

THERE ARE  
THOSE WHO  
ACCEPT THINGS  
AS THEY ARE.

**AND THOSE  
WHO RISE  
TO CHANGE.**

Today is another perfect day, to defy the world's naysayers.

Today, we will think bigger than our size.

Today, we will refuse to accept limitations.

Today, we will not be held back by the past.

Today, we will focus on the future - and never, ever blink.

Today, we will break down another barrier....

Scoff at another convention....

And use alternative thinking...

To solve another previously unsolvable problem.

Today, we will accomplish something astounding....

And in the process, change someone's life for the better.

Today, Mahindra will set an example for the world.

With boldness.

With confidence.

With relentless optimism.

Good morning.

Today is another perfect day...

To Rise.



In January 2011, we launched a new brand identity spanning all industries, companies, and geographies. The new brand positioning, expressed by the word “Rise”, expresses a simple group core purpose: **“We will challenge conventional thinking and innovatively use all our resources to drive positive change in the lives of our stakeholders and communities across the world, to enable them to Rise.”**

Rise captures a sense of optimism about the future and a determination to shape one’s own destiny. It means that our products and services empower our customers to achieve their aspirations. From providing farmers in rural India with equipment and agri-services that help them raise farm productivity to building reliable pickups for businessmen, from creating IT solutions for some of the world’s leading companies to pioneering green real estate in India, we enable our customers to achieve a better future.

Building a strong, universally relevant brand is a key driver of business success. Rise is expected to play a major role in our plans to build a strong global presence and market leadership to become a truly global multinational. Rise unifies the varied perception of brand Mahindra across our existing companies, from automotive to retail. It also provides a clear guiding principle for all Group companies to follow.

The idea of “Rise” arose from 18 months of in-depth conversations with employees and customers. It is an expression of values the Group has always held. The idea of Rise rests on three brand pillars: **accepting no limits, alternative thinking, and driving positive change.** Accepting no limits means taking on big challenges - like building the Scorpio, our groundbreaking indigenous SUV, at a fraction of the normal industry cost. Alternative thinking means fostering innovation and looking for creative solutions - like using solar power to bring electricity to rural India. Driving positive change means positively impacting all the lives we touch, from employees to customers to the communities we operate in - like offering loans to entrepreneurs in rural India.

In addition to guiding our product and service development, Rise has important implications for all of us internally. It is currently driving internal business transformation to help us to consistently deliver on our core purpose and achieve the goal of becoming a leading global player. We are reevaluating processes from HR policies to brand and digital architecture to drive positive change in our employees’ work experience, our business success, and our relationships with all our stakeholders.

In the coming years, we expect Rise to yield strong business results by creating strong relationships and loyalty with customers, providing a clear guide for business decisions across the Group, and catalyzing ambitious and innovative internal growth.





## COMMITTEES OF THE BOARD

### Audit Committee

Deepak S. Parekh  
Chairman

Nadir B. Godrej

M. M. Murugappan

R. K. Kulkarni

### Share Transfer and Shareholders/ Investors Grievance Committee

Keshub Mahindra  
Chairman

Anand G. Mahindra

Bharat Doshi

A. K. Nanda

R. K. Kulkarni

### Remuneration/Compensation Committee

Narayanan Vaghul  
Chairman

Keshub Mahindra

Nadir B. Godrej

M. M. Murugappan

### Loans & Investment Committee

Keshub Mahindra  
Chairman

Anand G. Mahindra

Bharat Doshi

A. K. Nanda

R. K. Kulkarni

### Research & Development Committee

A. S. Ganguly  
Chairman

Anand G. Mahindra

Nadir B. Godrej

M. M. Murugappan

Bharat Doshi

## BOARD OF DIRECTORS

Keshub Mahindra  
Chairman

Anand G. Mahindra  
Vice-Chairman & Managing Director

Deepak S. Parekh

A. K. Nanda

Nadir B. Godrej

M. M. Murugappan

Narayanan Vaghul

A. S. Ganguly

R. K. Kulkarni

Anupam Puri

Arun Kanti Dasgupta  
Nominee of Life Insurance Corporation of India

Bharat Doshi  
Executive Director

Narayan Shankar  
Company Secretary

## BANKERS

Bank of America N.A.

Bank of Baroda

Bank of India

Canara Bank

Central Bank of India

HDFC Bank Limited

Standard Chartered Bank

State Bank of India

Union Bank of India

## AUDITORS

Deloitte Haskins & Sells  
12, Dr. Annie Besant Road, Opp. Shiv Sagar Estate,  
Worli, Mumbai 400 018.

## ADVOCATES

Khaitan & Co.,  
One Indiabulls Centre,  
13<sup>th</sup> Floor, 841, Senapati Bapat Marg,  
Elphinstone Road, Mumbai 400 013.

## REGISTERED OFFICE

Gateway Building, Apollo Bunder, Mumbai 400 001.

## GROUP EXECUTIVE BOARD

|  |   |
|--|---|
| Anand G. Mahindra<br>Vice-Chairman & Managing Director   | Ramesh Iyer<br>Managing Director - Mahindra & Mahindra Financial Services Limited                                     |
| Bharat Doshi<br>Executive Director and Group Chief Financial Officer                                 | Rajesh Jejurikar<br>Chief Executive - Automotive Division (Automotive Sector)   |
| Rajeev Dubey<br>President (Group HR & After-Market)  | Harsh Kumar<br>Managing Director - Mahindra Intertrade Limited  |
| Pawan Goenka<br>President (Automotive & Farm Equipment Sectors)                                      | Romesh Kaul<br>Global Chief Executive Officer - Gears Business, Systech Sector  |
| Hemant Luthra<br>President (Systems & Technologies Sector)   | Bishwambhar Mishra<br>Chief Executive - Tractor & Farm Mechanization (Farm Equipment Sector)                          |
| Anoop Mathur<br>President (Two-Wheeler Sector)   | V. S. Parthasarathy<br>Group CIO, Executive Vice President - Finance & M&A  |
| Uday Y. Phadke<br>President (Finance, Legal & Financial Services Sector)                             | Pravin Shah<br>Chief Executive - International Operations (Automotive & Farm Equipment Sectors)                       |
| Ulhas N. Yargop<br>President-Information Technology Sector, Group CTO                                | Rajan Wadhera<br>Chief Executive - Technology, Product Development and Sourcing (Automotive & Farm Equipment Sectors) |
| Anita Arjundas<br>Managing Director - Mahindra Lifespace Developers Limited & CEO Real Estate Sector | Shriprakash Shukla<br>President-Special Group Projects  |
| Zhooben Bhiwandiwalla<br>Executive Vice President & Managing Partner, Mahindra Partners              | Rajiv Sawhney<br>CEO, Mahindra Holidays & Resorts India Limited   |
| C. P. Gurnani<br>Chief Executive Officer - Mahindra Satyam   |   |
| Ruzbeh Irani<br>Executive Vice President - Corporate Strategy & Chief Brand Officer                  |   |

### Contents

|  |     |
|--|-----|
| Directors' Report .....                  | 5   |
| Management Discussion and Analysis ..... | 25  |
| Corporate Governance .....               | 41  |
| Sustainability .....                     | 61  |
| Accounts .....                           | 67  |
| Statement pursuant to Section 212 .....  | 120 |
| Consolidated Accounts .....              | 125 |

# DIRECTORS' REPORT

 **Mahindra**  
Rise.





# Directors' Report

## Dear Shareholders

Your Directors present their Report together with the audited accounts of your Company for the year ended 31<sup>st</sup> March, 2011.

### Financial Highlights

|  | (Rs. in crores) |        |
|--|-----------------|--------|
|  | 2011            | 2010   |
| Gross Income   | 25,896          | 20,595 |
| Less: Excise Duty on Sales   | 2,093           | 1,794  |
| Net Income   | 23,803          | 18,801 |
| Profit before Depreciation, Interest, Exceptional items and Taxation | 3,766           | 3,155  |
| Less: Depreciation/Amortisation                                      | 414             | 371    |
| Profit before Interest, Exceptional items and Taxation               | 3,352           | 2,784  |
| Less: Interest (Net)   | (50)            | 28     |
| Profit before Exceptional items and Taxation                         | 3,402           | 2,756  |
| Add: Exceptional items   | 118             | 91     |
| Profit before Taxation   | 3,520           | 2,847  |
| Less: Provision for Tax - Current Tax (including Fringe Benefit Tax) | 762             | 749    |
| Less: Provision for Tax - Deferred Tax (Net)                         | 96              | 10     |
| Profit for the year  | 2,662           | 2,088  |
| Balance of profit for earlier years                                  | 4,588           | 3,365  |
| Add/(Less): Transfer from/(to) Debenture Redemption Reserve          | 36              | (31)   |
| Profits available for appropriation                                  | 7,286           | 5,422  |
| Less: General Reserve  | 275             | 210    |
| Proposed Dividends   | 706             | 550    |
| Income-tax on Proposed Dividends                                     | 96              | 74     |
| Balance carried forward  | 6,209           | 4,588  |

India's economic performance in the Financial Year 2011 had both positive and negative elements to it. The economy grew a very creditable 8.5% backed by strong growth in all three Sectors - Agriculture, Industry and Services. However, despite significant monetary tightening by the Reserve Bank of India, inflationary pressures persisted throughout the year, drawing attention to the factors and policies that continue to constrain productive capacities in the economy.

Yields in the Agricultural Sector in India, for instance, are significantly lower than those in other countries, for a wide range of crops. Recognising the criticality of ensuring food security, at affordable prices for all, the Government of India has taken a series of initiatives focused on enhancing the productive capacities of both farms and farmers. Mahindra Samriddhi, an initiative of the Farm Division of your Company, is making a small but significant contribution in this regard.

### Financial Performance

In these challenging times, the Automotive and Farm Divisions of your Company have secured their best performance for the second year in a row reflecting in substantial growth in the net income of the Company by 26.60% to Rs. 23,803 crores in the year under review from Rs.18,801 crores in the previous year.

Consequent to this remarkable performance, the Profit for the year before Depreciation, Interest, Exceptional items and Taxation recorded an increase of 19.37% at Rs. 3,766 crores as against Rs. 3,155 crores in the previous year. Similarly, Profit after tax clocked an increase of 27.51% at Rs. 2,662 crores as against Rs. 2,088 crores in the previous year. Your Company continues with its rigorous cost restructuring exercises and efficiency improvements which have resulted in significant savings through continued focus on cost controls, process efficiencies and product innovations that exceed customer expectations in all areas thereby enabling the Company to maintain profitable growth in the current economic scenario.

### Dividend

Your Directors are pleased to recommend a dividend of Rs.10.50 per Ordinary (Equity) Share and also a Special Dividend of Re.1 per Ordinary (Equity) Share aggregating Rs.11.50 per Ordinary (Equity) Share of the face value of Rs.5 each, payable to those Shareholders whose names appear in the Register of Members as on the Book

Closure Date. The Special Dividend is being recommended in view of the Profit made by the Company on the sale of its entire holdings in Owens Corning (India) Limited. The proposed dividend will be paid on an enlarged capital base of Rs.306.99 crores (as against Rs.289.21 crores in the previous year). The equity dividend outgo for the Financial Year 2010-11, inclusive of tax on distributed profits (after reducing the tax on distributed profits of Rs.17.98 crores payable by the subsidiaries on the dividends receivable from them during the current Financial Year) would absorb a sum of Rs.802.64 crores (as against Rs.623.75 crores comprising the dividend of Rs.8.75 per Ordinary (Equity) Share and also a Special Dividend of Rs.0.75 per Ordinary (Equity) Share aggregating Rs.9.50 per Ordinary (Equity) Share of the face value of Rs.5 each paid for the previous year).

## Performance Review

### **Automotive Division:**

Your Company's Automotive Division recorded total sales of 2,89,333 vehicles and 64,740 three-wheelers as compared to 2,36,759 vehicles and 45,360 three-wheelers in the previous year registering a growth of 22.2% and 42.7% in vehicle sales and three-wheeler sales respectively.

On the domestic sales front, your Company sold 2,74,793 vehicles [including 2,30,110 Multi Utility Vehicles (MUVs), 35,493 small 4-wheelers 0.75 Ton cargo/passenger and 9,190 mini 4 wheelers 0.5 Ton cargo/passenger] registering a growth of 21% over the previous year's volumes of 2,27,114 vehicles [including 2,14,128 MUVs, 3,722 small 4-wheelers 0.75 Ton cargo and 9,264 mini 4 wheelers 0.5 Ton cargo]. The domestic sales volumes of 62,142 three-wheelers was higher by 39.8% as compared to the previous year's volume of 44,438 three-wheelers.

Your Company's MUV sales volume grew by 7.5% and your Company continued its leadership of the domestic MUV market by posting a market share of 60.9%. All products of your Company's Passenger MUV portfolio performed very well. Bolero volumes grew by 17.8% over the previous year and Bolero is currently India's largest selling MUV for five consecutive years. Scorpio and Xylo volumes also posted an impressive growth of 19.1% and 14.6% respectively.

In February, 2010, your Company had launched Maxximo in a very competitive small 4-wheeler cargo segment (0.75 Ton). During the first full year of sales, Maxximo has impressively established itself in the market, with a sales volume of 35,464 vehicles and a market share of 19.1%.

With an aim to strengthen its product portfolio and to offer better products, your Company has launched four new products viz. Genio, Maxximo Mini Van, Compact Cab-Gio Passenger and Thar which have received good response from the customers.

In the Overseas market, your Company registered a volume growth of 62.2% over the previous year. This growth was driven by volume growth in SAARC, Chile and South Africa. During the year under review, your Company sold 14,540 vehicles [including 305 vehicles sourced from Mahindra Navistar Automotives Limited ("MNAL")] and 2,598 three-wheelers in the Overseas market as compared to 10,567 vehicles [including 1,323 vehicles sourced from MNAL] and 922 three-wheelers in the previous year.

Spare parts sales for the year stood at Rs.666.97 crores (including Exports of Rs.28.3 crores) as compared to Rs.514.96 crores (including Exports of Rs.22.4 crores) in the previous year, registering a growth of 29.5%.

### **Farm Division:**

Your Company's Farm Division (including Swaraj Division) recorded sales of 2,14,325 tractors as against 1,75,196 tractors sold in the previous year, recording a significant growth of 22.3%.

In the Financial Year 2011, the Indian tractor industry witnessed consecutive second year of high growth. The domestic market recorded sales of 4,80,377 tractors as compared to 4,00,203 tractors in the previous year, recording a growth of 20%.

