



Business Responsibility Report

Business Responsibility Report

for the Financial Year 2015-16

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

Section A: General Information about the Company

1. Corporate Identity Number (CIN) of the Company : L65990MH1945PLC004558
2. Name of the Company : Mahindra & Mahindra Limited
3. Registered address : Gateway Building, Apollo Bunder, Mumbai - 400 001
4. Website : <http://www.mahindra.com>
5. E-mail id : investors@mahindra.com
6. Financial Year reported : 01.04.2015 to 31.03.2016
7. Sector(s) that the Company is engaged in (industrial activity code-wise):

Description	Industrial Activity Code		
	Group	Class	Sub-class
Automotive	291	2910	29101, 29102, 29103, 29104, 29109
Farm Equipment	282	2821	28211, 28212
Truck and Bus	282	2824	28243

8. List three key products/services that the Company manufactures/provides (as in balance sheet):
 - i. Passenger Vehicles (Utility Vehicles, Multi Purpose Vehicles and Cars)
 - ii. Commercial Vehicles
 - iii. Tractors
9. Total number of locations where business activity is undertaken by the Company:
 - i. Number of International Locations: 0
 - ii. Number of National Locations: 45
10. Markets served by the Company – Local/State/National/International: All

Section B: Financial Details of the Company

1. Paid up Capital (INR) : 296.32 crores
2. Total Turnover (INR) : 44,461.49 crores
3. Total profit after taxes (INR) : 3,167.48 crores
4. Total Spending on Corporate Social Responsibility (CSR) (INR) and as percentage of profit after taxes (%) : 85.90 crores 2.71%
5. List of activities in which expenditure in 4 above has been incurred
 - a. Education
 - b. Health
 - c. Green Cover
 - d. Relief & Rehabilitation

Section C: Other Details

1. Does the Company have any Subsidiary Company/Companies?
Yes. The Company has 154 Subsidiary Companies as on 31st March, 2016.
2. Do the Subsidiary Company/Companies participate in the BR Initiatives of the Parent Company? If yes, then indicate the number of such Subsidiary Company(s)
Yes. Every year the Company releases a Sustainability Report as per the GRI framework which is externally assured. The Company has a Code of Conduct for Employees and Directors as well as a set of Governance Policies. This Code is followed by the Subsidiary Companies also with modifications depending on the business requirement of the entity.
The scope of this report is defined each year. For the year 2015-16, 19 subsidiaries have been included in the scope of Sustainability Report viz. Mahindra Vehicle Manufacturers Limited, Mahindra Reva Electric Vehicles Limited, Mahindra Agri Solutions Limited, EPC Industrié Limited, Mahindra

Two Wheelers Limited (MTWL), Mahindra Lifespace Developers Limited, Mahindra World City Developers Limited, Mahindra World City (Jaipur) Limited, Mahindra Holidays and Resorts India Limited, Mahindra & Mahindra Financial Services Limited, Mahindra Rural Housing Finance Limited, Mahindra Insurance Brokers Limited, Mahindra Sanyo Special Steel Private Limited, Mahindra First Choice Services Limited, Mahindra Intertrade Limited, Mahindra Steel Service Centre Limited, Mahindra Logistics Limited, Mahindra Heavy Engines Limited and Mahindra Susten Private Limited.

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

The Company has long lasting relationships with its suppliers & dealers. A majority of supplier base has been already covered by conducting awareness sessions on 'sustainability'. From F14 a special drive for awareness to suppliers has been started and we have covered 428 suppliers. A road map for covering additional 375 suppliers in the next 3 years has been put in place and actions are already underway to cover suppliers from Mahindra Trucks and Buses Division (MTBD), MTWL, Swaraj Division (SD) and Construction Equipment (CE) divisions.

For enhancing skills at supplier end, focused activities drive in the following areas are undertaken and organization work structure for the same is in place in purchasing group. The areas covered are supplier business capability building (78 suppliers), Mahindra supplier evaluation system (92 suppliers), Supply Risk Management (143 suppliers). Future roadmap to cover cumulatively 95 suppliers in supplier business capability building, 100 suppliers in Mahindra supplier evaluation system, 200 suppliers in Supply Risk Management in F17 has been put in place.

About 375 suppliers have actively participated in annual supplier meets this year.

In F16 "Msetu" an IT platform was launched through which technology has been leveraged to interact with supplier partners. More than 80% suppliers are currently live on this platform.

The percentage of entities covered is between 30 to 60% for suppliers for the Automotive Division (AD) & Farm

Division (FD). As regard SD (Swaraj Division), Training & Awareness and Assessment of 60 suppliers (26%) have been carried out in F15-16. Another 40 Suppliers are planned for training & awareness in F16-17; and 40 suppliers in F18-19.

The Company has signed MoU with the Institute for Sustainable communities (ISC) to develop EHS Centre for suppliers in Pune.

Similarly, majority of dealers are brought under Mahindra Dealers' Excellency Programme (MDEP). 245 Dealers out of 295 have taken part in sustainability drive via MDEP and this amounts to 83%.

