

**#FUTURISE**



# **Business Responsibility Report**

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# Business Responsibility Report

## for the Financial Year 2016-17

[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 : L65990MH1945PLC004558  
(CIN) of the Company
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 : 01.04.2016 to 31.03.2017
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: 46
10. Markets served by the Company – Local/State/National/International: All

### Section B: Financial Details of the Company

1. Paid up Capital (INR) : 296.81 crores
2. Total Turnover (INR) : 48,438.53 crores
3. Total profit after taxes (INR) : 3,955.65 crores
4. Total Spending on Corporate Social Responsibility (CSR) (INR) and as percentage of profit after taxes (%) : 83.57 crores.  
2.11%
5. List of activities in which expenditure in 4 above has been incurred :
  - a. Education
  - b. Health
  - c. Environment & Green Cover
  - d. Rural Development

### Section C: Other Details

1. Does the Company have any Subsidiary Company/Companies?  
Yes. The company has 164 subsidiary companies as on 31<sup>st</sup> March, 2017.
2. Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)  
Yes. 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 2016-17, 19 Subsidiaries have been included in the scope of Sustainability Report viz. Mahindra Vehicle Manufacturers Ltd. (MVML), Mahindra Electric Mobility Ltd. (MREVA), Mahindra Agri Solutions Ltd. (MASL), EPC Industrie Limited (EPC), Mahindra Two Wheelers Ltd. (MTWL), Mahindra Lifespace Developers Ltd. (MLDL),

Mahindra World City Developers Ltd. (MWCDL), Mahindra World City (Jaipur) Ltd. (MWCJL), Mahindra Holidays and Resorts India Ltd. (MHRIL), Mahindra & Mahindra Financial Services Ltd. (MMFSL), Mahindra Rural Housing Finance Limited (MRHFL), Mahindra Insurance Brokers Ltd. (MIBL), Mahindra Sanyo Special Steel Pvt. Ltd (MSSSPL), Mahindra First Choice Services Ltd. (MFCSL), Mahindra Intertrade Ltd. (MIL), Mahindra Steel Service Centre Limited (MSSCL), Mahindra Logistics Ltd. (MLL), 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. 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 573 suppliers till F17. A road map for covering additional 375 suppliers from F17 in the next 3 years' period 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. In F17, 145 suppliers were covered by conducting two online training sessions. Further, this year we supported Institute for Sustainable Communities (ISC) to launch EHS+ Center at Symbiosis Institute of International Business, Pune. This centre is poised to provide training to Small & Medium Scale Enterprises (SMSEs) in the field of Energy and Environment Health & Safety (EHS). A detailed curriculum was jointly prepared and training was imparted.

For enhancing skills at the Supplier end, focused activities drive in the following areas was undertaken and organization work structure for the same has been put in place in the Purchasing group. The areas covered are supplier business capability building (93 suppliers), Mahindra supplier evaluation system (100 suppliers), Supply Risk Mitigation & Management (189 suppliers).

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. 100% Suppliers are live on this interactive platform.

The % of entities covered is between 30-60% for Suppliers. As regards SD (Swaraj Division), Training & Awareness and Assessment of 100 Suppliers which is 46% have been carried out in F16-17. Another 40 Suppliers will undergo training & awareness in F17-18

Similarly, 253 dealers out of 295 which is 86% have been brought under the Mahindra Dealers' Excellency Programme (MDEP).

## 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** : Managing Director

### b. Details of the BR Head

Sr. No.	Particulars	Details
1.	<b>DIN Number</b> (If applicable)	N.A.
2.	<b>Name</b>	Mr. Rajeev Dubey
3.	<b>Designation</b>	Group President (HR & Corporate Services) & CEO (After-Market Sector) Member of the Group Executive Board
4.	<b>Telephone Number</b>	+9122 24975192 +9122 24901441 Extn. 5594
5.	<b>E-mail ID</b>	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: Business 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: Engage- ment 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, Code of Conduct for All Employees, Business Responsibility Policy and Corporate Social Responsibility Policy are available on the following websites:

<http://www.mahindra.com/Investors/Mahindra-and-Mahindra/Governance>

<http://www.mahindra.com/How-We-Help>

<http://www.mahindra.com/resources/pdf/about-us/Code-of-Conduct.pdf>

<http://www.mahindra.com/resources/investor-reports/FY16/Governance/MM%20Code%20of%20Conduct%20for%20Directors.pdf>