Your Company outperformed the tractor industry with domestic sales of 2,02,513 tractors as compared to 1,66,359 tractors in the previous year recording a growth of 21.7%. This has also helped your Company to improve its market share which now stands at 42% as compared to 41.4% in the previous financial year, thus completing 28 years of leadership in the Indian tractor industry. Your Company's tractor exports grew by 33.7% to reach 11,812 tractors as compared to 8,837 tractors exported in the previous year.

Beyond agriculture, in the power generation space under the Mahindra Powerol Brand, your Company sold 27,748 engines in the current financial year as against 48,011 engines in the previous year. Volumes were severely affected due to adverse market conditions in the Telecom Sector. Your Company, while retaining its leadership position in the genset market catering to the telecom space, has focused its presence in the retail segment and has also introduced new products like inverters.

**Mahindra Defence Systems Division (MDS):**

Mahindra Defence Systems (MDS), a Division of your Company is engaged in two businesses – a) Mahindra Defence Naval Systems (MDNS) and b) Mahindra Special Services Group (MSSG).

In the Naval Systems business, your Company currently manufactures Sea Mines, Torpedo Launchers, Decoy Launchers and Composites for various Naval and other applications from its Plant based in Chinchwadgaon, Pune. MDNS has been servicing diverse customers by providing systems and sophisticated components. The Naval Systems business has considerable potential and is poised for a major growth in the field of different types of Sea Mines, Torpedo Decoy Systems and Radar Systems.

In the Special Services Group business, your Company provides corporate risk management consultancy services, assisting organisations in maintaining their competitive edge by protecting Information, Physical and Personnel Assets through implementing the security strategy encompassing people, process and technology. During the year, MSSG has been successful in registering and maintaining the business growth across various industry verticals through a wide range of service offerings in the Corporate Security Risk landscape in India thereby enabling over 150 major corporate customers to secure their people, assets, information and reputation.

MSSG has witnessed tremendous growth opportunities in the areas of Governance and Fraud Risk Management during the year. MSSG's marketing and brand promotion activities have been strengthened with increased manpower and as a result, MSSG has been able to make its brand visible in many cities across India.

**Management Discussion and Analysis Report**

A detailed analysis of the Company's performance is discussed in the Management Discussion and Analysis Report, which forms part of this Annual Report.

**Corporate Governance**

Your Company has a rich legacy of ethical governance practices most of which were in place even before they were mandated. Your Company is committed to transparency in all its dealings and places high emphasis on business ethics. During the year, CRISIL has re-affirmed the highest level rating, (Level 1) for Governance and Value Creation for the fifth year in a row. This rating indicates that the capability of the Company with respect to wealth creation for all its stakeholders while adopting strong Corporate Governance practices is the highest.

A Report on Corporate Governance alongwith a Certificate from the Statutory Auditors of the Company regarding the compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement forms part of this Annual Report.

**Share Capital****Increase in Share Capital**

During the year under review, your Company has allotted:

- 1) 1,81,52,597 Ordinary (Equity) Shares of Rs.5 each upon conversion of Foreign Currency Convertible Bonds into Shares/Global Depository Receipts (GDRs), each GDR represented by one Ordinary (Equity) Share of Rs.5 each, and
- 2) 1,73,53,034 Ordinary (Equity) Shares of Rs.5 each to the Trustees of Mahindra & Mahindra Employees' Stock Option Trust.

Subsequent to the year end, your Company allotted 34,730 Ordinary (Equity) Shares of Rs.5 each to International Finance Corporation, the Shareholder of Mahindra Shubhlabh Services Limited ("MSSL") in the share exchange ratio of 1 fully paid-up Ordinary (Equity) Share of Rs.5 each for every 190 fully paid-up shares of Rs.10 each held in MSSL pursuant to the Scheme of Arrangement between MSSL and the Company and their respective Shareholders ("the Scheme"). The Scheme became effective on 15<sup>th</sup> April, 2011.

Post allotment of Equity Shares as aforesaid, the issued, subscribed and paid-up Share Capital of the Company stands at Rs.307 crores comprising of 61,39,74,839 Ordinary (Equity) Shares of Rs.5 each fully paid-up.

**Finance**

The overall global growth showed traction in the Financial Year 2011 with Financial Year 2012 promising further improvement, despite the temporary setback arising out of natural calamities in Japan. However globally, monetary and fiscal policies are showing a tightening trend. The developments in Middle East and North Africa coupled with vagaries of global weather have resulted in oil and food prices casting a shadow over forecasts on growth, inflation and policy actions. India's growth during Financial Year 2011 was strong and various indicators of demand like auto sales, exports, credit offtake and cargo movements in recent months show continued upward trends. However, inflation continues to be a worry for monetary and fiscal policy makers. While the Government of India did not take any major adverse measures

in Union Budget for Financial Year 2012, the Reserve Bank of India has since March, 2010 raised key policy rates by 350 bps. For the Indian Economy, the Financial Year 2012 could be a challenging year as corporates face commodity price increase and demand gets threatened by rising interest rates.

Your Company continued to focus on managing cash efficiently and ensured that it had adequate liquidity and back up lines of credit. During the year, your Company initiated suitable actions based on financial conditions, to facilitate conversion of debt into equity and raised fresh debt to finance its growth plans.

Your Company had outstanding Foreign Currency Convertible Bonds ("FCCBs") aggregating USD 189.50 million at the beginning of the year. It issued a notice on 8<sup>th</sup> October, 2010 for early redemption of its outstanding FCCBs aggregating USD 141.20 million. Prior to the notice for early redemption, the bondholders had opted for conversion of FCCBs aggregating USD 48.30 million into Shares/GDRs. Your Company's call met with a resounding success with FCCBs aggregating USD 140.10 million representing 99.2% of the outstanding FCCBs of USD 141.20 million being converted into Shares/ GDRs.

Consequently during the year, your Company has on conversion of FCCBs aggregating USD 188.40 million allotted 18.15 million Shares (including Shares underlying GDRs) to the bondholders, who exercised the option to convert these FCCBs into such Shares/ GDRs. Accordingly, your Company's FCCB debt of Rs.850.85 crores outstanding on its books as at the beginning of the financial year stands extinguished thereby strengthening the credit profile of your Company.

Your Company has also repaid foreign currency loan aggregating Rs.176 crores and Non-Convertible Redeemable Debentures ("NCDs") of Rs.200 crores during the year. It has successfully raised External Commercial Borrowings aggregating USD 150 million from banks at attractive terms and at benchmark pricing.

Your Company follows a prudent financial policy and aims to maintain optimum financial gearing at all times. The Company's total Debt to Equity Ratio was 0.23 as at 31<sup>st</sup> March, 2011.

Your Company has been rated by CRISIL, ICRA Limited (ICRA) and Credit Analysis & Research Limited (CARE) for its banking facilities under Basel II norms. During the year, CRISIL upgraded the rating for Long Term Banking facilities to "AA+/Stable" from the earlier "AA/ Stable". During the year, ICRA and CARE have maintained a Long Term Rating of "LAA+/Stable" and "CARE AA+" respectively.

CRISIL, ICRA and CARE have all reaffirmed the highest rating for your Company's Short Term facilities. Your Company's Bankers continue to rate your Company as a prime customer and extend facilities/services at prime rates.

## Acquisitions and other matters

### 1) Acquisition of Ssangyong Motor Company Limited ("SYMC")

Your Company acquired SYMC, a premier manufacturer of sports utility vehicles ("SUV") and recreational vehicles ("RV") in Korea. The total cost of acquisition of SYMC was KRW 5,22,50,00,00,000 (approximately US\$ 463 million) with KRW 4,27,09,52,35,000 (approximately US\$ 378 million) payable for new stocks and KRW 95,40,47,65,000 (approximately US\$ 85 million) in corporate bonds for an equity stake of around 70% in SYMC.

SYMC was founded in 1954 and has been manufacturing automobiles for more than five decades. SYMC has a strong domestic network of over 130 dealers and exports to over 90 countries through over 1,200 dealers.

SYMC has been undergoing a corporate rehabilitation process since February, 2009 and the court receivership has now concluded upon court approval and the corporate rehabilitation process has been terminated in March, 2011.

This acquisition will help your Company to emerge as a competitive global utility vehicle player by leveraging on your Company's competence in sourcing and marketing strategy and SYMC's strong global presence. Your Company is committed to nurturing the Ssangyong brand in global markets while preserving its Korean heritage. It is intended that SYMC will continue to function as an independent entity with primarily a Korean Management. The acquisition will offer financial stability to SYMC and will work to further strengthen SYMC's product portfolio across the globe.

The strong complementarities between SYMC and your Company's portfolio of products and technology provide an opportunity to create distinct positioning. The wide sales and distribution networks and complementary product lines will provide access to many overseas markets for both the companies.

2) **EPC Industrie' Limited** – The Farm Division of your Company has been working in the wider agriculture domain through Mahindra Shubhlabh Services Limited and through various Mahindra Samridhhi centres across the country. Farm Division's vision is to "Deliver FarmTech Prosperity" and in line with this vision, your

Company has decided to foray into the Micro-irrigation industry. Micro-irrigation brings various benefits to the farmer, such as reduced requirement of water, fertilizers, electricity, labour, etc. with increase in productivity. Entry into the micro-irrigation business is an important step towards realisation of the Division's vision. It also signifies your Company's commitment to conserve the most precious natural resource viz. Water. More than 80% of available water in India is consumed in agriculture. Micro irrigation is a water efficient irrigation technology which has been identified as one of the major focus area by the Agricultural Department.

Thus, keeping the opportunities in Agricultural Sector in mind, your Company has acquired 38% of the paid-up Equity Share Capital through a Preferential Allotment in EPC Industrie' Limited (EPC), a company listed on the Bombay Stock Exchange Limited. Pursuant to the above acquisition, the Company is in the process of making an Open Offer under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 ("Takeover Code") to the Shareholders of EPC for 20% of the enhanced Share Capital of EPC as per the terms of the Takeover Code.

EPC established in 1981 is based in Nasik, Maharashtra and is known for its quality products. EPC has grown as one of the top five companies in India in the micro-irrigation space.

Your Company already has a very strong presence in the Tractor and Farm machinery business and with the current entry in the micro – irrigation business, your Company would be in a position to serve the farmer in a much better way and create a strong differentiation for the brand "Mahindra".

**3) Demerger of the Non Fruit Business of Mahindra Shubhlabh Services Limited into your Company** - The Honourable High Court of Judicature at Bombay has approved the Scheme of Arrangement between Mahindra Shubhlabh Services Limited ("MSSL") and your Company and their respective Shareholders which inter alia envisages demerger of the Agri Inputs Business along with other common assets and liabilities ("Non Fruit business") of MSSL into the Company.

**4) Strategic Sale of part of the Company's Shareholding in Mahindra Consulting Engineers Limited ("MACE") to SAFEGE – a France based Multi Disciplinary Consultancy Company** – MACE, a subsidiary of the Company is engaged in engineering, project advisory and infrastructure consulting activities covering urban infrastructure, water, wastewater, waste management, environment, urban planning, industrial infrastructure, transportation, rural infrastructure, etc.

MACE entered into a strategic partnership with SAFEGE, France and post induction of the strategic partner, your Company holds 54.16% of the Equity Share Capital of MACE, whilst 30.83% is held by SAFEGE and balance 15.01% is held by Mahindra Consulting Engineers Employees Stock Option Trust and /or its beneficiaries.

SAFEGE activities are synergetic with thrust and growth areas identified for Indian Engineering and Infrastructure consultancy. "MACE-SAFEGE" partnership will be a strategic vehicle to develop business in India, neighbouring countries and the Middle East and Asia besides other international markets in identified areas of activities. Through this strategic partnership, MACE will also offer support to SAFEGE's International Assignments and MACE would be well poised to handle large domestic projects in India requiring international expertise.

**5) Joint Venture with Arabia Holdings Limited and Ras-Al-Khaimah Transport Investments Co. LLC** - Through its Mahindra Defence Systems Division (MDS), your Company has over the past eight years acquired a leadership position in India in the field of research, design, development and manufacture of armoured and light military vehicles. In order to address the large and growing market for uparmoured vehicles globally especially in West Asia, Central Asia and Africa, in June, 2010, your Company had entered into a Joint Venture with Arabia Holdings Limited and Ras-Al-Khaimah Transport Investments Co. LLC through its wholly owned subsidiary Mahindra Overseas Investment Company (Mauritius) Limited to form a Joint Venture company viz. "Mahindra Emirates Vehicle Armouring FZ LLC" or "MEVA" in the Emirate of Ras-Al-Khaimah in the UAE for armouring of vehicles.

Your Company holds a 51% stake in MEVA which would design and develop ballistic kits for vehicle protection. The other Joint Venture partners would provide necessary infrastructural support to MEVA for establishing the operations in the Emirate of Ras-Al-Khaimah.

MEVA intends to launch a number of MDS armoured vehicles such as the Marksman, the uparmoured Scorpio, Cash in Transit Van, etc. which have been very successful in India. MEVA will also be doing armouring of non-MDS vehicles such as Toyota, Nissan, etc.

## Stock Options

Pursuant to the approval of the Members at the previous Annual General Meeting held on 28<sup>th</sup> July, 2010, your Company has adopted and introduced Mahindra & Mahindra Limited Employees Stock Option Scheme - 2010 ("New Scheme"). On the recommendation of the Remuneration/Compensation Committee of your Company, the Trustees of the Mahindra & Mahindra Employees' Stock Option Trust have granted 32,16,758 Stock Options to Eligible Employees under the New Scheme. During the year under review, no new Options have



been granted under the Mahindra & Mahindra Limited Employees Stock Option Scheme - 2000.

Details required to be provided under the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 are set out in Annexure I to this Report.

## Industrial Relations

Industrial Relations generally remained cordial and harmonious throughout the year, apart from a one day illegal tool down strike by the Nashik Plant Workmen to press for their demands for increase in wages and for upgradation for a section of workmen. The loss of production for that day was compensated within the same week and the Company did not suffer any loss. On the contrary, the highest ever production was recorded in the month of March, 2011.

The Management Discussion and Analysis Report gives an overview of the developments in Human Resources/Industrial Relations during the year. In a restructuring exercise to rightsize the work force, your Company has, during the year under review accepted Voluntary Retirement from 146 employees at Kandivali Plant of the Farm Division. Your Company has set an example of harmonious industrial relationship by celebrating the 40<sup>th</sup> Anniversary of uninterrupted existence of Union at Kandivali Plant of the Farm Division.