Section D: BR Information

1. Details of Director/Directors responsible for BR

a. Details of the Director/Directors responsible for implementation of the BR policy/policies

- ▶ **DIN Number** : 00254502
- ▶ **Name** : Dr. Pawan Kumar Goenka
- ▶ **Designation** : Executive Director & Group President (Auto and Farm Sector).

b. Details of the BR Head

Sr. No.	Particulars	Details
1.	DIN Number (If applicable)	N.A.
2.	Name	Mr. Rajeev Dubey
3.	Designation	Group President (HR & Corporate Services) & CEO (After-Market Sector) Member of the Group Executive Board
4.	Telephone Number	+9122 24975192 +9122 24901441 Extn. 5594
5.	E-mail ID	DUBEY.RAJEEV@mahindra.com

2. Principle-wise (as per NVGs) BR Policy/policies (Reply in Y/N)

The Business Responsibility Policy ("BR Policy") addressing the following 9 principles as per the National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs), duly approved by Board, is in place. This policy is operationalized and supported by various other policies, guidelines and manuals.

P1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.

P2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.

P3: Businesses should promote the wellbeing of all employees.

P4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.

P5: Businesses should respect and promote human rights.

P6: Businesses should respect, protect, and make efforts to restore the environment.

P7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.

P8: Businesses should support inclusive growth and equitable development.

P9: Businesses should engage with and provide value to their customers and consumers in a responsible manner.

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

Note 1 – The Company complies with consumers' awareness through appropriate product labelling and operator manual & instructions which ensure safe usage by the customer. However, Company's current control is limited till warranty period. The Company is in the process of addressing this by appropriate communication to all value chain members for their responsibilities.

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

Note 3 – This question is not applicable for influencing public and regulatory policy.

Note 4 – It has been Company's practice to upload all policies on the intranet site for the information and implementation by the internal stakeholders. The Code of Conduct for Directors, the Code of Conduct for All Employees, Business Responsibility Policy and CSR Policy are available on the website <http://www.mahindra.com/resources/investor-reports/FY16/Annual-Reports/Links-AnnualReport.zip>

Note 5 – The Company has a "Whistleblower Policy" to address human rights grievances. There is a Corporate Governance Cell where these issues are dealt with.

3. Governance Related to BR

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

The CSR Committee of the Board meets at an interval of every 6 months to assess the BR performance. Other supporting councils/cells viz. Group Sustainability Council, Group CSR Council, Central Safety Council and Corporate Governance Cell meet every 3 months.

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

Mahindra Group Sustainability Report as per the GRI framework is published annually. All Sustainability Reports from 2007-08 till 2014-15 are GRI compliant and are accessible on the Company website at the hyperlink (<http://www.mahindra.com/How-We-Help/Environment/Sustainability>). The Sustainability Report for 2015-16 is under preparation and will be uploaded on the website of the Company in due course of time.

Section E: Principle-wise performance

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

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

The Company has defined Code of Conduct for Directors as well as all employees of the Company that covers issues, inter alia, related to ethics and bribery. It covers all dealings with suppliers, customers and other business partners including Joint Ventures, and other stakeholders.

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

During the reporting year, 19 complaints were received from the shareholders, all of which were attended to/ resolved till date. An individual who is a shareholder and former employee whose services with the Company were terminated in the year 1991 on proven misconduct frequently writes to the Company, alleging mismanagement of the affairs of the Company, violations of various statutory provisions as also about his allegedly unjust termination from the services of the Company. The Company has replied to all his allegations. The Company has filed a Criminal Contempt Petition No. 1 of 2015 against him in the High Court of Judicature of Bombay. The High Court has directed him to file reply to the Contempt Petition. The reply filed, if any, by him has not been served on the Company.

The Company has different mechanisms for receiving and dealing with complaints from various stakeholders like Investors, Customers, Employees, and Suppliers, etc.

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

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

Product	Social & environmental benefits
1. Passenger Vehicles & LCV:AD	
A) Passenger Vehicles (UV/ MPV/ Cars)	<p>KUV 100 KUV 100 launched with new M Falcon engine family series giving Fuel efficiency of 25.32 km/l in diesel and 18.15 km/l in Petrol. The vehicle has technological features such as Start stop system, Power/ Eco mode, Superior suspension with Monocoque construction. For safety it has Dual airbags, Automatic hazard light on Panic braking, Anti slip clips for driver floor mats and ABS across all variants.</p> <p>TUV 300 3rd Generation Chassis for Ride & Handling, Voice messaging system, Intellipark reverse assist, Micro Hybrid technology, Highest safety rating in the Proposed Bharat New vehicle safety Assessment programme (BNVSAP), High strength steel for body for Impact protection, Frontal Crash sensors, ABS with EBD.</p> <p>SUPRO Fuel smart technology with a superior mileage of 23.5 km/l, Dual LSPV brakes during sudden braking, Child lock for safety.</p> <p>XUV 500 The new XUV refresh comes with micro hybrid technology, airbags, and powerful projector headlights along with light guides and ABS along with EBD, Touchscreen display integrated infotainment system along with GPS, Bluetooth, USB, iPod connectivity, hands-free calling, configurable wallpaper and picture viewer.</p> <p>The emission norms have been achieved for Euro 6 for Europe & Chile export application.</p>