<http://www.mahindra.com/resources/pdf/csr/CSR-Policy-2016.pdf>

<http://www.mahindra.com/resources/investor-reports/FY18/Governance/MM%20Business%20Responsibility%20Policy.pdf>

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 6 months to assess the BR performance. Other supporting councils/cells viz. Group Sustainability Council, Group CSR council, Central Safety Council and Corporate Governance Council 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 2015-16 are GRI compliant and for 2014-15 and 2015-16 are accessible on the Company website at the hyperlink <http://www.mahindra.com/about-us/sustainability>. The Sustainability Report for 2016-17 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 a 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, 17 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 was frequently writing 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 had replied to all his allegations. The Company had also filed a Criminal Contempt Petition No. 1 of 2015 against him in the High Court of Judicature of Bombay. The High Court had directed him to file reply to the Contempt Petition. In response, he filed an apologetic affidavit which was accepted by the Hon'ble Court, and no further proceedings are now pending in the said High Court on this matter. No further complaint/ communication has been received from him during the year ended 31<sup>st</sup> March, 2017.

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 (UV/ MPV/ Cars)	Scorpio The New Generation Scorpio with all new front and rear styling makes it look leaner, more dynamic and aggressive. mHawk 4 cylinder Engine, Variable Geometry Turbocharger with Intercooler, 4 valves per cylinder, Common Rail Direct Injection Technology gives more power. The New Generation Scorpio has cushion suspension & anti-roll technology that makes driving comfortable. Intelli-Hybrid reduces fuel consumption using Motor Assist, Electronic Start Stop and Brake Energy Regeneration. Dual front airbags for safety.



Product	Social & environmental benefits
	<p><b>XUV 500 Euro VI</b></p> <p>The new XUV refresh has the following features like the micro hybrid technology, airbags, and powerful projector headlights along with light guides and ABS along with Electronic Brakeforce Distribution (EBD), Touchscreen display integrated infotainment system along with GPS, Bluetooth, USB, iPod connectivity, hands-free calling, configurable wallpaper and picture viewer. The emission norms have been achieved for Euro 6 for Europe &amp; Chile export market.</p> <p><b>Bolero Power +</b></p> <p>The New Bolero Power+ with the reliable mHAWK engine gives more power to experience a drive without compromising on mileage. Delivering 52.5kW (70 bhp) @ 3600 rpm and delivering 195 NM @ 1400 - 2200 rpm. Being low on noise, vibration and harshness, the New Bolero Power+ delivers better power. The New Bolero Power+ ZLX is Bharat Standard IV compliant. Micro Hybrid System provides automatic fuel saving on every drive. It switches off the engine when it idles for a preset duration and switches the engine on, the instant your leg presses the clutch pedal. It improves fuel efficiency and reduces environmental emissions.</p> <p><b>SUPRO CNG:</b></p> <p>Engine Displacement 909cc, Fuel CNG, Engine Type 2 cyl sequential port injection with Power 18.8 kW, Torque 57 Nm @ 1800-2200 rpm, Mileage 22 km/kg.</p>
<b>2. Light Commercial Vehicles</b>	<p><b>JEETO CNG</b></p> <p>A mini-truck gives great mileage and big savings. 16 hp, 38 Nm. It also has best-in-class payload capacity of 700 kg to carry huge load; CNG tank capacity of 45 litres of water capacity; Semi forward design for more safety; Bigger windshield for better front view; Strong body and sturdy chassis; Bigger wheelbase for better stability and Good mileage of 33.2 km/kg.</p> <p><b>SUPRO CNG Load carrier:</b></p> <p>Engine Displacement 909cc, Fuel CNG, Engine Type 2 cyl sequential port injection with Power 18.8 kW, Torque 57 Nm @ 1800-2200 rpm, Mileage 22 km/kg.</p>