## Safety, Health and Environmental Performance

### Health and Safety

Your Company continues to demonstrate a strong commitment towards Safety, Health and Environment and as a part of the same, following measures and actions were taken during the year under review. Your Company has a well-established Safety, Occupational Health & Environmental Policy. Objectives and Targets derived from the Policy are supported by Management Programs.

The Safety & Occupational Health of its employees are embedded as core organisational values of the Company. The Policy inter alia covers and ensures safety of public, employees, plant and equipment, ensures compliance on a monthly basis, imparts training to all its employees as per training calendar, carries out statutory safety assurance and audits of its facilities as per legal requirements, conducts regular medical and occupational check-up of its employees and promotes health-friendly sustainable activities.

Fire Service Day and Safety Week are being celebrated, Safety Audits/ Inspection alongwith Safety awareness training with benchmarks on safety performance are conducted. Your Company's Plants continued their commitment to improve the well being of its employees and contract workmen by organising Occupational Health Examination Camps, medical check-ups, etc.

Through stakeholder's engagement and employee's involvement, your Company demonstrates its road map on the fundamentals of Planet, People and Profit. Various path breaking projects have been implemented by your Company in the areas of Air Pollution Management, Water and Waste Water Management, Solid Waste Management and Greenbelt Development.

### New Certifications

The Sustainability Reporting System provides framework for your Company's environmental initiatives, sets objectives and targets and helps in continually improving its air quality by controlling emissions, water pollution and minimising waste from its processes. All Plants of the Automotive Division have been certified with amended standard for ISO 14001:2004 & OHSAS 18001:2007. Your Company's commitment to environment stems from the Mahindra Group's abiding concern for Stakeholder engagement in and around the Society. Its nature of operations has a low impact on the environment by implementing Environment Management System wherein a healthy work environment is provided to its employees and environment friendly businesses are conducted. Besides, to bring cross cultural sensitivity of the Company's business associates, promotional activity towards Green Supply Chain Management has also been initiated.

Implementation of Occupational Health & Safety Management System standard has re-enforced the Company's commitment of Safety and Occupational Health to the highest levels. OHSAS 18001:2007 is the existing best safety practices standard which is implemented through the amended Management System and all Plants of the Automotive Division have been certified during the year 2010-11. The OHSAS system aims to eliminate or minimise risk to employees and other interested parties who may be exposed to Occupational Safety risks associated with its activities. Sustainable development is promoted across the Division through sharing of best practices in the fields of Safety, Occupational Health & Environment.

## Corporate Social Responsibility

Through its various Corporate Social Responsibility ("CSR") initiatives, the Mahindra Group is enabling entire communities to 'RISE'. With

a vision of transforming the lives of youth from socially weaker and economically disadvantaged sections of society, the Mahindra Group has established various scholarships and other educational initiatives which help empower these communities. In addition, other CSR initiatives such as Project Hariyali in the area of environment and supporting 'Lifeline Express' in the area of health continue to drive positive change in the lives of communities.

CSR continues to be an integral part of the vision of the Mahindra Group and this year too, your Company has pledged 1% of its Profit after Tax for CSR initiatives, largely to benefit the socially and economically disadvantaged sections of Society.

Some of the major initiatives your Company has invested in are described below:

#### A. *Nanhi Kali*

Nanhi Kali is a sponsorship program that supports the education of disadvantaged girl children in India. Through the Nanhi Kali sponsorship, underprivileged girls are provided not only academic support but also uniforms, school bags, shoes, etc. which allow the girls to attend school with dignity. Through the support of 8,000 donors, the Nanhi Kali project is supporting the education of 70,000 underprivileged girls in 9 states in India. The largest donor is the Mahindra Group which supports the education of 23,000 *Nanhi Kalis*.

#### B. *Mahindra Pride Schools*

2,400 students from socially weaker sections of Society have been provided with livelihood training at Mahindra Pride School in Pune. The training is provided for those who wish to gain employment in the Hospitality Sector, Information Technology Sector for BPOs and KPOs and the Retail Sector. The composition of students consists of scheduled caste and scheduled tribe youth, most of whom have not even completed their education. After completing their training, 100% of the students have been placed in lucrative jobs. The second Mahindra Pride School was opened in Chennai early this year. This school would train approximately 600 students in a year.

#### C. *Scholarships & Grants*

Mahindra All India Talent Scholarships was awarded to students from lower socio economic strata of society who wish to pursue job oriented Diploma Courses in Government Polytechnics. The K. C. Mahindra Scholarships for Post-Graduate studies abroad provide interest free loan scholarships to various deserving students. Your Company is also supporting 15 Mumbai Public

Schools which provide quality English medium public education to students from lower socio economic strata of Society.

#### *Employee Social Options*

Your Company is tapping the potential hidden within each one of its employees to make a sustainable society; one which is healthier, cleaner, greener and more literate. The Mahindra Workforce is a powerhouse of inexhaustible energy where people work with passion in abundance and also for the betterment of the Society. Through your Company's Employee Social Options (ESOPs) program many Mahindra employees are contributing towards making difference to Society.

Your Company's ESOPs program encourages employees in supporting volunteering projects based on the needs of underprivileged communities in and around their places of work. Employees generate ideas for projects, prepare annual activity plans, implement each activity and monitor results. To fund these Employee initiatives, each Sector donates 0.5 percent of its profit after tax to the ESOPs Central CSR fund.

During the year under review, 15,147 employees volunteered in various initiatives contributing 73,509 man-hours in various social initiatives in and around their local communities.

Some of the notable ESOPs initiatives this year were the Lifeline Express in Farrukhabad for performing surgeries free of cost, Mahindra Hariyali for planting one million trees, ESOPs Awards – 2010, etc.

Your Company's ESOPs activities also included initiatives in Education, Health, Environment and others having short term as well as long term impact on the beneficiaries.

#### 'Sustainability' Initiative

Your Company embarked on the sustainability journey in November, 2007 and over these last four years has laid a foundation for developing a sustainable enterprise. Conscious efforts have been made to consider the impact of the Company's business on the environment and its responsibility towards the communities in which it operates, besides focussing on economic progress. During the year, your Company's triple bottom line performance for 2009-10 was published in accordance with the latest guidelines of the internationally accepted Global Reporting Initiative or the GRI standards and like in case of the previous two Reports, this Report was externally assured by Ernst & Young with an A+ rating and GRI checked. The Report for the year 2010-11 is under preparation and will be released shortly.

During the year 2009-10, a Carbon foot-printing exercise was undertaken to inventorise GHG emissions from all your Company's

business operations under Scope I, II and III emissions as per internationally accepted standards. This has enabled the Company to establish a baseline on emissions. This will be an ongoing exercise and continuous reduction in the GHG intensity of all products and processes, will be the Company's constant endeavour.

The focus all along has been on transparent and comprehensive reporting, due to which your Company has been ranked in the list of top 10 companies in India by the Carbon Disclosure Leadership Index 2010 and the Standard & Poor ESG India Index 2010. Your Company also secured a second place in the Green Business Leadership Awards 2010-11, instituted by Financial Express and Emergent Ventures.

Being conscious of the fact that the Company's products touch many lives and livelihoods in many ways and that the progress of many communities is linked to the Company's success, with a continued use of the strategic approach of 'ALTERNATIVE THINKING', your Company is committed to creating a sustainable enterprise.

## Directors

Mr. Anand G. Mahindra, Mr. Bharat Doshi, Mr. Nadir B. Godrej and Mr. M. M. Murugappan retire by rotation and, being eligible, offer themselves for re-appointment.

## Directors' Responsibility Statement

Pursuant to Section 217(2AA) of the Companies Act, 1956, your Directors, based on the representations received from the Operating Management, and after due enquiry, confirm that:

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed;
- (ii) they have, in the selection of the accounting policies, consulted the Statutory Auditors and these have been applied consistently and reasonable and prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March, 2011 and of the profit of the Company for the year ended on that date;
- (iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) the annual accounts have been prepared on a going concern basis.

## Subsidiary Companies

The subsidiary companies of your Company continue to contribute to the overall growth of the Company. Major subsidiaries such as Mahindra & Mahindra Financial Services Limited with a 38.49% growth in its consolidated profits and Mahindra Lifespace Developers Limited with a 37.81% growth in its consolidated profits deserve special mention. The consolidated Group Profit for the year after exceptional items, prior period adjustments and tax and after deducting minority interests is Rs.3,079.73 crores as against Rs. 2,478.56 crores earned in the previous year.

During the year under review, Mahindra Aerospace Australia Pty. Limited, Aerostaff Australia Pty. Limited, Mahindra Reva Electric Vehicles Private Limited (earlier known as Reva Electric Car Company Private Limited), Bristlecone Consulting Limited, Anthurium Developers Limited, Watsonia Developers Limited, Gipp Aero Investments Pty. Limited, Gippsaero Pty. Limited, GA8 Airvan Pty. Limited, GA200 Pty. Limited, Airvan Flight Services Pty. Limited, Gipp Aero International Pty. Limited, Nomad TC Pty. Limited, Mahindra Emirates Vehicle Armouring FZ-LLC, Mahindra Solar One Private Limited, Mahindra BPO Services Private Limited, Mahindra Aerostructures Private Limited, Ssangyong Motor Company Limited, Ssangyong European Parts Center B.V., Ssangyong Motor (Shanghai) Co. Limited, Ssangyong (Yizheng) Auto Parts Manufacturing Co. Limited and Mahindra EPC Services Private Limited became subsidiaries of your Company.

During the year under review, ID-EE S.r.l. and Mahindra Solar One Private Limited ceased to be subsidiaries of the Company.

The Statement pursuant to Section 212 of the Companies Act, 1956 containing details of the Company's subsidiaries is attached.

In accordance with the General Circular issued by the Ministry of Corporate Affairs, Government of India, the Balance Sheet, Profit and Loss Account and other documents of the subsidiary companies are not being attached with the Balance Sheet of the Company. The Company will make available the Annual Accounts of the subsidiary companies and the related detailed information to any Member of the Company who may be interested in obtaining the same. Further, the Annual Accounts of the subsidiaries would also be available for inspection by any Member at the Head Office of the Company and at the Office of the respective subsidiary companies, during working hours upto the date of the Annual General Meeting.



## Consolidated Financial Statements

The Consolidated Financial Statements of the Company and its subsidiaries, prepared in accordance with Accounting Standard AS21 form part of this Annual Report.

The Consolidated Financial Statements presented by the Company include the financial results of its subsidiary companies, associates, joint ventures, etc.

## Auditors

Messrs. Deloitte Haskins & Sells, Chartered Accountants, retire as Auditors of the Company and have given their consent for re-appointment. The Members would be required to elect Auditors for the current year and fix their remuneration.

As required under the provisions of Section 224(1B) of the Companies Act, 1956, the Company has obtained a written Certificate from the above Auditors proposed to be re-appointed to the effect that their re-appointment, if made, would be in conformity with the limits specified in the said section.

## Cost Auditors

As per the Order of the Central Government and in pursuance of Section 233B of the Companies Act, 1956, your Company carries out an audit of its cost records. The due date for filing of the Cost Audit Report with the Ministry of Corporate Affairs for the financial year ended 31<sup>st</sup> March, 2010 was 30<sup>th</sup> September, 2010. This Report was filed on 24<sup>th</sup> September, 2010. The Board of Directors of your Company has upon recommendation of the Audit Committee appointed M/s. N. I. Mehta & Co., Cost Accountants to audit the cost accounts of the Company for the financial year ending 31<sup>st</sup> March, 2012, subject to the approval of the Central Government. As required under the provisions of Section 224(1B) of the Companies Act, 1956, the Company has obtained a written confirmation from M/s. N. I. Mehta & Co. to the effect that they are eligible for appointment as Cost Auditors under Section 233B of the Companies Act, 1956.

## Public Deposits and Loans/Advances

Out of the total 14,047 deposits of Rs. 93.09 crores from the Public and Shareholders as at 31<sup>st</sup> March, 2011, 190 deposits amounting to Rs. 0.82 crores had matured and had not been claimed as at the end of the Financial Year. Since then, 63 of these deposits of the value of Rs. 0.45 crores have been claimed.

The particulars of loans/advances and investment in its own shares by listed companies, their subsidiaries, associates, etc., required to be disclosed in the Annual Accounts of the Company pursuant to Clause 32 of the Listing Agreement are furnished separately.

## Current Year

During the period 1<sup>st</sup> April, 2011 to 29<sup>th</sup> May, 2011, 50,216 vehicles were despatched as against 47,022 vehicles during the corresponding period in the previous year. During the same period, 40,971 tractors were despatched as against 30,302 tractors despatched during the corresponding period in the previous year.

With both input costs and interest rates rising, the economic environment is significantly more challenging today than it was a year ago. However, the Company expects to meet these challenges, through its intense and continuous focus on cost controls, innovation, product quality and market diversification.

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

Particulars required to be disclosed under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are set out in Annexure II to this Report.

## Particulars of Employees

The Company had 113 employees who were in receipt of remuneration of not less than Rs. 60,00,000 during the year ended 31<sup>st</sup> March, 2011 or not less than Rs. 5,00,000 per month during any part of the said year. However, as per the provisions of Section 219(1) (b)(iv) of the Companies Act, 1956, the Directors' Report and Accounts are being sent to all the Members of the Company excluding the Statement of particulars of employees. Any Member interested in obtaining a copy of the Statement may write to the Company Secretary of the Company.