<p>B) Light Commercial Vehicles</p>	<p>JEETO Single Cylinder m-DURA Engine was developed to power the JEETO vehicle for domestic market to deliver 10% higher peak power and 15% better Peak Torque with best in class fuel economy and with semi forward design for safety, Imperio. Engine immobiliser for theft safety, ELR seat belt for enhanced safety, brake with LSPV (Load sensing proportioning valve), Fuel Smart technology to choose between power and fuel economy.</p>
<p>2. Tractors: FD</p>	<p>Arjun NOVO Launched with NOVO engine of high cubic capacity of 3531 CC along with optimized rated speed of 2100 rpm and inline fuelling pump under 52-57 HP range. Synchromesh transmission with 15 forward +3 reverse gear system suitable for agri, CE & Special applications, and multispeed PTO option resulting into increased fuel efficiency & productivity. Improved fast response hydraulics with higher lift capacity & quick lifting & lowering, improved clutch. Available in both 2WD & 4WD heavy duty axle resulting into customer satisfaction.</p> <p>Arjun NOVO is also available with synchro-shuttle option as per customer requirement 415 DI- Kheti ka Boss Launched in 38-40 HP segment, redesigned engine to deliver higher torque for better performance; also the highest lift capacity, transmission with new gear speeds to address key customer requirement in rotavation and puddling applications, best in class PTO power of 36 HP giving customer delight.</p> <p>Mahindra 555 Power plus:- kamaal ki keemat par Launched in 57 HP segment, with powerful Engine, 8 Forward & 2 reverse speed, Higher lift capacity, reverse PTO operation, appropriate speed for reaping operation resulting in value for money product.</p>

<p>3. Tractors: SD</p>	<p>724 & 834 Models The improved transmission housing on these 2 models has resulted in reduction of 17kg of cast iron and 12 litres of fossil oil per tractor. Separate oil reservoir for power steering resulting in reduction of 2 litres of fossil oil. All models: Copper brass radiator has been replaced with Aluminum radiator which requires less energy to produce & consequently lesser CO₂ emission. Hand throttle with reduced effort (from 6.3 kg to 3.4 kg) on all models. Reduced clutch operation effort on all DC models (from 26 kg to 19 kg) on all models.</p>
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2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):

i. Reduction during sourcing/production/distribution achieved since the previous year throughout the value chain?

For the above mentioned products, there is no explicit tracking mechanism in respect of resource use. However, the resource use for entire portfolio is tracked and monitored. Since the products portfolio is distributed across various manufacturing locations of the Company, the resource use is monitored per unit of equivalent vehicle or equivalent tractor manufactured. The performance for current and previous year on Specific Energy Consumption, GHG Emissions and Specific Water Consumption during production is appended below, which is reported in the Group Sustainability Reports for the Financial Years 2014-15 and 2015-16:

Resource Use	Divisions	Unit of Measurement	Current Year 2015-16	Previous Year 2014-15
Specific Energy Consumption	Automotive	GJ/Equivalent Vehicles	2.249	2.264
	Farm Division (Including Swaraj)	GJ/Equivalent Tractors	1.458	1.467
Specific Green House Gas Emissions (Scope 1 and 2)	Automotive	tCO ₂ /Equivalent Vehicles	0.336	0.343
	Farm Division (Including Swaraj)	tCO ₂ /Equivalent Tractors	0.227	0.232
Specific Water Consumption	Automotive	KL/Equivalent Vehicles	2.313	2.441
	Farm Division (Including Swaraj)	KL/Equivalent Tractors	1.517	1.691

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

Due to constant innovations and focus on fuel efficiency, there would be a reduction of energy use by consumers. However, tracking of such reduction is not possible as it is highly dependent on individual customers' driving habits.

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

The Company has been working to enhance the degree of sustainability associated with its sourcing practices under the umbrella of "ONE SOURCING". This includes strategy of one supplier per platform and common supplier basket for multiple businesses, setting up of vendor parks at its new plants, sourcing from tightly knit clusters, optimizing logistics to reduce fuel consumption, emissions and carbon footprint, re-working packaging to minimize waste and maximize re-use. The Sustainability road map of the Company covers these areas and the Company takes steps to ensure that its sourcing methods are sustainable.

Suppliers related to machining & proprietary have been involved to make logistic sustainable & trying to use returnable bins in place of wooden & corrugated boxes as an alternate source. Almost the entire sourcing work is done from the country with a very small percentage of input being procured from overseas.

The Company has Green Supply Chain Management Policy, which has been shared with all suppliers, under which, the Company is committed to improve the awareness with regard to legal compliances, enhance eco-efficiencies, employee health and safety initiatives, etc. at supplier end through initiatives such as Supplier Business Capability Building (SBCB), Mahindra Supplier Evaluation System (MSES), Mass Manufacturing Approval (MMA) & Supply Risk Management (SRM). Continuous engagement with suppliers is ensured through supplier meets, business reviews, and training sessions. To motivate the suppliers to take the Sustainability agenda forward, good practices are recognized, by institutionalizing "Annual Sustainability Award".

4. Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

Yes. The Company has a practice of purchasing goods and services from local suppliers. The Company does not have any small suppliers where the owner himself or herself is a worker. The Company has multiple plants spread across West, South and North of India. The major factors influencing selection of suppliers across these regions are:

- ▶ Capability, performance and on-time delivery.
- ▶ Compliance on environment, health & safety guidelines.
- ▶ Readiness to participate in sustainable supply chain management program.
- ▶ Total cost.

The purchasing group has a standard practice of sharing its annual plans and next two year's tentative plans with its key suppliers through communication meets and supplier business reviews. These suppliers are provided with managerial and technical assistance to train them on practices and procedures that will ensure improvements in Productivity, Quality, Cost, Delivery, Safety and Moral (PQCDSM). This is done by initiatives like Supplier Business Capability Building (SBCB), Mahindra Supplier Evaluation System (MSES), Technical Capability Building programs, Supply Risk Management (SRM), Safety Training & assessments and technical support for special processes during new product developments, Associate Value Specialist Program, etc. The Company has special focus on creating supplier parks near the plants for e.g. Chakan Supplier Park and Zaheerabad Supplier Park. The Company has a focus on buying from local suppliers, geographically nearest to the Company's manufacturing facility.

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

It is the Company's ongoing endeavor to have a mechanism to recycle our products and limit the waste arising out

of production of vehicles and tractors. The Company has initiated well documented processes to ensure compliance with the European Union Directive 2005/64/EC which is now implemented for the vehicles exported to the European Union. Our objective is to restrict the amount of waste produced from End of Life of vehicles (ELVs) and increase the recovery and recycling of ELVs that arise. The information on recyclable parts and manual for dismantling is provided with export vehicles. We follow the ISO 22628:2002, to calculate the recyclability rate, the recoverability rate and reusability rate (RRR) of our export vehicles. We have 1 of our UV variants as new certification and 2 models are under the recertification process to comply with the European Union Directive 2005/64/EC norms on recyclability. Our Company is actively participating in the committee formed by Society of Indian Automotive Manufacturers (SIAM) to frame process and procedure for Product Recycling in India. At present, the batteries used in vehicles are recycled in a structured manner through the battery manufacturing companies in India. Similarly other parts such as tyres, body components, etc. are recycled in an unstructured manner through licensed scrap dealers who either recover the material used or cannibalize/refurbish the parts for reuse.

A simplified LCA is done in the form of compliance with ELV directive for European M1 & N1 products. The vehicles are exported and certified as per EEC directive 2005/64/EC. The CO₂ emissions are evaluated during the type approval test at the government approved test agencies and this data is used to assess the CO₂ impact of products. We have completed an experimental project to evaluate Full LCA during 2016. For this study one UV pickup model (BMT) was considered for full LCA.

Principle 3: Businesses should promote the wellbeing of all employees

1. Please indicate the Total number of employees: **39,276**
2. Please indicate the Total number of employees hired on temporary/contractual/casual basis: **19,176**
3. Please indicate the Number of permanent women employees: **626**
4. Please indicate the Number of permanent employees with disabilities: **38**
5. Do you have an employee association that is recognized by management: **Yes**

6. What percentage of your permanent employees is members of this recognized employee association? **94%**
7. Please indicate the Number of complaints relating to child labor, forced labor, involuntary labor, sexual harassment in the last financial year and pending, as on the end of the financial year.

Sr. No.	Category	No. of complaints filed during the financial year	No. of complaints pending as on end of the financial year
1.	Child labor/forced labor/involuntary labor	Nil	Nil
2.	Sexual harassment	4	Nil
3.	Discriminatory employment	Nil	Nil

8. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?
 - ▶ Permanent Employees: **88%**
 - ▶ Permanent Women Employees: **76.20%**
 - ▶ Casual/Temporary/Contractual Employees: **81.88%**
 - ▶ Employees with Disabilities: **68.42%**

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

1. Has the company mapped its internal and external stakeholders? Yes/No
Yes
2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders?
Yes
3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders? If so, provide details thereof, in about 50 words or so.

