 21, 2014)	Remuneration	21.8	8.4
		Mr. Sanjay Joglekar (from Dec 12, 2014)	Remuneration	14.9	12.1
		Mr. Ajit Lele (Dec 12, 2014 to Mar 31, 2015)	Remuneration	-	3.5
		Mr. Romesh Kaul (from Dec 12, 2014)	Remuneration	9.5	2.5
		Mr.K Jayaprakash (from Apr 29,2014 to Dec 11,2014)	Remuneration	-	4.8
		Mr.Krishnan Shankar	Remuneration	4.2	2.8

Notes to Consolidated financial statements for the period from April 1, 2015 to December 31, 2015

- 5 The Integrated Scheme of Amalgamation and the Composite Scheme of Amalgamation under Sections 391-395 of the Companies Act, 1956 for the merger of Mahindra UGINE Steel Company Limited (MUSCO), Mahindra Hinoday Industries Limited (MHIL), Mahindra Gears International Limited (MGIL), Mahindra Investment India Private Limited (MIPL), Participaciones Internacionales Autometal Tres S.L. (PIA3) and Mahindra Composites Limited (MCL) (collectively "the amalgamating companies") which are also engaged in a business similar to that of the company were approved by the Honorable High Court of Judicature at Bombay on Oct 31, 2014. The Schemes came into effect on Dec 10, 2014, the day on which the order was delivered to the Registrar of Companies, and pursuant thereto the entire business of the amalgamating companies has been transferred to and vested in the Company with effect from the appointed date of Oct 1, 2013.

Consequent to the merger, Mahindra Gears & Transmissions Private Limited (MGTP), India, Mahindra Gears Global Limited (MGGL), Mauritius and CIE Galfor SA (Galfor), Spain became subsidiaries of the company and Metalcastello SpA, Italy (MC) (subsidiary of MGGL), CIE Legazpi S.A., Spain (subsidiary of Galfor) and UAB CIE LT Forge, Lithuania (subsidiary of Galfor) and Crest Geartech Private Limited, India (subsidiary of MC) became step subsidiaries of the company.

The merger has resulted in transfer of assets and liabilities in accordance with the terms of the scheme/ s and the following are the summarised values:

Particulars	(₹ in Million)
Fixed Assets (Net)	4,032.8
Capital Work in Progress	85.1
Non-current Investments	8,977.8
Inventories	1,155.2
Trade Receivables	1,819.9
Cash and Bank Balances	173.1
Loans and Advances (Long Term & Short Term)	1,507.8
Trade Payables	(1,764.2)
Liabilities and provisions (Long Term & Short Term)	(928.7)
Long Term and Short Term Borrowings	(3,775.2)
Deferred Tax Liabilities	(113.7)
Net Asset	11,169.9
Shares issues pursuant to Scheme of Amalgamation	2,293.3
Additions to the Reserves	8,876.6

- 6 MFE AG had carried out outsourcing of some production processes resulting in reduction in internal production costs and lower valuation of WIP by ₹ 143.3 Million (approximately Euro 2 million). The effect of the write down in inventory valuation pertaining to the prior year is reflected in increased consumption of material by equivalent amount.

7 Earnings per share

	31-December-15	31-March-15
Amount used as the numerator- Net Profit / (Loss) ₹ in Million	872.3	(781.6)
Weighted Average Number of equity shares outstanding during the year		
No. of shares for Basic earnings per share	323,209,285	322,426,319
No of shares for Diluted earnings per share	323,484,475	322,898,737
Basic Earnings per share (Face Value of ₹ 10 per share)	2.70	(2.42)
Diluted Earnings per share	2.70	(2.42)

In computing the diluted EPS, only potential equity shares that are dilutive and reduce earnings per share are included.

Notes to Consolidated financial statements for the period from April 1, 2015 to December 31, 2015

8 Additional information as required under Schedule III to the Companies Act, 2013 of enterprises consolidated as Subsidiary
(₹ in Million)

	Net Assets		Share in Profit or Loss	
	As % of Consolidated Net Assets	Amount	As % of Consolidated Profit or Loss	Amount
Mahindra CIE Automotive Limited	116.7%	23,462.3	35.4%	308.4
Subsidiaries				
I Indian				
1 Mahindra Gears & Transmissions Private Limited	3.7%	751.3	6.0%	52.3
II Foreign				
1 Mahindra Forgings International Limited Consolidated	7.2%	1,444.1	(38.1%)	(332.5)
2 Mahindra Forgings Global Limited	0.2%	37.2	5.5%	48.4
3 Stokes Group Limited Consolidated	(1.8%)	(356.3)	(6.5%)	(56.5)
4 CIE Galfor S.A. Consolidated	19.5%	3,923.4	93.7%	817.2
5 Mahindra Gears Global Limited	(1.7%)	(333.3)	4.0%	35.1
6 Inter Company Adjustments	(43.9%)	(8,821.4)	-	-
Total	100.00%	20,107.3	100.00%	872.4

Note: Amounts in brackets indicate net liabilities or net losses.

9. Prior Period Comparables:

In view of the change in the financial year as described in Note I, the current year financial statements are for a 9 month period from April 1, 2015 to Dec 31, 2015 and hence are not comparable with those of the previous year.

Previous year's figures have been regrouped/ reclassified wherever necessary to correspond with the current period's classification/ disclosure.