For and on behalf of the Board

**KESHUB MAHINDRA**  
Chairman

Mumbai, 30<sup>th</sup> May, 2011

## ANNEXURE I TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2011

Information to be disclosed under the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999:

|   |  |   |   |  |  |  |  |  |   |  |   |  |
|---|--|---|---|--|--|--|--|--|---|--|---|--|
| a | Options granted  | Mahindra & Mahindra Limited Employees Stock Option Scheme - 2000 ("2000 Scheme") – 1,51,80,898<br>Mahindra & Mahindra Limited Employees Stock Option Scheme - 2010 ("2010 Scheme") – 32,16,758  |   |  |  |  |  |  |   |  |   |  |
| b | The pricing formula  | 2000 Scheme   |   |  |  |  |  |  |   |  |   | 2010 Scheme  |
|   |  | 1 <sup>st</sup> Tranche   | 2 <sup>nd</sup> Tranche   | 3 <sup>rd</sup> Tranche  | 4 <sup>th</sup> Tranche  | 5 <sup>th</sup> Tranche  | 6 <sup>th</sup> Tranche  | 7 <sup>th</sup> Tranche  | 8 <sup>th</sup> Tranche   | 9 <sup>th</sup> Tranche  | 10 <sup>th</sup> Tranche  | 1 <sup>st</sup> Tranche  |
|   |  | Average price preceding the specified date – 27 <sup>th</sup> September, 2001   | Average price preceding the specified date - 30 <sup>th</sup> May, 2003 | Discount of 5.13% on the average price preceding the specified date – 31 <sup>st</sup> May, 2004 | Discount of 4.85% on the average price preceding the specified date - 30 <sup>th</sup> May, 2005 | Average price preceding the specified date - 14 <sup>th</sup> September, 2005  | Discount of 5.02% on the average price preceding the specified date - 29 <sup>th</sup> May, 2006 | Discount of 4.89% on the average price preceding the specified date - 13 <sup>th</sup> September, 2006 | Discount of 4.97% on the average price preceding the specified date - 30 <sup>th</sup> July, 2007 | Discount of 5.03% on the average price preceding the specified date - 4 <sup>th</sup> August, 2008 | Discount of 4.97% on the average price preceding the specified date - 30 <sup>th</sup> July, 2009 | Options issued at Par specified date -29 <sup>th</sup> October, 2010 |
|   |  | Average price   |   |  | -  | Average of the daily high and low of the prices for the Company's Equity Shares quoted on Bombay Stock Exchange Limited during 15 days preceding the specified date. |  |  |   |  |   |  |
|   |  | The specified date  |   |  | -  | Date on which the Remuneration/Compensation Committee decided to recommend to the Mahindra & Mahindra Employees' Stock Option Trust ("Trust"), the grant of Options. |  |  |   |  |   |  |
| c | Options vested   | 2000 Scheme - 1,07,24,944<br>2010 Scheme - Nil  |   |  |  |  |  |  |   |  |   |  |
| d | Options exercised  | 2000 Scheme - 77,75,337<br>2010 Scheme - Nil  |   |  |  |  |  |  |   |  |   |  |
| e | The total number of shares arising as a result of exercise of option | 45,88,703 Equity Shares of Rs.10 each. These were transferred from the Trust to the Eligible Employees prior to sub-division of the Face Value of Equity Share from Rs.10 to Rs.5.<br>31,86,634 Equity shares of Rs.5 each were transferred from the Trust to the Eligible Employees during the period 1 <sup>st</sup> April, 2010 to 31 <sup>st</sup> March, 2011. |   |  |  |  |  |  |   |  |   |  |
| f | Options lapsed   | 2000 Scheme - 10,88,767<br>2010 Scheme – 3,888  |   |  |  |  |  |  |   |  |   |  |
| g | Variation of terms of options  | At the Sixty-first Annual General Meeting of the Company held on 30 <sup>th</sup> July, 2007, 2000 Scheme was amended to provide for recovery from Eligible Employees, the fringe benefit tax in respect of Options which are granted to or vested or exercised by the Eligible Employees on or after 1 <sup>st</sup> April, 2007.                                  |   |  |  |  |  |  |   |  |   |  |
| h | Money realised by exercise of options                                | 2000 Scheme - Rs.1,75,39,72,669<br>2010 Scheme - Nil<br>This amount was received by the Trust.  |   |  |  |  |  |  |   |  |   |  |
| i | Total number of options in force                                     | 2000 Scheme – 63,16,794<br>2010 Scheme – 32,12,870  |   |  |  |  |  |  |   |  |   |  |
| j | Employee-wise details of options granted to:                         |   |   |  |  |  |  |  |   |  |   |  |
|   | (i) Senior managerial personnel                                      | As per Statement attached   |   |  |  |  |  |  |   |  |   |  |

|   |  |  |   |                        |   |
|---|--|--|---|------------------------|---|
|   | (ii) Any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year  | 2000 Scheme  |   |                        | 2010 Scheme   |
|   |  | Names  | Options granted during the year ended 31 <sup>st</sup> March, 2004* | Names                  | Options granted during the year ended 31 <sup>st</sup> March, 2005* |
|   |  | Mr. Raghunath Murti  | 15,000  | Mr. Pranab Datta       | 15,240  |
|   |  | Mr. Hemant Luthra  | 15,240  | Mr. Rajeev Dubey       | 15,000**  |
|   |  | Mr. Ramesh Iyer  | 25,920  | Mr. Allen Sequeira     | 10,160  |
|   |  | -  | -   | Mr. Prince M. Augustin | 5,080   |
|   |  | * The Options granted stand augmented by an equal number of Options and the Exercise Price stands reduced to half on account of the 1:1 Bonus Issue made in September, 2005.   |   |                        |   |
|   |  | ** The Options granted and outstanding as of 30 <sup>th</sup> March, 2010, stand augmented by an equal number of Options and the Exercise Price stands reduced to half on account of the sub-division of the Face Value of Equity Share from Rs.10 to Rs.5.  |   |                        |   |
|   | (iii) Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant   | Nil  |   |                        |   |
| k | Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard (AS) 20 'Earnings per Share'  | Rs.44.33   |   |                        |   |
| l | Where the company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognised if it had used the fair value of the options, shall be disclosed. The impact of this difference on profits and on EPS of the company shall also be disclosed. | The Company has calculated the employee compensation cost using the intrinsic value of stock options. Had the fair value method been used, in respect of stock options granted on or after 30 <sup>th</sup> June, 2003, under 2000 Scheme and 2010 Scheme, the employee compensation cost would have been higher by Rs.11.40 crores, Profit after tax lower by Rs.11.40 crores and the basic and diluted earnings per share would have been lower by Rs.0.20 and Rs.0.19 respectively. |   |                        |   |
| m | Weighted-average exercise prices and weighted-average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock.  | 2010 Scheme  |   |                        |   |
|   |  | Options Grant Date   | Exercise price (Rs.)  | Fair value (Rs.)       |   |
|   |  | 28 <sup>th</sup> January, 2011   | 5.00  | 649.70                 |   |
| n | A description of the method and significant assumptions used during the year to estimate the fair values of options, including the following weighted-average information:   | The fair-value of the stock options granted under 2010 Scheme have been calculated using Black-Scholes Options pricing Formula and the significant assumptions made in this regard are as follows:   |   |                        |   |

|  |            |
|--|------------|
| (i) risk-free interest rate,   | 7.92%      |
| (ii) expected life,  | 1.25 years |
| (iii) expected volatility,   | 45.73%     |
| (iv) expected dividends, and   | 2.03%      |
| (v) the price of the underlying share in market at the time of option grant. | Rs.697.90  |

**STATEMENT ATTACHED TO ANNEXURE I TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2011**

| Name of Senior Managerial Persons to whom Stock Options have been granted | 2000 Scheme                        |                                     |   |  |  | 2010 Scheme                                   |
|---|------------------------------------|-------------------------------------|---|--|--|---|
|   | Options granted in December, 2001* | Options granted in June, 2005**(\$) | Options granted in September, 2006 (\$\$) | Options granted in July, 2007 (\$\$\$) | Options granted in August, 2008 (\$\$\$\$) | Options granted in January, 2011 (\$\$\$\$\$) |
| Mr. Deepak S. Parekh  | 20,000                             | 5,000                               | Nil                                       | Nil                                    | Nil  | Nil   |
| Mr. Nadir B. Godrej   | 20,000                             | *5,000                              | Nil                                       | Nil                                    | Nil  | Nil   |
| Mr. M. M. Murugappan  | 20,000                             | *5,000                              | Nil                                       | Nil                                    | Nil  | Nil   |
| Mr. Narayanan Vaghul  | 20,000                             | *5,000                              | Nil                                       | Nil                                    | Nil  | Nil   |
| Dr. A. S. Ganguly   | 20,000                             | *5,000                              | Nil                                       | Nil                                    | Nil  | Nil   |
| Mr. R. K. Kulkarni  | 20,000                             | *5,000                              | Nil                                       | Nil                                    | Nil  | Nil   |
| Mr. Anupam Puri   | 20,000                             | 5,000***                            | Nil                                       | Nil                                    | Nil  | Nil   |
| Mr. Bharat Doshi  | 1,00,000                           | *10,000***                          | *11,345***                                | 8,362***                               | 29,039***                                  | 71,080  |
| Mr. A. K. Nanda   | 1,00,000                           | *10,000                             | 11,345***                                 | 8,362***                               | 24,890***                                  | Nil   |

| Options granted on (\$) | Vesting period               | Exercise period  | Exercise price   |                  |
|-------------------------|------------------------------|--|--|------------------|
| June, 2005              | Already vested in June, 2006 | Within five years from the date of vesting                                     | Rs.454 per share**   |                  |
| (\$\$)                  | September, 2006              | Four equal instalments in September, 2007, 2008, 2009 and 2010 respectively    | On the date of Vesting or within five years from the date of Vesting | Rs.616 per share |
| (\$\$\$)                | July, 2007                   | Four equal instalments in July, 2008, 2009, 2010 and 2011 respectively         | On the date of Vesting or within five years from the date of Vesting | Rs.762 per share |
| (\$\$\$\$)              | August, 2008                 | Four equal instalments in August, 2009, 2010, 2011 and 2012 respectively       | On the date of Vesting or within five years from the date of Vesting | Rs.500 per share |
| (\$\$\$\$\$)            | January, 2011                | Five equal instalments in January 2012, 2013, 2014, 2015 and 2016 respectively | On the date of Vesting or within six months from the date of Vesting | Rs.5 per share   |

\* All the above Options have been exercised.

\*\* The Options granted stands augmented by an equal number of Options and the Exercise Price stands reduced to half on account of the 1:1 Bonus Issue made in September, 2005.

\*\*\* Further, the number of Stock Options granted and outstanding as on 30<sup>th</sup> March, 2010, stands augmented by an equal number of Options and Exercise Price stands reduced to half on account of Sub-division of each Ordinary (Equity) Share of the Company having a Face Value of Rs.10 each fully paid-up into 2 (Two) Ordinary (Equity) Shares of the Face Value of Rs.5 each fully paid-up.

## ANNEXURE II TO THE DIRECTORS REPORT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2011

PARTICULARS AS PER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2011

### A) Conservation of Energy

Your Company has always been conscious of the need for conservation of energy and has been steadily making progress towards this end. Energy conservation initiatives have been implemented at all the plants and offices of the Company by undertaking numerous energy conservation projects.

Your Company ensures strict compliance with all statutory requirements at all its plants/ units and takes several voluntary steps like Zero Discharge, reduced consumption of water, deploying reduce, recycle and reuse approach and takes various other steps as explained under sustainability initiatives of the Company.

Your Company has also implemented following activities to ensure better environment:

- = Reduce Green Gas Emission.
- = Increased green zones.
- = Effective effluent treatment.
- = Waste monitoring and reduction.
- = Recycling and reuse of waste/used water such that there is virtually no water discharge.
- = Reducing solid waste and Eco friendly waste disposal.
- = Saving of natural resources like water, fuel, etc.
- = Ambient and work place air monitoring.

#### (a) During the year, the Company has taken the following initiatives for conservation of energy:

##### (i) Engineering Initiatives

- = Installation of heat recovery equipment for furnaces and ovens.
- = Use of Piped Natural Gas in place of electrical heating for heat treatment and industrial washing.

- = Installation of LPG flux saver in ovens.
- = Multiple initiatives to maintain power factor and hence gain incentive/rebate from power supply company.
- = Installation of energy efficient screw chiller for Paint Shop and central air conditioning.
- = Introduction of energy efficient pumps.
- = Installation of VFDs (Variable frequency drives) at select locations.
- = Auto switching on-off timer for surrounding lights and boundary lights.
- = Theme called "C<sup>3</sup>= CUT COST OF COMPRESSED AIR" taken up and implemented in many projects e.g. Installation of smaller capacity air compressors for feeding compressed air to limited areas on non-production days, timer operated valves for air lines, dedicated low pressure lines for cleaning.
- = Installation of solar panels and LED lights.
- = Installation of metal halide lamps instead of sodium/mercury vapour lamps.
- = Rainwater harvesting.
- = Installation of natural draft cooling towers instead of induced draft cooling systems.

##### (ii) Process Improvement

- = Cycle time reduction of various manufacturing processes through introduction of new technology and process improvement.
- = Optimising temperature settings on HVAC units, considering seasonal changes.
- = Improve capacity utilisation in Paint Shop through modification of skids and trolley.
- = Installation of spring loaded water taps at main canteen.

##### (iii) Initiatives Generating Awareness on Energy Consumption.

- = Extensive involvement of shop floor operating teams in improvement activities and projects. Some examples are -
  - o Periodic checking of Pressure Regulators, Air Leakage audits.
  - o Shift from continuous to intermittent operation of motors (where possible).
  - o Optimisation of overhead lights.
- = Display of sustainability posters on workplace.
- = Display and sale of Energy efficient products for employees.
- = Booklet on "Resource Conservation" is published for internal circulation.
- = Guest lecture and quiz competition on "Sustainable Growth through Energy Conservation".
- = Extend energy conservation campaigns to suppliers and to nearby schools and colleges.
- = Celebration of World earth day.
- = Reward and recognition for energy saving projects.

**(b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy**

- = Baltimore efficient Cooling Tower.
- = ASU heating with heat recovery from Top coat and Surfacer Oven objects in Paint Shops.
- = Improvement in efficiency of air conditioning units.
- = Application of efficient Magnetic coupled lighting.
- = VFD for Pumps.
- = Heat Pump for Washing Machine heating.
- = PNG hot water Generator for Washing Machine heating.

**(c) Impact of the measures at (a) & (b) above for reduction in energy consumption and consequent impact on the cost of production of goods.**

The measures taken have resulted in lower energy consumption. In the Automotive Division, the specific power consumption improved by 4.3% over the previous year and the Farm Division achieved an improvement of 6.1%.

During the current year, the Company has won several awards at National/ State/ Regional level for energy management and Environment protection.

**B) Technology Absorption**

**Research & Development:**

**1. Areas in which Research & Development is carried out:**

During the year under review, the Automotive Division focused on technology upgradation in core areas of engine technology, safety, value engineering through the use of modern manufacturing processes, alternate material and developing capabilities in automotive electronics. The Farm Division focused on retaining fuel efficiency advantage while meeting the upcoming engine emission norms on total range of the engines with improvement in engine technology and carrying out new product development. Also beyond tractor, efforts were focused on development of a range of mechanisation solutions.