Your Company has designed products specifically for improving the livelihood and encouraging entrepreneurship amongst rural and semi-urban persons through low cost products. Moreover, in the Farm Equipment business vertical, there is a conscious move from Tractor manufacturing to 'Farm Tech Prosperity' where various products and services are designed to improve farm productivity especially among small & marginalized

farmers. The Integrated Watershed Management projects at Damoh being implemented in Public-Private-Partnership (PPP) with the Govt. of Madhya Pradesh are in advanced stage of completion and two other projects are in progress in the catchment area of the Bhopal Lake. The project at Damoh covers 9,660 hectares and 4,000 households in 32 villages with a population of 20,000. The work done includes 65 check dams and masonry outlets, 68 farm ponds and percolation tanks, more than 17,000 stone bunds, outlets gully plugs and gabion structures, more than 67 km. of contour trenches and 287 km. of field bunds. In addition, 65 defunct structures have been rejuvenated. This has resulted in 1,812 million litres of incremental rain water harvesting capacity, 1,772 ha. of land provided with supplemental irrigation and 143 ha. of additional land brought under cultivation. 4,071 farmers have benefitted from soil and water conservation, multiple cropping has become prevalent and three crops are being grown on more than 140 ha. of land. Area under vegetables has increased almost 30 times, area under sprinkler irrigation has increased more than 3 times. Almost 400 SHGs, almost all women, are engaged in micro-enterprises of various kinds. Consequently daily per capita income has more than doubled. Further details of community development initiatives are given in Principle 8.

Principle 5: Businesses should respect and promote human rights

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

The Business Responsibility Policy covers the aspects on Human Rights for the Company. Human Rights issues are a part of the supplier selection process and are also included in the contracts drawn up with them. The Company has put in place a Whistleblower Helpline managed by an external agency to ensure that any violations to its Code of Conduct (including violation of Human rights) are addressed objectively.

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

No complaints have till date been received through the Whistleblower Helpline.

There is an active and a well-defined four step Grievance Redressal Machinery available at each plant for workmen

through which all types of grievances are redressed. Additionally, Employee Satisfaction Survey for workmen is periodically carried out and all low scoring responses are discussed in Focused Group Meetings and duly resolved. Although there is no process to separately maintain records for grievances related to Human Rights, the above stated mechanism adequately addresses this issue. There is a mechanism for all employees of Automotive and Farm Sectors to voice their concerns to the Sector President through a 'Reach-out' mailbox which is addressed with confidentiality.

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

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

The Company has various policies related to environmental protection. The Green Supply Chain Management Policy includes environment protection and covers suppliers. The subsidiaries/Joint Ventures have their own policies which are in sync with the Company's environmental policies.

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

Yes.

Mr. Anand G. Mahindra, Chairman and Managing Director, was invited as a member on Carbon Pricing Leadership Coalition (CPLC) at the signing of Paris Agreement with Heads of State at United Nations Headquarter. He represented the Corporates worldwide and spoke about the importance of climate change and renewable energy. Senior executives of the Company represented Corporate India in COP 21 that gave international branding opportunity through media interactions. The Chairman of Group Sustainability Council, Mr. Ulhas Yargop represented the Mahindra Group at the CPLC Inaugural High-level assembly meeting at Washington DC. Other attendees included Ban ki-Moon (UN Sec. Gen.), Christine Lagarde (MD – IMF). The Company also hosted a high-level workshop on Carbon Pricing in association with WRI and CDP that comprised of delegates from Yale University, EDF, Total, World Bank etc. along with 50+ leading Indian business practitioners and Group companies.

The Company has signed Energy Productivity Commitment – EP100 with The Climate Group and has the distinction of being the first Company to sign this. The Company is also a signatory for India Business Biodiversity Initiative (IBBI). Other strategies and initiatives are elaborated in the Company's GRI reports since 2007-08 which are available on the Company website <http://www.mahindra.com/resources/pdf/sustainability/Sustainability%20Report%202014-15.pdf> Targets taken in Sustainability Roadmap relate to energy conservation, GHG reduction and water conservation. These strategies and initiatives are also aligned to the National Action Plan on Climate Change. The strategies and new initiatives continue year on year. In the current reporting year, various initiatives on energy saving, water saving, waste reduction etc. were implemented. An indicative list in this regard is appended below and complete details will be available in the Sustainability Report for the Financial Year 2015-16.

Energy Savings:

- ▶ Demand Controller for air compressor to reduce electrical consumption.
- ▶ Recovering waste heat from furnace / oven and reusing in the process application.
- ▶ Energy efficient lighting system.

Water Saving:

- ▶ Use of STP/ETP treated water for flushing and gardening.
- ▶ Roof and Surface Rain Water Harvesting to reduce withdrawal of water.
- ▶ Retrofitting with water saving equipment's like auto control valves, level controllers.

Waste Reduction:

- ▶ Use of metal, wooden and rubber scrap to make furniture.
- ▶ Packaging waste is reduced by using plastic boxes in place of corrugated boxes.
- ▶ Reduce paint sludge by technology upgradation, dewatering by use of gunny bags and processing to sludge powder.

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

Yes, the Company has a mechanism to identify and assess potential environmental risks across all locations.

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

Yes. The name of the CDM – PoA 9731: Energy Efficiency through Micro irrigation system – India. The Registered Program of Activities (PoA) aims at encouraging energy efficiency through installation of efficient irrigation system such as drip and sprinkler irrigation replacing the conventional flood method of irrigation resulting in GHG Emission reduction & Water Conservation. It was registered in September 2013.

For more details refer https://cdm.unfccc.int/ProgrammeOfActivities/poa_db/4Z28CN6S0DEB5F1PLIXAY9W3GMRUOQ/view.

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

Yes. Same as stated under point 2 above.