Product	Social & environmental benefits
<b>3. Tractors (Farm Division)</b>	<p><b>Mahindra Yuvo: More, Faster, Better</b></p> <p>In the 30-45 HP range, the new age Mahindra Yuvo with advanced technology opens doors to new possibilities.</p> <p>Launched with YUVO engine 3 and 4 cylinder Naturally aspirated and optimized rated speed of 2000 rpm., with increased back up torque, Lesser drop in RPM and a powerful engine to ensure tractor remains unstoppable even on hard soil. Full constant mesh transmission with 12 Forward and 3 Reverse gear box: It's the first in the 30-45 HP range, allowing to work with any tool with greater speed, with genuine side shift to shift gears with car-like ease.</p> <p>Best in class lift capacity of 1500 Kg. Improved clutch Suitable for agriculture, haulage, special applications, and multispeed Power Take off (PTO) option resulting into increased fuel efficiency &amp; productivity, Improved clutch.</p> <p>Fatigue free driving for long hours with best operator comfort Car type hood opening with press of button for complete Serviceability under hood.</p> <p>Best in class looks with wrap around head lamps and smart looking diagnostics cluster as addition.</p> <p>Mahindra 585 DI Power plus: Power ki Pehchan</p> <p>Mahindra 585 DI Power plus: is a 50 HP tractor packed with immense power to handle the most difficult of tasks with considerable ease</p> <p>Launched with 50 HP Mahindra DI powerful 4 cylinder naturally aspirated engine, with rated speed of 2100 rpm, with 8 forward and 2 reverse (Partial constant mesh and full constant mesh options) gear system &amp; lift capacity of 1640 Kg suitable to handle all kinds of agricultural and haulage applications suitable for host of agricultural implements like rotavator, potato planter, potato digger, reaper and leveller.</p> <p>Its ergonomically designed tractor suitable for longer work operation with comfortable seating, easy reach levers, LCD cluster panel for better visibility and large diameter steering wheel.</p>



**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 as reported in the Group Sustainability Reports 2015-16 and 2016-17:

Resource Use	Divisions	Unit of Measurement	Current Year 2016-17	Previous Year 2015-16
Specific Energy Consumption	Automotive	GJ/Equivalent Vehicles	2.391	2.249
	Farm Division (Including Swaraj)	GJ/Equivalent Tractors	1.393	1.458
Green House Gas Emissions (Scope 1 & 2)	Automotive	tCO <sub>2</sub> /Equivalent Vehicles	0.339	0.336
	Farm Division (Including Swaraj)	tCO <sub>2</sub> /Equivalent Tractors	0.210	0.227
Specific Water Consumption	Automotive	KL/Equivalent Vehicles	1.978	2.313
	Farm Division (Including Swaraj)	KL/Equivalent Tractors	1.104	1.517

**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. 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".

As regards Swaraj Division, 30% 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 with a plan to reduce Corrugated Box by 50% by F19 and eliminate wooden packing boxes by F19.

**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 continued focus on buying from local suppliers, geographically nearest to the company's manufacturing facility. Almost the entire sourcing work is done from the country with a very small percentage of input being procured from overseas.

In connection with procurement from Local & small suppliers in Swaraj Division, local (70%) & small suppliers (50%) covered for capability building which lead to:

- ▶ Better performance, less cost, on time delivery.
- ▶ Compliance of environment, health & safety.
- ▶ Readiness to participate in sustainable supply chain.
- ▶ Improvement in Water, Energy & CO<sub>2</sub> Footprint reduction Easy Monitoring.

**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 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 vehicles exported to 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 5 models complying 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 processes and procedures 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.

So far we have been doing a simplified Life Cycle Assessment (LCA) in the form of compliance with End of Life of vehicle (ELV) directive for European M1 & N1 products. The vehicles exported and certified as per European Emission Compliance (EEC) directive 2005/64/EC. We have now conducted an experimental project to evaluate full LCA during 2017. For this study one UV pickup model Bolero Maxi Truck (BMT) assessment has been completed.

The CO<sub>2</sub> emissions are evaluated during the type approval test at the government approved test agencies and this data is used to assess the CO<sub>2</sub> impact of products as Company weighted average fuel consumption (CAFC) to align with future Fuel Economy emission regulation in India.