**2. Benefits derived as a result of the above efforts:**

Some significant achievements in the Automotive Division include the launch of Genio, Gio Cab and Maxximo Van.

Genio is the next generation 1.2 tonne pick-up powered by a modern CRDe engine. The Genio comes with many safety features which are a first in the pick-up category in India. To name a few - LSPV brakes which adjust the braking pressure depending on the load of the vehicle, ELR (Emergency Locking Retract) seat belts for the driver and co-driver, Radial tubeless tyres which do not burst in case of a puncture and adjustable steering and immobiliser.

The Company also launched India's most affordable four wheeler Compact Cab Gio, equipped with modern styling, car like comfort and safety features. With a driver + 6 seating configuration, the Gio Cab is set to redefine last mile public transportation across India.

The Maxximo Van with the advanced C2 CRDe engine was launched in April, 2011. The stylish van with spacious 8-seats promises best-in-class comfort is set to re-define the entry-level Contract Carriage and Stage Carriage segments.

Moving on to the Farm Division, in the domestic market, the Company has successfully launched the Arjun Multi Application Tractor, strengthening your Company's position in the segment of greater than 50HP. In addition, refresh models across the domestic range were launched during the course of the year.

Engines of all tractor models have been upgraded to meet the upcoming Bharat Term IIIA emission norms. New models/variants with reduction in fuel consumption as well as comfort factors like power steering were introduced.

In the international space, the integrated cabin tractor was extended to 70 HP segment – Model 7060. Compact tractor is also very well accepted in the US market and the range has been expanded by offering 3 new different transmission options – Gear, Hydrostatic transmission and Power shuttle.

In the mechanisation space, the next generation loader with bucket having superior reach, advanced rotavator optimised for Indian conditions and localised rice transplanter are some of the key developments that will benefit the consumer in the time to come.

The in-house engine development effort resulted in higher kVA engines adding to the Mahindra Powerol portfolio. Going beyond regular applications, the in-house developed engines are finding unique applications, including powering the Brahmos missile launcher, thus contributing to national security.

During the year, Auto and Farm Divisions filed 35 new patents, while 4 patents were granted.

### 3. Future plan of action

Your Company continues its efforts on developing new products and technologies to meet the ever growing customer needs, regulatory requirements, competitive pressures and to prepare for the future. Sustainable mobility solutions are a key focus area and your Company will continue to aggressively pursue technology development in these areas. Some of the key thrust areas in this direction are weight reduction by using alternate materials, designing modularity to take care of variants, VAVE (Value Analysis Value Engineering) approach for meeting cost pressures. Development and adaptation of safety technologies also remain a key focus area. On the Farm Division side, the Company remains committed to offering Farm Tech Prosperity to all stakeholders.

### 4. Expenditure on R&D

The Company spent Rs.739.25 crores (including Rs.349.68 crores on Capital Expenditure) for Research and Development work during the year, which was approximately 2.85% of the total turnover.

Besides the above, the Research and Development Expenditure incurred by the Company since 2004-05 in recognised R & D units is as follows:

(Rs. in crores)

| Particulars              | Year ended<br>31.03.2005 | Year ended<br>31.03.2006 | Year ended<br>31.03.2007 | Year ended<br>31.03.2008 | Year ended<br>31.03.2009 | Year ended<br>31.03.2010 | Year ended<br>31.03.2011 |
|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Revenue Expenditure      | 30.02                    | 64.02                    | 90.31                    | 191.52                   | 220.09                   | 248.25                   | 376.85                   |
| Development Expenditure  | 2.26                     | 5.39                     | 17.85                    | 53.97                    | 128.94                   | 131.28                   | 127.41                   |
| Capitalisation of Assets | 6.52                     | 8.15                     | 26.40                    | 44.67                    | 15.64                    | 41.64                    | 323.33                   |



## Technology Absorption, adaptation and innovation:

### 1. Efforts, in brief, made towards technology absorption, adaption and innovation

Your Company has continued its endeavour to absorb advanced technologies for its product range to meet the requirements of a globally competitive market. All of the Company's Vehicles, Engines and Tractors are compliant with the prevalent regulatory norms in India and also in the countries to which they are exported. Your Company is making good progress in its programs for development of vehicles which would run on alternate fuels like CNG, Bio-diesel, Hydrogen and Electric traction. The Acquisition of a majority stake in Mahindra Reva Electric Vehicles Private Limited has substantially helped your Company to leapfrog in EV technology capability.

### 2. Benefits derived as a result of the above efforts

- Compliance with new emission norms introduced in India with effect from 1<sup>st</sup> April, 2010.
- Launch of Genio Pick up, Gio Cab, Maxximo Van, THAR, Arjun Multi Application Tractor, next generation loader, localised rice transplanter and other implements suitable for Indian conditions.
- Build a knowledge base for the Company.
- Emphasis on value analysis/value engineering and innovative cost reduction ideas to cut down costs.

### 3. Imported Technology for the last 5 years

| Sr. No. | Technology Imported  | Year of Import | Status              |
|---------|--|----------------|---------------------|
| 1       | Transmission Design of Compact Tractor                                 | 2006           | Technology Absorbed |
| 2       | Development of Integrated Cabin for Tractor                            | 2006           | Technology Absorbed |
| 3       | Hydrophilic Nano coated Feature  | 2007           | Technology Absorbed |
| 4       | Automatic Transmission for SUV   | 2007           | Technology Absorbed |
| 5       | Transmission for new SUV   | 2007           | Technology Absorbed |
| 6       | New Generation system for Brakes for SUV                               | 2007           | Technology Absorbed |
| 7       | New Electricals & Electronics Features                                 | 2007           | Technology Absorbed |
| 8       | CNG engines for LCV  | 2007           | Technology Absorbed |
| 9       | Common Rail Diesel on Light commercial vehicle                         | 2007           | Technology Absorbed |
| 10      | Next generation Common rail adaptation                                 | 2007           | Technology Absorbed |
| 11      | Hydrogen ICE   | 2007           | Technology Absorbed |
| 12      | Fuel Cell Vehicle Development  | 2007           | Technology Absorbed |
| 13      | 2 <sup>nd</sup> Generation Biofuels (Biomass to Liquid /Gas to Liquid) | 2007           | Technology Absorbed |
| 14      | Hybrid Vehicles  | 2008           | Technology Absorbed |
| 15      | Transmission Upgrade   | 2008           | Technology Absorbed |
| 16      | Electricals & Electronics Update                                       | 2008           | Technology Absorbed |
| 17      | Design for New Tractor Transmission                                    | 2008           | Technology Absorbed |
| 18      | Start Stop Micro Hybrid  | 2009           | Technology Absorbed |
| 19      | New Generation Engine Management System                                | 2009           | Technology Absorbed |
| 20      | CNG Engines for Pickups/3 Wheelers                                     | 2009           | Technology Absorbed |
| 21      | Electronic Programs for Safety, Stability & Steering Control           | 2009           | Technology Absorbed |
| 22      | CAN Based Networking   | 2009           | Technology Absorbed |
| 23      | New Airbag Program   | 2009           | Technology Absorbed |
| 24      | Advanced Materials Technologies  | 2009           | Technology Absorbed |



| <b>Sr. No.</b> | <b>Technology Imported</b>   | <b>Year of Import</b> | <b>Status</b>                |
|----------------|--|-----------------------|------------------------------|
| 25             | Development of components using alternate materials and advanced manufacturing processes         | 2010                  | In the process of Absorption |
| 26             | Engine upgrades and Emission improvement technologies  | 2010                  | In the process of Absorption |
| 27             | New transmissions for compact vehicles and Utility vehicles                                      | 2010                  | In the process of Absorption |
| 28             | Technology for NVH management  | 2010                  | Technology Absorbed          |
| 29             | Electrical and electronic technologies for safety, infotainment and convenience feature addition | 2010                  | In the process of Absorption |
| 30             | Alternate fuel technologies  | 2010                  | In the process of Absorption |
| 31             | New suspension system for improved comfort   | 2010                  | In the process of Absorption |
| 32             | Development of digital service interface   | 2010                  | In the process of Absorption |
| 33             | Agri Implements Technology transfer  | 2010                  | In the process of Absorption |
| 34             | Electric Vehicle Technology  | 2011                  | In the process of Absorption |
| 35             | Advanced Engine Technologies   | 2011                  | In the process of Absorption |
| 36             | Advanced Propulsion Technologies   | 2011                  | In the process of Absorption |

### **C) Foreign Exchange Earnings and Outgo**

The Company continues to strive to improve its export earnings. Further details in respect of exports are set out elsewhere in the Annual Report.

The information on foreign exchange earnings and outgo is furnished in the Notes on Accounts.

For and on behalf of the Board

**KESHUB MAHINDRA**  
Chairman

Mumbai, 30<sup>th</sup> May, 2011

**Particulars of loans/advances and investment in its own shares by listed companies, their subsidiaries, associates, etc., required to be disclosed in the Annual Accounts of the Company pursuant to Clause 32 of the Listing Agreement.**

**Loans and advances in nature of loans to subsidiaries:**

(Rs. in crores)

| <b>Name of the Company</b>                               | <b>Balances as on 31<sup>st</sup> March, 2011</b> | <b>Maximum outstanding during the year</b> |
|--|---|--|
| Mahindra & Mahindra Financial Services Limited           | 0.00  | 100.00                                     |
| Bristlecone India Limited                                | 8.03  | 8.03                                       |
| Mahindra Gujarat Tractor Limited                         | 1.00  | 1.00                                       |
| Mahindra Shubhlabh Services Limited                      | 8.00  | 8.00                                       |
| NBS International Limited                                | 2.00  | 2.00                                       |
| Bristlecone Limited                                      | 80.90   | 81.91                                      |
| Mahindra Overseas Investment Company (Mauritius) Limited | 74.63   | 86.86                                      |
| Mahindra Engineering & Chemical Products Limited         | 126.63  | 126.63                                     |
| Mahindra Two Wheelers Limited                            | 148.00  | 148.00                                     |
| Mahindra Vehicle Manufacturers Limited                   | 0.00  | 230.00                                     |
| Mahindra Holdings Limited                                | 0.00  | 25.00                                      |
| Mahindra Automotive Australia Pty Ltd.                   | 0.00  | 6.17                                       |
| Ssangyong Motor Company Limited                          | 387.01  | 387.01                                     |

**Loans and advances in the nature of loans to Associates:**

(Rs. in crores)

| <b>Name of the Company</b>                    | <b>Balances as on 31<sup>st</sup> March, 2011</b> | <b>Maximum outstanding during the year</b> |
|---|---|--|
| Vayugrid Marketplace Services Private Limited | 8.00  | 8.00                                       |

Except as indicated above, the Company has not made any loans and advances in the nature of loans to associates or loans and advances in the nature of loans where there is no repayment schedule or repayment beyond seven years or no interest or interest below section 372A of the Companies Act, 1956.

# MANAGEMENT DISCUSSION AND ANALYSIS

 **Mahindra**  
Rise.



# Management Discussion & Analysis

Mahindra & Mahindra Limited ("M&M") or ("Mahindra") is the flagship brand of the Mahindra Group, which consists of 130 companies with diverse businesses across the globe and aggregate revenues of US \$ 12.5 billion.



2010-11 was an epochal year in the life of your 65 year old Company. It unveiled its new brand position, Rise - a simple yet powerful verb which succinctly sums up the aspirations of not only the Company's

employees but all the Company's Stakeholders. Customers across the world share a common desire to Rise, to succeed and create a better future for themselves, their families and their communities. The Company's Core Purpose is to facilitate this by accepting no limits, thinking innovatively and driving positive change in the lives of all its Stakeholders.

The Automotive and Farm Equipment Sectors of your Company continued to work together with distinct and strong customer focus at the front end and structured for synergy at the back end. This combined force has achieved sales of 3,77,065 vehicles and 2,14,325 tractors in the domestic and export markets.

*Mahindra Group Core Purpose - We will challenge conventional thinking and innovatively use all our resources to drive positive change in the lives of our stakeholders and communities across the world, to enable them to Rise.*

## Industry Structure

The Indian automobile industry comprises of a number of Indian-origin and multinational players, with varying degree of presence in different segments.

The domestic tractor market too comprises of a large number of players and is segmented by horsepower into the sub 30 HP segment, the 30-40 HP and 40-50 HP segments and the higher segment of above 50 HP.

## Economic overview

For the Indian economy, Financial Year 2011 was a year of robust growth, with consumption led demand fuelling manufacturing

growth, supported by a record 5.4% growth in the agricultural sector. However, with this high growth came a sharp rise in inflation, both on the food and commodities front.

The Indian economy continued on a robust growth path despite several challenges on the global macroeconomic front, especially the sovereign debt crisis in Europe and a significant increase in oil prices. Almost all Sectors of the Indian economy showed accelerated growth until the third quarter of Financial Year 2010-11. A normal monsoon supported a very strong rebound in agricultural growth during the year, thus providing further impetus to economic growth by raising rural income levels. However, there were signs of slowing down in some Sectors, especially in manufacturing in the fourth quarter.

The Reserve Bank of India continued with its monetary policy action of rate increases to contain inflation, which translated into significant hikes in wholesale and consumer financing costs, particularly for automobiles.

## Industry Overview and Trends

### Indian Automotive Sector

The global automobile industry production grew by nearly 26% in 2010 (Source: OICA Organisation Internationale des Constructeurs d'Automobiles), recovering smartly from two consecutive years of decline, driven primarily by growth in emerging markets such as China and India. A highlight of the year was the emergence of China as the largest vehicle market in the world, surpassing the United States of America.

Against the backdrop of the challenging macroeconomic environment both domestically and globally, the Indian automobile industry registered a robust growth during Financial Year 2010-11. The passenger vehicle segment grew by 29% with domestic sales crossing 2.5 million vehicles. In 2010, according to OICA, India was the 7<sup>th</sup> largest vehicle producing country in the world. This growth was supported by a slew of new product introductions by vehicle manufacturers, and growing consumer confidence.

During the year, the Government of India introduced Bharat Stage (BS) IV emission norms for 13 major cities and BSIII norms

for the rest of the country for passenger vehicles. The transition was smooth despite a phased introduction, due to the co-operative approach of both the Government and the Industry.

Within the passenger vehicle segment, while the passenger car segment grew by 30%, in line with the overall industry, the multipurpose vehicle (MPV) segment grew by 42%. The Utility Vehicle (UV) segment registered a growth of 19%.