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

Yes

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

Nil

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

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

Yes. The Company is a member of following trade and chamber or association (in alphabetical order):

- a. The Associated Chambers of Commerce and Industry of India (ASSOCHAM),
- b. Bombay Chamber of Commerce and Industry (BCCI),
- c. Confederation of Indian Industry (CII),
- d. Employers' Federation of India (EFI),
- e. Federation of Indian Chambers of Commerce & Industry (FICCI),
- f. Indian Merchants Chambers (IMC),
- g. National Human Resource Development Network (NHRDN),
- h. Society of Indian Automobile Manufacturers (SIAM),
- i. The Energy and Resource Institute (TERI),
- j. Tractor Manufacturer's Association (TMA).

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

The Company participates as a stakeholder of SIAM and TMA on policies related to Automotive and Tractor Industry, Sustainable Mobility and Farm Tech Prosperity, Economic Reforms, Sustainable Business Principles (Sustainable Supply Chain Management) and Vehicle Recall policy. The Company also contributes through Confederation of Indian Industry/ Bombay Chamber of Commerce and Industry, when views are solicited on matters such as Securities Law, Corporate Laws, etc.

Principle 8: Businesses should support inclusive growth and equitable development

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

Yes. Since its inception Mahindra & Mahindra Ltd. has been a socially responsible corporate making investments in the community which go beyond any mandatory legal & statutory requirements. The CSR vision of the Company is to focus efforts within the constituencies of girls, youth & farmers by innovatively supporting them through programs designed in the domains of education, health and environment, while harnessing the power of technology. By investing our CSR efforts in these critical constituencies who contribute to nation building and the economy, we will enable our stakeholders and communities to RISE. In accordance with the Companies Act, 2013, Mahindra & Mahindra Ltd. has committed 2% (PBT) towards CSR initiatives. Further the unique Employee Social Options (ESOPs) platform provides employees a menu of volunteering opportunities enabling them to participate actively in the Company's CSR initiatives. Some of the major initiatives the Company has invested in the last financial year (F16) are as follows:

- a. **Project Nanhi Kali** – Provision of educational support to underprivileged girls from poor urban, remote rural and conflict afflicted communities across India.
- b. **Mahindra Pride School** – Livelihood training programme for youth from socially and economically disadvantaged groups.

- c. **Lifeline Express** – A Mobile hospital on a train, providing medical interventions and surgeries often in remote rural areas.
- d. **Mahindra Hariyali** – Afforestation initiative to improve green cover & protect bio-diversity in the country and also contribute to the livelihood of farmers.
- e. **Swachh Bharat Swachh Vidyalaya** – Maintenance of 4,340 toilets constructed in F15, primarily for girls in government schools, under the Government's Swachh Bharat Swachh Vidyalaya Program. In addition, training programmes were carried out to bring about attitudinal and behavioural changes in the girls, parents and school authorities.
- f. **Integrated Watershed Development Project** – A public private partnership with the government of Madhya Pradesh for conservation of soil and water.
- g. **Mahindra Saarthi Abhiyaan** – Scholarships to daughters of truck drivers which allows them to pursue higher education thus reducing drop outs amongst girls.
- h. **Krishi Mitra** – Improving livelihood opportunities and prosperity of farmers by training them in effective farming practices including soil health, crop planning, creating model farms with bio-dynamic farming practices etc., thereby increasing crop productivity.
- i. **Bio Gas Project** – Setting up a biogas plant to convert food waste and other waste into energy.
- j. **BAJA** – Training under graduate engineering students in automotive engineering enabling them to get jobs in the automobile industry.

Employee Social Options (ESOPs): The Company's ESOPs programme supports employees in creating volunteering projects based on the needs of underprivileged communities in and around their places of work.

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

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

K. C. Mahindra Education Trust, Tech Mahindra Foundation and Naandi Foundation.

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

In F16 the following impact assessment studies were undertaken:

- 3rd party assessment of Project Nanhi Kali by three independent evaluators.
- Project Hariyali was audited by BNHS for the tree plantation drive Pan India.

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

The Company's contribution to community development projects amounts to Rs. 85.90 crores during the Financial Year 2015-16. Details of some of the major initiatives the Company has invested in the last financial year (F16) are given in Point 1 above.

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

Where we implement CSR projects, we ensure that the initiative is successfully adopted by the community. Below are three examples of the same:

- PROJECT NANHI KALI** provided academic and material support to over 1,20,000 underprivileged girls across 10 states in F16. Of these 14,918 girls were supported by M&M Ltd, while the Mahindra Group as a whole supported 53,049 girls. The balance girls are supported by other corporates & individuals. When the project is introduced in a new area, we ensure that a 'Village Education Committee' is set up who are then sensitised on the importance of girls education in particular, and other gender related issues. One of the metrics we monitor, is school attendance of girls & we have found that in the areas where we have set up project Nanhi Kali girls attend school regularly.
- SWACHH BHARAT SWACHH VIDYALAYA** – The Company constructed 4,340 toilets pan India primarily for girls in government schools under the Swachh Bharat Swachh Vidyalaya Programme, in F15. Further, a large number of public toilets were also

constructed for the community. This financial year (F16) the Company conducted training programmes for the girls, parents, community & school authorities aimed to bring about attitudinal and behavioural changes on issues of health and sanitation. The goal of these training programs is to ensure that the community takes over the management of the toilets in the long run and ensures that they remain functional.