**Principle 3: Businesses should promote the wellbeing of all employees.**

1. Please indicate the Total number of employees: 40188
2. Please indicate the Total number of employees hired on temporary/contractual/casual basis: 19897
3. Please indicate the Number of permanent women employees: 642

4. Please indicate the Number of permanent employees with disabilities: 45
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? (Total Unionized Permanent Workmen/Total Permanent Workmen) 92%
7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

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	1
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: 85%
- ▶ Permanent Women Employees: 79%
- ▶ Casual/Temporary/Contractual Employees: 64%
- ▶ Employees with Disabilities: 73%

**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.

The Company has made conscious efforts to design products and offerings, specifically to improve the earning potential

and encourage entrepreneurship amongst rural and semi-urban stakeholders through offering accessible and affordable technology. Moreover, in the Farm equipment business vertical, there is a conscious focus to deliver 'Farm Prosperity' through various products and services that are designed to improve farm productivity especially amongst small farmers. Tringo is a revolutionary tractor and farm equipment rental business that harnesses the power of technology through a strong franchisee network to make farm mechanization easily accessible, affordable and reachable to every Indian farmer. EPC - a Mahindra group company, popularly known as EPC Irrigation is a pioneer of micro-irrigation in India. EPC provides complete solution for agriculture with a focus on Micro-Irrigation, Pumps & inter-related requirements of fertigation & agronomic support.

The Integrated Watershed Management (IWMP) project - a Public-Private-Partnership (PPP) with the Govt. of M.P. at Damoh is now fully implemented and handed over to the 'Grampanchayat' and community. This project covers 9660 hectares and 4,000 households in 32 villages with a population of 20,000. Apart from increasing the farm productivity, the project has resulted in doubling the daily per capita income of the local stakeholders.

On similar lines another project has been initiated at Bhopal. This project at Bhopal covers 12140 hectares and 7,066 households in 38 villages with a population of 30,000. The work done includes creation of more than 500 million litres of incremental rain water harvesting capacity through stop dam and farm ponds resulting in recharge of more than 110 bore wells and hand pumps. Additional Irrigation avenue was created for more than 290 hectares of land. 144 farmers opted for horticulture plantation (*wadi*) of about 0.5 to 1.00 acre area each.

Additionally, the company has entered into a 'Agroforestry Livelihood Generation Programme' at Araku Valley. The Agroforestry project is regenerating the lost green cover through plantation of indigenous species and at the same time generating livelihood opportunities by planting fruit bearing trees for the tribal population staying in the valley to enable them to earn income from. The programme is in its phase 2 in which entire tree plantation is done by Mahindra and Mahindra Ltd.

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.**

3 Complaints have been received through the Whistleblower Helpline. 1 was received by the Chairman of the Audit Committee.

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.

The company has announced its internal Carbon Price of US \$10 per ton of carbon emitted and became the first company in India to do so. The company is a global pioneer to sign a program EP-100 which commits to double the Energy Productivity by 2030 and also taken a target of 25% reduction in Carbon and Water footprint by 2019. The ESG performance is regularly presented at Dow Jones Sustainability Index (DJSI), Carbon Disclosure Project (CDP) and CII Sustainable Plus disclosures. The Company is also a signatory for India Business Biodiversity Initiative (IBBI). These strategies and initiatives are elaborated in the Company's GRI reports since 2007-08, and for 2014-15 and 2015-16 are accessible on the Company website at the hyperlink <http://www.mahindra.com/about-us/sustainability>.

Sustainability Roadmap has been developed which includes targets related to energy, water consumption reduction, waste recycling and installation of renewable energy projects.

An indicative list of various projects implemented in this regard is appended below and the complete details will be available in the Sustainability Report for the year 2016-17

**Energy Savings:**

- ▶ Installation of Heat Pump at Paint Shop
- ▶ Variable Frequency Drives for blowers
- ▶ Use of Energy efficient motors in place of conventional motors

**Water Savings:**

- ▶ Installation of Reverse Osmosis plant to treat water and reuse in process application
- ▶ Use of low flow fixtures for optimum water flow
- ▶ Recharging pits by Rain Water Harvesting for water conservation

**Waste Reduction:**

- ▶ Utilisation of waste Foundry sand to manufacture paver blocks for road repairing.
- ▶ Recycling paint sludge by using as an input material for cement industry
- ▶ Generation of bio gas from canteen food waste and used for cooking purpose

**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](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 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' Chamber (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 its 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 new Companies Act, 2013 Mahindra & Mahindra Ltd. has committed 2% (PBT) towards CSR initiatives. Further the unique ESOPs (Employee Social Options) 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 (F-17) are as follows:

- a. **Project Nanhi Kali** – Provision of educational support to underprivileged girls from poor urban, remote rural and tribal communities across India.
- b. **Mahindra Pride School (MPS)** – Livelihood training programme for youth from socially and economically disadvantaged groups.
- c. **Mahindra scholarships at Mahindra United World College of India (MUWCI)** – to enable deserving and meritorious students to study at MUWCI.
- d. **Lifeline Express** – supported a mobile hospital on a train, providing medical interventions and surgeries often in remote rural areas.
- e. **Mahindra Hariyali** – Afforestation initiative to improve green cover & protect bio-diversity in the country and at the same time contribute to the livelihood of farmers.
- f. **Integrated Watershed Management Project (IWMP)** – 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 & Wardha Farmer Family Project (WFFP)** – The project supports small and marginal farmers, targeting to improve their livelihood opportunities and prosperity by training them in effective farming practices including soil health, crop planning, creating model farms with bio-dynamic farming practices etc., with an aim of increasing crop productivity.
- i. **BAJA** – Training under graduate engineering students in automotive engineering enabling them to get jobs in the automobile industry.
- j. **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.

- k. **Village Social Transformation Mission** – A path breaking public-private partnership, between the Government of Maharashtra and India's leading corporates and philanthropic organisations, to plug developmental gaps in rural Maharashtra and collectively partake in nation building.

**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?**

Yes.

Project Hariyali plantation at Araku was audited in F17, by UNIQUE forestry and land use GmbH, Germany.

**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 approximately Rs. 83.57 Crores during the Financial Year 2016-17. Details of some of the major initiatives the company has invested in the last financial year (F17) 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:

- (a) **PROJECT NANHI KALI** provided academic and material support to over 1,30,751 underprivileged girls across 11 states in F17. Of these 13,432 girls were supported

by M&M Ltd, while the Mahindra Group as a whole supported 60,420 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 and parents as well as village elders are 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, and we have found that in the areas where we have set up project Nanhi Kali, the school records reflect regular attendance of girls.

**(b) INTEGRATED WATERSHED MANAGEMENT PROJECT (IWMP)**

– The Project is a Public Private Partnership initiative with the Madhya Pradesh Government in Damoh and Bhopal districts. The project spans 5 years, 70 Villages and benefits around 11,219 households. Through the project, we have successfully increased the ground water table through various 'watershed' measures. While the ground water level has increased by 30%, there is an increase in crop productivity by 28%. 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 at Damoh and with some support from us at Bhopal.

**(c) MAHINDRA PRIDE SCHOOLS (MPS)**

– is a livelihood training school for youth from socially & economically disadvantaged backgrounds. The Mahindra Group has set up 8 schools across the country, and 20351 students have undergone a 90-day training program at these schools. The USP of the project is 100% placement of the students in lucrative jobs. The alumni of MPS who are employed with different companies serve as role models to the community. More often than not, alumni have directly influenced the new incoming batches of students to enrol. Active alumni clubs regularly send referrals to MPS and at least 30-40% of a batch comprises of referrals. The alumni also act as peer leaders and mentors to students undergoing training at MPS and motivate the current batch of students by sharing their success stories of how they overcame their challenges with the help of MPS.

**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 March 31, 2017 is as follows:

	Automotive Division	Farm Division (Including Swaraj)	Total
Percentage of consumer cases pending as on 31st March 2017 of cumulative cases pending or filed since 1st April, 2009	45.51%	50%	46.47%**

\*\* The divisor for the above calculation has been changed vis-à-vis the previous year. Had the divisor not been changed, the figures would have been as follows:

Auto Division: 20.93%, Farm Division 18.29% and Total 20.31%.

**AD – Customer complaints**

Receiving Period	Total Complaints Registered in this period	Open	Close	Open %	Close %
F17	71070	498	70572	0.70%	99.30%
F12-F17	314716	498	314218	0.16%	99.84%

**FD – Customer complaints**

Receiving Period	Total Complaints Registered in this period	Open	Close	Open %	Closed %
F17	9790	69	9721	0.70%	99.30%
F11-F17	91964	69	91895	0.08%	99.92%

**SD – Customer complaints**

Receiving Period	Total Complaints Registered in this period	Open	Close	Open %	Close %
F17	138	6	132	4%	96%
F11-F17	821	21	800	3%	97%



**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, 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. Shamsher Kataria – Case No. 3/2011: Based on the information given by the Informant Shamsher 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 matter has now been released by the present bench and the Chief Justice has listed it on July 10, 2017 before the concerned roster. The Hon’ble Court has also extended the interim orders till further order.