The Commercial Vehicle (CV) segment grew by 27%, driven by a 32% growth in the Medium and Heavy Commercial Vehicle

(M&HCV) segment and a 23% growth in the Light Commercial Vehicle (LCV) segment. The three-wheeler segment registered a 19% growth during the year, driven largely by a 23% growth in the passenger segment owing to the renewal of existing fleet permits and opening of new permits in several states.

During Financial Year 2011, the two-wheeler segment grew by 25.8%. Within two-wheelers, Motorcycles grew by 22.9% and scooters recorded an impressive growth of 41.8%. Mopeds grew at 23.5%.

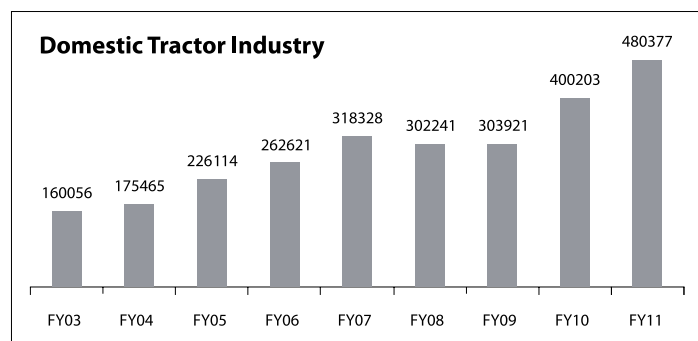
|                            | Vehicle Classification | Financial Year 2009 volumes | Financial Year 2010 volumes | Financial Year 2011 volumes | Financial Year 2010-% growth | Financial Year 2011-% growth |
|----------------------------|------------------------|-----------------------------|-----------------------------|-----------------------------|------------------------------|------------------------------|
| <b>Passenger Vehicles</b>  |                        | 15,52,713                   | 19,51,334                   | 25,20,393                   | 25.7%                        | 29.2%                        |
|                            | <b>Cars</b>            | 12,20,463                   | 15,28,337                   | 19,82,990                   | 25.2%                        | 29.7%                        |
|                            | *A1 : Mini             | 49,383                      | 63,378                      | 96,917                      | 28.3%                        | 52.9%                        |
|                            | A2 : Compact           | 8,85,639                    | 11,28,977                   | 14,49,361                   | 27.5%                        | 28.4%                        |
|                            | A3 : Mid-size          | 2,41,683                    | 2,76,294                    | 3,66,474                    | 14.3%                        | 32.6%                        |
|                            | A4 : Executive         | 33,636                      | 46,437                      | 52,143                      | 38.1%                        | 12.3%                        |
|                            | A5 : Premium           | 9,034                       | 11,898                      | 16,172                      | 31.7%                        | 35.9%                        |
|                            | A6 : Luxury            | 1,088                       | 1,353                       | 1,923                       | 24.4%                        | 42.1%                        |
|                            | <b>MPVs</b>            | 1,06,607                    | 1,50,256                    | 2,13,507                    | 40.9%                        | 42.1%                        |
|                            | <b>UVs</b>             | 2,25,643                    | 2,72,741                    | 3,23,896                    | 20.9%                        | 18.8%                        |
| <b>Commercial Vehicles</b> |                        | 3,84,952                    | 5,32,721                    | 6,76,370                    | 38.4%                        | 27.0%                        |
|                            | <b>LCVs</b>            | 2,00,699                    | 2,87,777                    | 3,53,621                    | 43.4%                        | 22.9%                        |
|                            | A: Passenger           | 26,952                      | 34,413                      | 37,481                      | 27.7%                        | 8.9%                         |
|                            | B: Goods               | 1,73,747                    | 2,53,364                    | 3,16,140                    | 45.8%                        | 24.8%                        |
|                            | <b>M&amp;HCVs</b>      | 1,84,253                    | 2,44,944                    | 3,22,749                    | 32.9%                        | 31.8%                        |
|                            | A: Passenger           | 34,892                      | 43,083                      | 47,512                      | 23.5%                        | 10.3%                        |
|                            | B: Goods               | 1,49,361                    | 2,01,861                    | 2,75,237                    | 35.1%                        | 36.3%                        |
| <b>3 Wheelers</b>          |                        | 3,49,727                    | 4,40,392                    | 5,26,022                    | 25.9%                        | 19.4%                        |
|                            | A: Passenger           | 2,68,463                    | 3,49,732                    | 4,28,979                    | 30.3%                        | 22.7%                        |
|                            | B: Goods               | 81,264                      | 90,660                      | 97,043                      | 11.6%                        | 7.0%                         |
| <b>2 Wheelers</b>          |                        | 74,37,670                   | 93,71,231                   | 1,17,90,305                 | 26.0%                        | 25.8%                        |
|                            | Scooters               | 11,45,798                   | 14,62,507                   | 20,73,797                   | 27.6%                        | 41.8%                        |
|                            | Motorcycles            | 58,35,145                   | 73,41,139                   | 90,19,090                   | 25.8%                        | 22.9%                        |
|                            | Mopeds                 | 4,31,214                    | 5,64,584                    | 6,97,418                    | 30.9%                        | 23.5%                        |
|                            | Electric Two Wheelers  | 25,513                      | 3,001                       | —                           | -88.2%                       | —                            |
| <b>Grand Total</b>         |                        | 97,25,062                   | 1,22,95,678                 | 1,55,13,090                 | 26.4%                        | 26.2%                        |

Source: Society of Indian Automobile Manufacturers (SIAM)

\* Classification of A1, A2 etc as per SIAM

## Indian Tractor Industry

The Indian tractor market, comprising of a number of players, continued on its high growth path to touch 4,80,377 tractors, a growth of 20% over the previous year. This was on the back of a 31.7% growth in the corresponding period last year. This growth has been fuelled by increasing rural liquidity, better crop realisations through higher minimum support prices and increasing cost and scarcity of farm labour, all of which were further strengthened by a normal monsoon and continued government support for agriculture and for rural India.



## Your Company's performance

### Automotive Sector – Accept No Limits

During the year under review, your Company's Automotive Sector exemplified the Rise tenet of 'Accepting no limits'. It achieved many milestones and landmarks on its journey to becoming a globally recognised automotive brand. New products were launched along with refreshes. The Sector won many awards and much recognition.

The Sector achieved overall volumes, including those of major subsidiaries, of 3,58,021 vehicles in the domestic market, a significant growth of 25% during the Financial Year 2011. This growth was contributed largely by its entry into newer segments and the growth of its existing product range. The Maxximo, launched in the last quarter of Financial Year 2010, gained a significant market share in its segment, taking on incumbent competition successfully. As a result, in the less than 3.5T LCV segment, your Company gained a 2 percentage points market share to reach 38%.

|                            | Vehicle Classification  | Financial Year 2009 volumes | Financial Year 2010 volumes | Financial Year 2011 volumes | Financial Year 2010-% growth | Financial Year 2011-% growth |
|----------------------------|-------------------------|-----------------------------|-----------------------------|-----------------------------|------------------------------|------------------------------|
| <b>Passenger Vehicles</b>  |                         | 1,19,802                    | 1,56,058                    | 1,80,180                    | 30.3%                        | 15.5%                        |
|                            | Cars*                   | 13,423                      | 5,332                       | 10,009                      | -60.3%                       | 87.7%                        |
|                            | MPVs                    | 0                           | 0                           | 966                         | ***NM                        | ***NM                        |
|                            | UVs                     | 1,06,379                    | 1,50,726                    | 1,69,205                    | 41.7%                        | 12.3%                        |
| <b>Commercial Vehicles</b> |                         | 55,881                      | 86,217                      | 1,15,699                    | 54.3%                        | 34.2%                        |
|                            | LCVs**                  | 55,881                      | 86,217                      | 1,14,856                    | 54.3%                        | 33.2%                        |
|                            | A: Passenger            | 5,118                       | 5,025                       | 4,785                       | -1.8%                        | -4.8%                        |
|                            | B: Goods                | 50,763                      | 81,192                      | 1,10,071                    | 59.9%                        | 35.6%                        |
|                            | M&HCVs **               | 0                           | 0                           | 843                         | ***NM                        | ***NM                        |
|                            | B: Goods                | 0                           | 0                           | 843                         | ***NM                        | ***NM                        |
| <b>3 Wheelers</b>          |                         | 44,533                      | 44,438                      | 62,142                      | -0.2%                        | 39.8%                        |
|                            | All                     | 44,533                      | 44,438                      | 62,142                      | -0.2%                        | 39.8%                        |
|                            | A: Passenger            | 27,170                      | 30,588                      | 45,091                      | 12.6%                        | 47.4%                        |
|                            | B: Goods                | 17,363                      | 13,850                      | 17,051                      | -20.2%                       | 23.1%                        |
| <b>AS total</b>            |                         | 2,20,216                    | 2,86,713                    | 3,58,021                    | 30.2%                        | 24.9%                        |
| <b>2 Wheelers</b>          |                         | 0                           | 70,008                      | 1,63,914                    | ***NM                        | 134.1%                       |
|                            | Motorcycles/StepThrough | 0                           | 0                           | 5,181                       | ***NM                        | ***NM                        |
|                            | Scooter/Scooterettee    | 0                           | 70,008                      | 1,58,733                    | ***NM                        | 126.7%                       |

\* Through JV with Mahindra Automobile Distributor Private Limited.

\*\* Through JV with Mahindra Navistar Automotives Limited.

\*\*\* NM: Not meaningful.

## Leading the industry

- ‡ Kagd 5a\_ bS` kie Va\_ Wef[U Gf[ ffk HVZ[UWè eS`Wè ha`g\_ Wè increased by 12.3% to 1,69,205 units, as against a growth of 18.8% for industry Utility Vehicles sales. Due to significant supplier capacity constraints faced by your Company, its market share in the segment dropped 3 percentage points to 52.2% (Source: SIAM and internal analysis).



- ‡ FZWEUab[al 4a`Wè S` V J k`à` Ua` f[` gVW fa` `SV fZW;` V[S` market with robust growth during the year.
- ‡ FZW4a`Wè Ua` f[` gVW fa` aUgk [re` g\_ TWèa`` Wbaef[ra` for the fifth consecutive year in the domestic utility vehicle market with record sales of more than 83,000 vehicles during the year.
- ‡ ;` fZW8[ S` U[S`KVèd\$` ##kagd5a\_ bS` kie>YZf5a\_ \_ WU[S^ Vehicles sales, including those of its subsidiaries, were 1,10,071 units, registering a growth of 35.6% as compared to a growth of 22.9% for the industry. Your Company is the second largest player in the Light Commercial Vehicles segment with a market share of nearly 32.5%. (Source: SIAM Data and Internal analysis)
- ‡ 6gd` Y fZW kvèd kagd Company bought out the shareholding of its Joint Venture partner in Mahindra Automobile Distributor Private Limited. Post this development, sales of



the Logan recovered sharply, with a growth of nearly 88% to 10,009, compared with the segment growth of 32.6%. The Logan has been relaunched under the Mahindra badge as the Verito.

## New products – Creating customer delight

At Mahindra, the customers are at the core of everything the Company does. In 2011, the Company launched a slew of products to cater to the diverse needs of its varied customers. The excellent response received by all these products proves that your Company is on the right track.

- ‡ FZW? Sjj [ at `Sg` UZVW [ fZW`Sef cgSd`Wèa`XfZWbd`W[age financial year, was rolled out nationwide to an excellent reception in the market.

- ‡ FZW? SZ[ VèS FZSd S` [UZW 4x4 SUV, which sports a retro-look, was launched in the Indian market to a resounding cheer by off-roading and adventure enthusiasts.



- ‡ ;` <S` gSkl \$` ##kagd Company launched the Mahindra Genio, a new generation pick-up truck to cater to the transportation needs of small and medium businesses.



- ‡ 6gd` Y fZW kvèd Mahindra Navistar Automotives Limited (a 51% Joint Venture subsidiary of your Company) commenced the sale of its MN25 and MN31 range of Medium & Heavy Commercial



Vehicles, which received an enthusiastic response in the market. With the gradual rollout of the network and the launch of a complete range of M&HCVs, this segment is set to be a promising growth driver for your Company.

## Overseas operations – Unbridled growth

- ‡ I [fZ fZW d`Wah`Wk [ Y`àTS^ Sgfa\_ af[hW\_ Sd`Wèd fZW Company's overseas automotive operations registered an impressive growth of 65%.



‡ FZW3gfa\_ af[hWEWfadV]badfVW S fafS^aX#+!" && hVZ [UVê during the Financial Year 2011. This included exports of 1,904 Logan cars through its 100% subsidiary Mahindra Automobile Distributor Private Limited (MADPL).

**Inorganic Growth – Seizing Opportunities**

During the year, the Automotive Sector of your Company took two significant steps on its journey towards becoming a globally recognised automotive manufacturer.

‡ ; ? Skl \$" #" t [f SUCg[dW S majority shareholding in Reva Electric Car Company Private Limited (since rechristened as Mahindra Reva Electric Vehicle Private Limited). This acquisition puts your Company at the forefront of the changes sweeping the global automotive industry in terms of the growth of alternate energy vehicles.



‡ ; ? SdZl \$" ##! kagd5a\_ bS` k completed the acquisition of a majority shareholding and management control in SsangYong Motor Company Limited (SYMC) in South Korea. This acquisition provides both the companies with opportunities for significant synergy benefits in the areas of global distribution, joint product development, sourcing and best practices. This acquisition is a significant step towards realising your Company’s global ambitions.



**Farm Equipment Sector – Global tractor leadership**

For the Farm Equipment Sector, this was a year of transformation where numerous milestones were achieved.

**Tractor and Farm Mechanisation Business – Creating milestones**

‡ ; fZ[e bWdaVi fZW5a\_ bS` k sold 2,14,325 tractors under the Mahindra and Swaraj brands, against 1,75,196 tractors sold in the previous year, an increase of 22%.



‡ FZWSTahWha`g\_ W[ U`gVWV fZWeS`WaX\$!" \$!' #% fdSUface in the domestic tractor market in a single financial year, a significant milestone for a tractor manufacturer anywhere in the world.

‡ ;fe\_ Sd] W`ezSdM[ Ud/SeW fa &\$, Xba\_ &#z&, `Sef kV\$dS` V marked the completion of 28 years of leadership of the Farm Equipment Sector in the Indian tractor market.