(c) INTEGRATED WATERSHED MANAGEMENT PROJECT –

The Project which is a PPP has over 5 years, through constant engagement with the community succeeded in building structures that encourage water conservation. This has resulted in 1,812 million litres of incremental rain water being saved and the ground water table has increased by 30%. All the water conservation, management practices and livelihood initiatives have now been adopted by the villagers, and the village level committees and SHGs are running them independently.

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

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

Customer complaints are treated very seriously in the organization. We hear our customers through various mediums such as emails to customercare@mahindra.com, With You Hamesha 24X7 Call centre toll free no, websites, tweet handle, telephone, letter, fax etc. The status of pending complaints/cases as on 31st March, 2016 is as follows:

	Automotive Division	Farm Division (Including Swaraj)	Total
Percentage of Consumer Cases Pending as on 31 st March 2016	37.01%	39.85%	37.67%

Pending Customer complaints AD – 2016

Receiving Period	Total Complaints Registered in this period	Open	Close	Open %	Close %
F12-F16	243646	1980	241666	0.81%	99.19%

Receiving Period	Total Complaints Registered in this period	Open	Close	Open %	Close %
F16	62179	1980	60199	3.18%	96.82%

Pending Customer complaints FD – 2016

Receiving Period	Total Complaints Registered in this period	Open	Close	Open %	Closed %
F11-F16	82174	38	82136	0.05%	99.95%

Receiving Period	Total Complaints Registered in this period	Open	Close	Open %	Close %
F16	11027	38	10989	0.3%	99.7%

Pending Customer complaints SD – 2016

Receiving Period	Total Complaints Registered in this period	Open	Close	Open %	Close %
F11-F16	683	668	15	2%	98%

Receiving Period	Total Complaints Registered in this period	Open	Close	Open %	Close %
F16	306	291	15	5%	95%

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

Yes. In addition to mandatory requirements, the Company also provides service and safety labels as deemed appropriate. e.g.: Product fuel economy data displayed for each variant at selling points (Dealership).

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

Yes. The Company has been impleaded in the below listed proceedings that allege violation of provisions of the Competition/MRTP Act. The Company is vigorously defending itself in these proceedings.

Description of the matters pending under the Competition Act, 2002:

1. Shamsheer Kataria- Case No. 3/2011: Based on the information given by the Informant Shamsheer Kataria against 3 car manufacturers, Honourable Competition Commission of India (CCI) had started investigation in respect of 17 car manufacturers about the non-availability of spare parts in the open market. One of the allegations is OEMs are restricting the availability of spare parts in the open market other than their own distribution network resulting in high prices of the said spare parts and the said spare parts not being available to the independent car repairers. The DG had initiated the investigation in which we had submitted the detailed information as sought by the DG. Thereafter the DG submitted a report and based on the said report, the Commission had issued notices to the 17 car manufacturers to file their respective responses on the said report. Accordingly, we had filed our reply to the said report along with all possible supporting documents. Thereafter, the matter was heard by the CCI and on August 25, 2014 CCI passed an order ("Order") against fourteen Automobile companies including Mahindra & Mahindra (M&M) Limited and has imposed a penalty of Rs. 292.25 crores amounting to 2% of the average annual turnover for the years 2007-08, 2008-09 and 2009-10. M&M vide a Writ Petition W.P.(C) 6610/2014 ("W.P.") filed before the Hon'ble Delhi High Court ("HC") has challenged the vires of certain sections of the Competition Act, 2002 based on which penalty has been calculated and also the Order has been passed by the CCI. The Hon'ble HC was pleased to grant a stay on the operation of the Order and the matter is presently being heard by the HC and reserved for orders.

2. Mohd Ekram Khan – Auto sector dealer from Lucknow has filed petition No 106/2008 (before MRTP Commission transferred to Competition Appellate Tribunal) for unfair trade practice under Section 36A, 36B, 36C, 36D and Section 37 of the MRTP Act, 1969; (ii) compensation petition under Section 12 B of the MRTP Act, 1969., alleging that resignation is taken forcibly and fraudulently by M&M and for creating monopoly for newly appointed dealer who has mafia background and does not have required infrastructure and claimed compensation.

The Applicant has quantified his claims under various heads viz., sales promotional claim for 05-06, 06-07 at

Rs. 11,78,905/-; amounts due towards warranty claims, free servicing and wrongly debited warranty at Rs. 4,84,760/-; idle wages to employees and electricity bills etc at Rs. 13,88,000/-. The aforesaid claims as alleged amount to Rs. 30,51,665/-. For each of the above heads, interest @ 18% p.a. has been claimed. In addition to the above, the Applicant has also claimed expenditure on construction of workshop at Rs. 1,07,88,536/- along with penal interest of Rs. 2,50,000/- plus interest @ 18% p.a. Over and above the purported claims as quantified by the Applicant he has also made further vague assertions seeking compensation of Rs. 25 crores towards alleged loss and litigation expenses of Rs. 50,000/-. However, the Hon'ble COMPAT has now restricted the scope of the application only to non-grant of Scorpio dealership. Hence, the liability on Mahindra &

Mahindra Limited, even in case of loss in the matter may come down heavily.