The accompanying notes are an integral part of the financial statements

As per our Report of even date
For **B. K. Khare & Co.**
Chartered Accountants
Firm Registration No. 105102W

Padmini Khare Kaicker
Partner
Membership No. 044784

Mumbai, February 22, 2016

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

Hemant Luthra
Chairman
Pedro Echegaray
Executive Director

Zhooben Bhiwandiwalla
Director
Krishnan Shankar
Company Secretary & Head Legal

Mumbai, February 22, 2016

K. Ramaswami
Managing Director
Daljit Mirchandani
Director
Sanjay Joglekar
Chief Financial Officer

Form AOC - 1

Pursuant to proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014
Statement containing salient features of the financial statements of subsidiaries included in the Consolidated Financial Statements

Sr. No.	Name of the Subsidiary	Reporting Currency	Exchange Rate	Capital (including Preference Capital)	Reserves & Surplus	Total Assets	Total Liabilities	Investments (excluding investments in subsidiaries)	Gross Turnover	Profit / (Loss) before Tax	Provision for Tax	Profit / (Loss) After Tax	Proposed Dividend and Tax thereon	Proportion of Ownership Interest	Proportion of voting power where different
1	Stokes Group Limited	GBP	98.10	151.7	(507.9)	625.1	981.4	-	1,197.4	(55.8)	-	(55.8)	-	100%	
2	Stokes Forgings Dudley Limited +	GBP	98.10	-	-	-	-	-	-	-	-	-	-	100%	
3	Stokes Forgings Limited +	GBP	98.10	5.9	(5.9)	-	-	-	-	-	-	-	-	100%	
4	Mahindra Forgings International Limited	EURO	72.29	6,438.6	(498.9)	8,420.9	2,481.1	-	-	(57.9)	-	(57.9)	-	100%	
5	Mahindra Forgings Europe AG	EURO	72.29	1,518.0	(3,268.8)	3,546.6	5,297.3	-	111.4	(147.8)	(284.6)	136.8	-	100%	
6	Jeco Jellinghaus GmbH	EURO	72.29	370.8	89.7	1,076.4	615.9	-	1,666.8	(840.0)	-	(840.0)	-	100%	
7	Gesensschmiede Schneider GmbH	EURO	72.29	887.0	519.3	3,815.9	2,412.6	3.0	5,075.8	30.8	-	30.8	-	100%	
8	Falkenroth Umformtechnik GmbH	EURO	72.29	74.1	95.7	684.4	514.6	-	1,704.1	(81.3)	-	(81.3)	-	100%	
9	Schonoeweiss & Co GmbH	EURO	72.29	265.6	1,222.2	4,064.6	2,576.7	-	4,854.3	750.2	(16.3)	766.4	-	100%	
10	Mahindra Forgings Global Limited	EURO	72.29	2,446.9	242.1	2,689.6	0.6	-	50.0	48.9	-	48.9	-	100%	
11	Mahindra Gears & Transmissions Private Limited	INR	1.00	151.1	600.2	1,556.1	804.8	-	1,059.8	73.7	21.4	52.3	-	100%	
12	Mahindra Gears Global Limited	EURO	72.29	3,108.3	(93.6)	4,905.5	1,890.7	-	-	(63.5)	-	(63.5)	-	100%	
13	Metacastello SA	EURO	72.29	722.9	212.5	4,874.5	3,939.1	-	2,477.9	118.0	15.3	102.7	-	100%	
14	Crest Geartech Pvt Ltd	INR	1.00	6.0	17.0	23.2	0.2	-	0.4	0.1	-	0.1	-	100%	
15	Galfor SA	EURO	72.29	180.9	2,066.3	8,932.7	6,690.4	4.9	6,883.0	930.8	164.8	766.0	-	100%	
16	UAB CIE LT Forge	EURO	72.29	545.1	218.0	1,465.9	702.8	-	793.1	61.4	17.1	44.2	-	100%	
17	CIE LEGAZPI, S.A.	EURO	72.29	180.7	363.6	2,865.6	2,321.3	-	2,740.9	132.9	10.0	122.9	-	100%	

a) Stokes Forgings Limited and Stokes Forgings Dudley Limited are dormant companies.

b) Mahindra Forgings International Limited, Mahindra Forgings Global Limited and Mahindra Gears Global Limited are Mauritius Holding Companies.

c) All other subsidiaries are operational except Crest Geartech Private Limited and Jeco Jellinghaus GmbH

d) No subsidiaries were added or liquidated or sold during the period from April 1, 2015 to December 31, 2015.

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

Hemant Luthra
Chairman

Pedro Echegaray
Executive Director

Zhooben Bhiwandiwalla
Director

Krishnan Shankar
Company Secretary & Head Legal

Mumbai, February 22, 2016

K. Ramaswami
Managing Director

Daljit Mirchandani
Director

Sanjay Joglekar
Chief Financial Officer



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AT CIE FORGING GALFOR, SPAIN



PRODUCTION FACILITY
AT CIE FORGING LEGAZPI, SPAIN



AUTOMATED GEAR PRODUCTION
AT METALCASTELLO, ITALY



NEW GEARS PLANT
AT PUNE



NEW STAMPINGS PLANT
AT ZAHEERABAD



CASTING LINE
AT CASTINGS, PUNE



SOFT FERRITE MAGNETIC CORES
PRODUCTION FACILITY AT PUNE



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AT COMPOSITES, PUNE

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CASTINGS

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STAMPINGS

GEARS

COMPOSITES

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