**Tractors - In the Indian heartland**

The Farm Equipment Sector’s tractor product range extends from 15 HP to 125 HP.

This year saw the launch of *Arjun MAT*, the first truly multi-application tractor from the Mahindra stable, equally at ease in agricultural, combine harvester and other applications.



‡ **Product refreshes:** Updated versions of the Mahindra Arjun, Sarpanch, Bhoomiputra range and the XM series from Swaraj resulted in superior performance and an improved value proposition for the existing product range.

**Global Footprint**

Sustaining the Company’s global leadership necessitates a growing global footprint, which was achieved through focus on the key global markets of US and China among other regions.

*Exports from India grew 34% this year to touch 11,812 tractors, as compared to 8,837 tractors exported last year.*

**China**

China is the second largest tractor market in the world, fuelled by increased government subsidies focused on agricultural mechanisation. This year, however, subsidy disbursements were delayed, missing the major season, which affected tractor retails, resulting in just 4% domestic tractor market growth. In this scenario, the Company’s domestic volumes from the two Joint Ventures Mahindra (China) Tractor Company Limited and Mahindra Yueda (Yancheng) Tractor Company Limited remained steady, with the Company retaining its 5<sup>th</sup> position in the domestic market.

Exports from China, which had slumped last year, posted a smart recovery, propelling Mahindra China export volumes to grow by 31%, thus achieving the 3<sup>rd</sup> position in Chinese tractor exports.

*In recognition of its outstanding performance in sales, customer satisfaction and brand building for the Huanghai Jinma brand, Mahindra Yueda (Yancheng) Tractor Company Limited (MYYTCL) was awarded the "Agriculture Machinery National Customer Satisfaction Brand" by the "China Agriculture Machinery Association" in the Category of "25-50 HP Tractors."*

## USA

Mahindra USA Inc. posted a strong 54% growth, significantly higher than the participating industry, gaining market share. Among other contributors to this success, have been the Compact and Cabin tractor models launched last year in this market.

## ROW

In the SAARC region, Nepal and Bangladesh have been key markets for the Company's operations. Lately, a fast growing Sri Lankan economy has also resulted in good tractor sales, and over 20% market share for the Company in this market.

## Mechanisation (Mahindra AppliTrac) - Growing the market

AppliTrac continued to grow the market for agri mechanisation in the country, playing its part in boosting agri productivity. In view of the increasing scarcity and cost of farm labour, there is an increasing demand in the country and beyond for mechanisation solutions for labour intensive farm operations.



‡ **Rotavator** - For AppliTrac, Financial Year 2011 was the year of the 'Rotavator'. Sales of this equipment increased three fold. Trailed behind a tractor and using the tractor's rotary drive, the rotavator ensures a more efficient form of land preparation, compared to traditional drawn implements. In order to offer to the Indian customer the best of rotavation technology, AppliTrac completed an exclusive tie-up with

Maschio, Italy, the world leader in rotavation equipment. These products will be offered under the 'Mahindra' brand.

‡ **New products** - AppliTrac has ensured a steady stream of new products including Agri construction equipment (CE) attachments, baler, G2 13ft loader, sugarcane lifter, straw reaper for wheat and more.

‡ **Mechanisation solutions** - Another key area of focus has been developing mechanisation solutions for the labour intensive rice crop. This includes the rice transplanter and the tracked paddy harvester. Both these products will go a long way towards transforming the way rice is grown and harvested in the country.

## Agriculture – sowing the seeds for the future

This part of the Agri business will be key to delivering prosperity to the Indian farmer. While containing elements of the erstwhile business of Mahindra Shubhlabh Services Limited (MSSL), several new areas in the agri value chain are being developed.

### Agri Inputs

During the year, MSSL's Agri inputs business was demerged into the Company, with MSSL continuing to exclusively focus on its fruits business. After demerger with the Company, the Agri inputs arm is being shaped to increase its offerings to the Indian farmer.

### Entry into the Micro-irrigation business

One of the biggest developments this year has been the acquisition of a 38% stake in EPC Industrie Limited, one of the leading micro-irrigation companies in India. Micro-irrigation offers tremendous benefits to farmers - over 25% water savings, reduced expenditure on labour & fertiliser, and higher productivity. By virtue of this development, the Company will be able to contribute to the farmer's ability to better utilise scarce water resources and to overall water conservation in the country.

### Mahindra Samriddhi

By the end of this year, over 133 Mahindra Samriddhi Centres have been made operational. Each Samriddhi Centre offers innovative farming technologies that transform the lives of farmers by helping them improve productivity.

*Mahindra Samriddhi was the recipient of the Golden Peacock Award for Innovation – 2010, recognising it as a great example of innovation and thought leadership.*

## Mahindra Powerol – leadership in challenging times

For Mahindra Powerol, Financial Year 2011 was a very challenging year. The market for engines and DGs (Diesel Gensets) for the Telecom Sector suffered a sharp downturn of over 60%. This being Mahindra Powerol's core business, it significantly impacted plans for the year.



However, Mahindra Powerol weathered this adversity by maintaining focus on the customer while simultaneously looking at other growth avenues. Some of the actions for growth included expanding the offering to 500kVA, opening up new international markets in SAARC and Africa and growing the Home UPS (HUPS) volume to 47,217 units.

This was rewarded by significant improvement in the Customer Satisfaction Index (CSI) and Customer as Promoter Score (CaPS), recognition by key customers and industry-wide recognition in the form of two 'Voice of Customer' Awards by Frost & Sullivan.

Despite such a sharp telecom industry demand de-growth, Powerol strengthened its leadership in the market for power solutions for telecom.

## The Quality Way – Inspiring success

Strict adherence to quality is the abiding culture across the Mahindra Group. After winning the Deming Prize and the Japan Quality Medal, the Farm Equipment Sector, one of the Group's leading practitioners of the TQM way is pursuing the path of Total Productive Maintenance (TPM) under the guidance of the Japan Institute of Plant Maintenance. This year, three FES plants - Nagpur, Rudrapur and Kandivali - were the proud recipients of the TPM Excellence Awards 2010. Similarly in the Automotive Sector, the Mahindra Quality System (MQS) is the way of managing business process integration of globally competitive practices for sustained growth and customer satisfaction. The Mahindra Institute of Quality (MIQ) has helped take this focus on Quality across the Mahindra Group through Mahindra Quality Way, a rigorous process of internal company-wide audits and improvements.

## Opportunities and Threats

### Automotive Sector

With the robust growth in the Indian economy and the resulting increase in the income levels and lifestyle aspirations

of the population, the potential size of the Indian passenger vehicle market in the next five years is likely to be as large as 4-5 million vehicles with a conservative growth rate of 10-12% per year. The currently low vehicle penetration of 15 vehicles per 1,000 population, compared to an average of 120 vehicles per 1,000 population for the world also suggests that there are significant growth opportunities for the industry. According to experts, the automobile market growth gets on a high trajectory when a country's per capita income on a Purchasing Power Parity (PPP) basis crosses about \$ 4,500. At present, the PPP per capita income for India is already at approximately \$ 3,500 and is estimated to reach this threshold in the next 4-5 years. As a result, the Indian automobile industry is expected to remain one of the fastest growing markets in the world over several years.

Given the importance of the automobile industry to the economy and its potential for employment and due to its backward and forward linkages with many Sectors, the Government is keen to support the development of the industry. On the other hand, there is continuous pressure globally to reduce environmental emissions from automobiles, leading to the need for on-going investments in technology upgradation and alternate energy across the automotive value chain. Growing environmental consciousness among consumers, government regulations to manage traffic congestion, as well as improvement in public transport infrastructure are trends that will have significant impact on the future of the automobile industry. Automobile manufacturers such as your Company have to monitor such trends carefully and adapt to them quickly.

Similarly, for Commercial Vehicles, the growth in agriculture and industrial production, the spread of organised retailing and the growing prevalence of the hub-and-spoke model for transportation of goods will lead to a significant expansion of the overall market size. Further, the expected introduction in the medium to long term of more stringent norms related to overloading of goods vehicles and roadworthiness and vehicle age will also lead to significant expansion in the market for commercial vehicles.

### Farm Equipment Sector

The continued Government support to agri and rural development, broad basing of the rural economy and the greater adoption of improved agricultural practices (mechanisation, micro-irrigation, hybrid seeds, nutrient based fertiliser application, etc.) are positive developments that will drive sustainable agri and rural growth.

Despite having the second largest arable land area in the world and favourable environmental conditions, lower than world average yields have limited India's agri output. Having taken on the BHAG of 'Delivering Farm Tech Prosperity' and with the creation of the Agri Business vertical, your Company is geared to contribute in this area.

Within India, there are many areas of low tractor penetration, especially among the large base of small and marginal farmers. With the increasing cost and scarcity of farm labour, greater adoption of various forms of mechanisation is the way forward. These are opportunities which your Company is well positioned to tap.

The Indian domestic tractor market, having recorded a significant growth in the last two financial years, is expected to see more competition among existing players. The international players have been investing in capacity augmentation and gradually increasing their market share. Increased competition will lead to more frequent product launches in all industry segments and raise customer expectations in terms of performance, quality and technology, leading to higher costs. Your Company views this as both an opportunity and a challenge.

Power shortage remains a reality across the country with power capacity increases not keeping up with demand growth. This is an opportunity for your Company to continue to offer power solutions to retail and institutional customers in urban and rural centres, increasing their realm of possibilities.

## **Risks and Concerns – Automotive and Farm Equipment Sectors**

The Company's business is inherently exposed to many internal and external risks. Your Company has put in place robust systems and processes, along with appropriate review mechanisms to actively monitor, manage and mitigate these risks. Many measures undertaken by your Company are likely to result in an increase in costs, which cannot always be passed on to customers through price increases in a highly competitive market environment.

### **Raw Material**

Financial Year 2011 saw a strong increase in commodity prices going above the previous record highs of 2008. Even Financial Year 2012 is expected to see a firming of prices in the international market. While this will put pressure on margins, your Company will continue to focus on cost re-engineering to

minimise the impact of this development. In addition, with the rapid demand growth, some of the Company's key suppliers occasionally face capacity constraints and are unable to meet demand. This could lead to potential loss of volumes and market share. The Company is co-operating closely with the Company's key suppliers to minimise such supply constraints through advance capacity planning, longer term contracts and capacity enhancement.

### **Environment and Tax Regulations**

Stringent regulatory norms are being introduced to safeguard the environment, especially in the area of emissions. In India, there is a large differential in taxes levied on small cars and larger vehicles. With the resulting lower price tag for small cars, many customers may opt to postpone large car purchases or buy a small car, which could impact the growth of Utility Vehicles and the large car segment.

### **Fuel prices and alternate fuels**

With the price of crude oil rising significantly over the past few months, the price of automotive fuel is likely to face upward pressure. Almost all of your Company's Utility Vehicle models are diesel powered. Diesel is priced lower than petrol. Any reduction in the price differential between petrol and diesel may increase the demand for petrol Utility Vehicles at the expense of diesel Utility Vehicles and will be disadvantageous to the Company.

There is also a growing customer trend, as well as promotion by Government, for vehicles powered by CNG, LPG and electric batteries, as well as hybrid powertrains. Your Company has developed products powered by alternate energy such as CNG and electricity to provide lower polluting products. Your Company has also developed prototypes of a hybrid Scorpio and hydrogen powered three-wheeler as well as a bio-diesel powered Scorpio and Bolero. The recent acquisition of Mahindra Reva Electric Vehicle Private Limited will help your Company to partially mitigate this risk by expediting the development of an electric vehicle portfolio in accordance with customer demand.

Your Company has also developed tractors and gensets capable of running on bio-diesel. The entire tractor and Mahindra Powerol range of engines are not only a benchmark for fuel efficiency, but are also capable of running on bio-diesel.



## Financial market conditions

With the unabated threat of inflation, the Reserve Bank of India has raised its policy interest rates significantly during the Financial Year 2011 and is expected to further raise them in the coming months. Availability of credit and affordable interest rates are important facilitators for automobile and tractor sales. The recent rise in financing rates is likely to impact demand. However, to address this risk, your Company has entered into several strategic tie-ups with multiple banks and financing companies for providing preferential terms of financing to the Company's customers.

Given the uncertainty prevailing in many parts of the world, especially with respect to the sovereign debt crisis in Europe and the growth outlook for key developed markets in the wake of the earthquake and nuclear power accident in Japan, the outlook for exchange rates is difficult to predict. This has implications for the profitability of your Company's overseas operations, which are a key thrust area for the Company. A rupee appreciation could be a risk for both Automotive and Farm Equipment Sectors. However, the Company, as a practice, hedges currency exposure appropriately, thus limiting the impact of risk.

## New Projects

In order to meet customer needs and competition, your Company is investing in an aggressive new product development programme. Success of new product launches will have an important bearing on its future growth and profitability.

## Monsoons

A normal monsoon is vital as there is a significant interdependence between the monsoon and the health of the agricultural economy. The tractor business in particular and automotive business to some degree run the risk of drop in demand in case of significant variation in monsoon, both positive and negative. In addition, untimely monsoon also has the potential of impacting the business.

## Outlook – Automotive And Farm Equipment Sectors

Both the Automotive and Farm Equipment Sectors with their updated product portfolios and their exploration of global horizons will strive to maintain their leadership position in their respective markets. Simultaneously, your Company will continue its focus on achieving cost leadership through focused cost optimisation, value engineering, improved efficiency measures like supply chain management, countrywide connectivity of all its suppliers and dealers and exploiting synergies between its Sectors.

The long term outlook for the automobile industry is bright and robust, though in the near term there are some challenges relating to the external environment that the industry must overcome. In the past two financial years, the passenger vehicle growth has been 26% and 29% respectively, while that for Commercial Vehicles has been 38% and 27% - among the highest in the world. This high growth has been partly driven by the low base effect of the previous year due to the global financial crisis, partly by the stimulus measures taken by the Government and partly by appropriate action on the part of vehicle manufacturers. This support for industry growth may phase out gradually, returning the industry to a more normal growth trajectory. In addition, rising inflation, interest rates, fuel prices and commodity prices are likely to dampen consumer confidence and sentiment, which has always been a key determinant of automobile sales.

In the long term, the Indian economy is projected to grow rapidly and demand conditions are expected to remain strong. According to SIAM long term forecasts, the Indian automobile industry is expected to grow at an annual average rate of 10-15%. However, in the near term, there are challenges in terms of higher commodity prices, rising inflation and rupee appreciation, which will have a bearing on demand and profitability.