Currently, listed for hearing on 12th July 2016.

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

Yes, through

- ▶ J. D. Power survey for Automobiles
- ▶ MQRS survey for load carriers
- ▶ TNS Survey for Tractors and Trucks
- ▶ Brand Track Study
- ▶ CaPS Study
- ▶ CSAT (Customer Satisfaction) Study for commercial range of vehicles

Financial Position at a Glance

Rupees crores

	As per Schedule III of The Companies Act, 2013		As per Revised Schedule VI of The Companies Act, 1956				As per Old Schedule VI of The Companies Act, 1956			
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Net Fixed Assets	9518	8108	7105	5821	5088	3904	3703	3214	2361	1871
Investments	13520	13138	11380	11834	10297	8913	6398	5786	4215	2238
Foreign Currency Monetary Item Translation Difference Account Asset/(Liability)	—	—	—	—	—	—	(3)	18	—	—
Inventories	2688	2438	2804	2420	2358	1694	1189	1061	1084	878
Trade Receivable/ Debtors	2512	2558	2510	2208	1929	1260	1258	1044	1005	701
Other Non Current/ Current Assets	8174	6703	7490	5171	4098	3753	3599	2959	1555	2169
Misc. Expenditure not written off	—	—	—	—	—	—	—	13	14	18
Borrowings	1844	2620	3745	3227	3174	2321	2880	4053	2587	1636
Long Term/Current Liabilities and Provisions	11614	10090	9863	8953	7964	6535	5197	4798	3240	2666
Deferred Tax Liabilities/ (Assets) (Net)	1248	980	890	615	527	355	240	(18)	57	20
Equity Capital	296	296	295	295	295	294	283	273	239	238
Reserves and Surplus	21411	18959	16496	14364	11810	10019	7544	4989	4111	3315
Net Worth	21707	19255	16791	14659	12105	10313	7827	5262	4350	3553
Book Value Per Share (Rupees)	366.10	325.41	284.26	248.14	205.32	175.43	®138.10	192.12	180.87	147.98

® Book Value Per Share is shown after giving effect to the sub division of each Ordinary (Equity) Share of the face value Rs. 10 each fully paid up into two Ordinary (Equity) Shares of Rs. 5 each fully paid up in March, 2010.

Book Value Per Share is calculated after reducing Misc. Expenditure not written off and Revaluation Reserve from Net Worth.

Summary of Operations

Rupees crores

	As per Schedule III of The Companies Act, 2013		As per Revised Schedule VI of The Companies Act, 1956				As per Old Schedule VI of The Companies Act, 1956			
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Income	44461	41481	43838	43962	34820	25989	20724	15072	13301	11645
Materials	29566	27955	29432	30425	23500	16264	12333	9274	7726	6828
Excise Duty (Net)	2722	2188	2612	2972	2501	2095	1807	1587	1584	1335
Personnel	2342	2317	2164	1866	1701	1432	1198	1025	868	666
Finance Costs/ Interest	155	214	259	191	163	72	157	134	87	20
Depreciation and Amortisation Expense	1109	975	863	711	576	414	371	292	239	209
Other Expenses	4406	3999	4191	3441	2881	2310	2102	1734	1563	1271
Exceptional items	69	336	52	91	108	118	91	10	173	122
Profit before tax for the year	4230	4169	4369	4447	3606	3520	2847	1036	1407	1438
Tax for the year	1063	848	611	1094	727	858	759	199	304	351
Adj. pertaining to Prev. Years	—	—	—	—	—	—	—	▲31	—	(19)
Balance profit	3167	3321	3758	3353	2879	2662	2088	868	1103	1068
Dividends	#+842	+847	+963	+894	+869	+ 803	+624	+312	+321	+325
Equity Dividend (%)	240	240	280	260	250	230	190	100	115	115
Earnings Per Share (Rupees)	53.51	56.23	63.67	56.85	48.97	46.21	37.97	15.92	23.12	22.58
Vehicles produced/ purchased (Units)	496859	464799	506035	555510	474145	355500	284516	201993	196956	169557
Vehicles sold (Units)	494096	464850	507176	551469	469345	354073	282119	206688	195077	169679
Tractors produced (Units)	217383	224330	277425	219893	246475	216388	173276	119098	98917	103847
Tractors sold (Units)	214173	234766	268487	224844	236666	214325	175196	120202	99042	102531

Proposed Dividend.

+ Including Income-tax on Proposed Dividend/Dividends.

▲ Profit of Mahindra Holdings and Finance Limited for the period 1st February, 2008 to 31st March, 2008.

Financial Highlights