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

Yes, through

- ▶ J. D. Power survey for Automobiles
- ▶ Premonasia Survey for Tractors
- ▶ Brand Track Study
- ▶ CaPS Study
- ▶ CSat (Customer Satisfaction) commercial through TNS

## Financial Position at a Glance

Rupees crores

	As per Ind AS and Schedule III of the Companies Act, 2013			As per previous GAAP and Revised Schedule VI of the Companies Act, 1956				As per previous GAAP and Old Schedule VI of the Companies Act, 1956		
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Property, Plant and Equipment and Other Intangible Assets	9673	9158	7766	7105	5821	5088	3904	3703	3214	2361
Investments	17902	13547	13139	11380	11834	10297	8913	6398	5786	4215
Foreign Currency Monetary Item Translation Difference Account Asset/(Liability)	—	—	—	—	—	—	—	(3)	18	—
Inventories	2716	2688	2438	2804	2420	2358	1694	1189	1061	1084
Trade Receivable/Debtors	2918	2512	2558	2510	2208	1929	1260	1258	1044	1005
Other Non Current/Current Assets	6130	7594	6181	7490	5171	4098	3753	3599	2959	1555
Misc. Expenditure not written off	—	—	—	—	—	—	—	—	13	14
Borrowings	2737	1844	2620	3745	3227	3174	2321	2880	4053	2587
Non Current/Current Liabilities and Provisions	10236	10773	9230	9863	8953	7964	6535	5197	4798	3240
Deferred Tax Liabilities/ (Assets) (Net)	695	460	222	890	615	527	355	240	(18)	57
Equity Capital	297	296	296	295	295	295	294	283	273	239
Other equity	25373	22127	19714	16496	14364	11810	10019	7544	4989	4111
Net Worth	25670	22423	20009	16791	14659	12105	10313	7827	5262	4350
Book Value Per Share (Rupees)	432.43	378.36	338.34	284.26	248.14	205.32	175.43	*138.10	192.12	180.87

\* 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 Ind AS and Schedule III of the Companies Act, 2013		As per Previous GAAP and Schedule III of the Companies Act, 2013	As per previous GAAP and Revised Schedule VI of the Companies Act, 1956				As per previous GAAP and Old Schedule VI of the Companies Act, 1956		
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Income	48439	44489	41481	43838	43962	34820	25989	20724	15072	13301
Materials	31803	29516	27955	29432	30425	23500	16264	12333	9274	7726
Excise Duty (Net)	3311	2764	2188	2612	2972	2501	2095	1807	1587	1584
Employee Benefits Expense	2595	2349	2317	2164	1866	1701	1432	1198	1025	868
Finance Costs/Interest	146	186	214	259	191	163	72	157	134	87
Depreciation and Amortisation Expense	1327	1068	975	863	711	576	414	371	292	239
Other Expenses	4618	4390	3999	4191	3441	2881	2310	2102	1734	1563
Exceptional items	548	69	336	52	91	108	118	91	10	173
Profit before tax for the year	5188	4284	4169	4369	4447	3606	3520	2847	1036	1407
Tax for the year	1232	1080	848	611	1094	727	858	759	199	304
Adj. pertaining to Prev. Years	—	—	—	—	—	—	—	—	▲31	—
Balance profit	3956	3205	3321	3758	3353	2879	2662	2088	868	1103
Dividends	#+928	+841	+847	+963	+894	+869	+ 803	+624	+312	+321
Equity Dividend (%)	260	240	240	280	260	250	230	190	100	115
Earnings Per Share (Rupees)	66.70	53.05	56.23	63.67	56.85	48.97	46.21	37.97	15.92	23.12
Vehicles produced/ purchased (Units)	499117	496859	464799	506035	555510	474145	355500	284516	201993	196956
Vehicles sold (Units)	506624	494096	464850	507176	551469	469345	354073	282119	206688	195077
Tractors produced (Units)	272308	217383	224330	277425	219893	246475	216388	173276	119098	98917
Tractors sold (Units)	263021	214173	234766	268487	224844	236666	214325	175196	120202	99042

# Proposed Dividend.

+ Including Income-tax on Proposed Dividend/Dividends.

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

## Financial Highlights