Similarly in the case of tractors, the long term outlook continues to be positive with the tractor industry expected to continue to grow with a CAGR ranging between 7% and 10%.

## Strategy

### Automotive Sector

Your Company is pursuing several strategic initiatives, in all key areas of business, to maintain a healthy and sustainable growth for its Automotive Sector. Some of the key elements of strategy are to expand the addressable market by entering into new customer and market segments (such as mini and small trucks, and medium & heavy trucks), continually refresh and update its product portfolio (for example with the launch of the new pick up Genio and impending launch of a new SUV codenamed W201) and by investing significantly in upgrading R&D and technology.

In addition, your Company is pursuing expansion in overseas markets through organic and inorganic routes. The recent acquisition of SsangYong Motor Company Limited is an important step in realising this objective by expanding the global reach and network of your Company.

Further, your Company is also seized of the global shift towards sustainable mobility driven by climate change concerns. Towards this objective, the Company is investing in new alternate fuel technologies. The recent acquisition of Mahindra Reva Electric Vehicle Private Limited is an important step towards remaining at the forefront of these developments.

## Farm Equipment Sector: Delivering Farm Tech Prosperity

The Farm Equipment Sector strategy has been aligned to Farm Tech prosperity for the Indian farmer. The core business of tractors will deliver this through its range of existing and future products that reduce drudgery and enhance farm productivity. In addition, your Company will offer a wider range of mechanisation solutions to make life easier and more prosperous for farmers, especially with rising labour cost and scarcity. The Farm Equipment Sector's agribusiness will enable the organisation to offer farmers a range of inputs and know-how. All these together will lead to greater farm productivity and deliver prosperity.

## Material Developments in Human Resources/ Industrial Relations for Automotive and Farm Equipment Sectors

The strategic purpose of HR in the Mahindra Group continued to be the creation of a culture of sustained business outperformance while simultaneously showing extreme care for all stakeholders, starting with customers & employees and strengthening the Core Values of the Group. In the long run, the metric for success would be improvements in the total factor productivity, while addressing the business imperatives of cash, cost, competence and confidence. The emphasis was on aligning all the HR levers towards these goals.

A new and major challenge for HR during the year was to create a detailed plan of action for bringing the RISE pillars – accepting no limits, alternative thinking and driving positive change – into the nuts and bolts of the HR levers. This is a gigantic task which brought together business and HR professionals from across the Group, to formulate a detailed roll-out plan over the next few years. It also created a platform for sharing best practices which would take the Company to the next orbit.

In this overall architecture, some key strategic initiatives that need mention are employer branding, the employee value proposition, the template for creating tomorrow's leaders and harnessing the power of diversity (across its many dimensions which include gender, age, nationality and culture). There was huge focus on the Talent Management and Leadership Development process.

To understand and prepare for the future workplace, the Company is one of the five Indian companies in the Future of Work project being undertaken in collaboration with the London Business School. This project is a multi-year project, involving sixty global Companies and the Company expects to gain critical insight into leading edge thinking on various areas.

The Company continues to harness the power of IT through Project Harmony, which now covers 24 HR processes across the Group. Needless to say, all the initiatives mentioned above need to apply not only to Officers but also to the blue collar workforce. To that extent the ongoing "Transformational Work

Culture" initiatives have grown both in depth and width of coverage. It must, however, be noted that while Industrial Relations largely remained cordial and harmonious during the year, the overall industrial relations climate in the country is volatile, especially the issue of contract labour. In this context, training and engagement programmes were organised across locations for developing personal, interpersonal and technical skills of the Company's workmen. These training programmes covered a wide range of topics which included Positive Attitude, Stress Management, TPM, Dexterity and Technical training. The workmen participated wholeheartedly in the training programmes, in many cases on holidays or after working hours. The permanent employee strength of the Company as on 31<sup>st</sup> March, 2011 was 17,577.

## Internal Control Systems

The Company maintains adequate internal control systems, which provide, among other things, reasonable assurance of recording the transactions of its operations in all material respects and of providing protection against significant misuse or loss of Company assets. The Company uses an Enterprise Resource Planning ("ERP") package, which enhances the internal control mechanism. The Company has a strong and independent internal audit function. The Chief Internal Auditor reports directly to the Chairman of the Board. Professionally qualified, technical and financial personnel of the internal audit function conduct periodic audits to ensure that the Company's internal control systems are adequate and are complied with.

## DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

### Overview

The financial statements have been prepared in compliance with the requirements of the Companies Act, 1956 and Generally Accepted Accounting Principles (GAAP) in India.

The Mahindra Group's consolidated financial statements have been prepared in compliance with the standard AS 21 on Consolidation of Accounts and presented in a separate section. The Company has provided segment reporting on a consolidated basis as per standard AS 17 on segment reporting. This information appears along with the consolidated accounts.

### Financial Information

#### Fixed Assets:

As at 31<sup>st</sup> March, 2011, the Gross Block of Fixed Assets and Capital Work in Progress was Rs. 7,213.58 crores as compared to Rs. 6,240.49 crores as at 31<sup>st</sup> March, 2010. During the year, the Company incurred capital expenditure of Rs. 1,152.51 crores (previous year Rs. 946.31 crores). The major items of capital expenditure were on New Product Development, Capacity

Enhancement and Research & Development including on the Company's research facility in Chennai. This included purchase of Intangible assets aggregating Rs. 191.03 crores (previous year Rs. 225.28 crores).

#### Inventories:

| Particulars   | March 31, 2011 | March 31, 2010 |
|---|----------------|----------------|
| Raw materials and bought out components as a % of consumption | 5.33%          | 4.23%          |
| Finished goods as a % of gross sales                          | 2.65%          | 2.48%          |

The increase in inventory levels is due to higher level of activity, higher project inventory due to new products and strategic buildups due to supply constraints.

#### Sundry Debtors:

Sundry debtors amount to Rs. 1,354.72 crores as at 31<sup>st</sup> March, 2011, as compared with Rs. 1,258.08 crores as at 31<sup>st</sup> March, 2010. While in absolute terms, the debtors have gone up as a result of increased sales, as a percentage of gross sales and income from operations, the debtors are lower at 5.29% for the year ended 31<sup>st</sup> March, 2011, as compared to 6.17% for the previous year. The Company has been able to achieve this improvement in its debtors' level due to judicious credit management, control and its emphasis on collections.

#### Loan Funds:

The loan funds have decreased from Rs. 2,880.15 crores in the previous year to Rs. 2,405.29 crores in the current year. The decrease is primarily on account of the conversion into equity shares of the zero coupon convertible bonds in the current year partly offset by increased foreign currency borrowings in the last quarter of the current year.

## RESULTS OF OPERATIONS

#### Income :

(Rs. in crores)

| Particulars                          | Financial Year-2011 |        | Financial Year-2010 |        | Inc./ (Dec.) |
|--------------------------------------|---------------------|--------|---------------------|--------|--------------|
|                                      | Amount              | %      | Amount              | %      |              |
| Gross Sales                          | 24,850.22           | 105.78 | 19,832.06           | 106.61 | 25.30        |
| Income from Operations               | 736.21              | 3.13   | 564.06              | 3.03   | 30.52        |
| Gross Sales & Income from Operations | 25,586.43           | 108.91 | 20,396.12           | 109.64 | 25.45        |
| Less : Excise Duty on Sales          | 2,092.71            | 8.91   | 1,794.01            | 9.64   | 16.65        |
| Net Sales & Income from Operations   | 23,493.72           | 100.00 | 18,602.11           | 100.00 | 26.30        |
| Other Income                         | 309.52              | 1.32   | 199.35              | 1.07   | 55.26        |

#### Net Sales, Income from Operations and Other Income:

The net sales and income from operations of the Company grew by 26.30 % over the previous year on a growth of 28.44% in the automotive business and 23.55% in the Company's tractor business. This growth in the businesses was due to the increased volumes in both the domestic and export markets.

Other income during Financial Year 2011 at Rs. 309.52 is higher than Rs. 199.35 crores earned in the previous year due to higher dividend income from subsidiaries, higher income from surplus funds and other miscellaneous income.

**Expenditure:**

(Rs. in crores)

| Particulars  | Financial Year-2011 |   | Financial Year-2010 |   | Inc./Dec.)   |
|--|---------------------|---|---------------------|---|--------------|
|  | Amount              | % to Net Sales & Income from Operations | Amount              | % to Net Sales & Income from Operations | %            |
| Raw materials, Finished and Semi-finished Products | 16,263.94           | 69.23                                   | 12,332.92           | 66.30                                   | 31.87        |
| Personnel expenses                                 | 1,445.56            | 6.15                                    | 1,198.47            | 6.44                                    | 20.62        |
| Interest, commitment and finance charges           | (50.29)             | (0.21)                                  | 27.81               | 0.15                                    | 280.83       |
| Depreciation/Amortisation                          | 413.86              | 1.76                                    | 370.78              | 1.99                                    | 11.62        |
| Other expenses                                     | 2,328.04            | 9.91                                    | 2,115.48            | 11.37                                   | 10.05        |
| <b>Total Expenditure</b>                           | <b>20,401.11</b>    | <b>86.84</b>                            | <b>16,045.46</b>    | <b>86.26</b>                            | <b>27.15</b> |

The total expenditure during the year as a percentage of Net sales / Income from Operations is 86.84 % as compared to 86.26 % in the previous year.

**Material Cost :**

For the year ended 31<sup>st</sup> March, 2011, material cost has increased by 31.87% which is higher than the increase in net sales and income from operations. Material cost as a percentage to net sales and income from operations increased to 69.23% in Financial Year 2011 as compared with 66.30% in Financial Year 2010. The increase in material cost has been largely driven by the increase in input cost due to increase in commodity prices, changes in product mix and compliance with regulatory norms. The impact of these was partially offset through selling price increase and continued cost reduction initiatives undertaken by the Company.

**Personnel Cost :**

Personnel cost has increased by 20.62% to Rs. 1,445.56 crores from Rs. 1,198.47 crores in the previous year. This is mainly due to increase in strength, annual increments, impact of wage agreements signed during the year and VRS settlements at certain locations in the Company.

**Other Expenses :**

Other expenses as a percentage of net sales and operating income shows a decrease over the previous year. The expenses in absolute terms are higher due to increase in marketing related expenses on warranty, incentives, service coupon, advertisement and sales promotion due to increased volumes,

professional fees and brand building offset by a lower charge on account of variations in difference in exchange and forward cover cancellations as compared to the previous year.

**Depreciation :**

The depreciation for the year ended 31<sup>st</sup> March, 2011 at Rs. 413.86 crores as compared to Rs. 370.78 crores in the previous year is due to the impact in the current year on account of increased amortisation of intangibles and capitalisation of assets at the Company's research facility in Chennai.

**Interest (Net) :**

The interest income for the year ended 31<sup>st</sup> March, 2011 is Rs. 50.29 crores (net of interest expense Rs. 70.86 crores) as compared to an interest expense of Rs. 27.81 crores (net of interest income Rs. 129.04 crores) in the previous year. This is mainly due to conversion of fully and compulsorily convertible debentures into equity shares towards the end of the previous year, resulting in a lower interest charge in the current year.

**Exceptional Items :**

The profit from Exceptional items during the year ended 31<sup>st</sup> March 2011 is Rs. 117.48 crores as against Rs. 90.75 crores in the previous year. The profit in the current year is on account of profit earned on exercise of a put option the Company held on a certain long term investment, while in the previous year the



exceptional income was on account of profit on sale of shares of Mahindra Holidays & Resorts India Limited offered as a part of that Company's Initial Public Offering.

#### **Provision for taxation :**

The provision for current tax and deferred tax for the year ended 31<sup>st</sup> March, 2011 as a percentage to profit before tax is lower than the previous year, on account of higher tax free dividend income during the year and on account of increased weighted deduction available for research and development expenditure in Financial Year 2011.

### **Consolidated Financial Position of the Mahindra Group**

During the year, the Group acquired a 70% stake in Ssangyong Motor Company Limited of Korea making it a subsidiary of the Company. The Group also acquired stakes in Reva Electric Car Company Private Limited, Gipps Aero Investment Pty. Ltd and Aerostaff Australia Pty. Ltd making them subsidiaries of the Company. Renault s.a.s. exited from the Joint Venture Mahindra Renault Private Limited during the year, making Mahindra Renault Private Limited a wholly owned subsidiary of the Company. Mahindra Renault Private limited was subsequently renamed as Mahindra Automobile Distributor Private Limited.

In March 2010, pursuant to the exercise of options by AT&T, Tech Mahindra Limited along with its subsidiaries ceased to be subsidiaries of the Company. Hence, for the current year in the books of the Company, Tech Mahindra Limited and its subsidiaries have been treated as Joint Ventures and consolidated line by line on the proportionate holding basis as compared to full line by line basis consolidation as a subsidiary in the previous year. As on 31<sup>st</sup> March, 2011, the Group comprised of the flagship holding company, Mahindra & Mahindra Limited, 110 Subsidiaries, 6 Joint Ventures and 13 Associates.

The Gross turnover for the year ended 31<sup>st</sup> March, 2011 of Consolidated Mahindra Group is Rs. 39,708.66 crores as against Rs. 33,790.10 crores for the previous year. The Mahindra Group's net turnover grew by 16.85% to Rs. 37,026.37 crores in the current year from Rs. 31,687.97 crores in Financial Year 2010. The profit before exceptional items and tax for the current year is Rs. 4,310.84 crores as compared to Rs. 3,782.59 crores registering an increase of 13.97% over the previous year. The Mahindra Group's performance across most of its segments has registered an improvement. The Systech segment, which had faced challenges on account of the situation prevailing post the

global meltdown of 2009, has shown encouraging improvement on the back of an improved performance in Europe. During the year, there was an exceptional gain of Rs. 218.83 crores mainly arising from gains on account of deemed divestitures of the Company's holdings in Mahindra & Mahindra Financial Services Limited and disposal of an Associate company on exercising a put option available with the Company. The consolidated Group Profit for the year after exceptional items, prior period adjustments and tax and after deducting minority interest is Rs. 3,079.73 crores as against Rs. 2,478.56 crores earned last year, a growth of 24.25%.

Tech Mahindra Limited (TML), the Group's IT arm, registered a total income (consolidated) of Rs. 5,257.68 crores as against Rs. 4,700.84 crores in Financial Year 2010 - an increase of 11.85%. Its Net Profit, after share of minority interest, was lower at Rs. 644.19 crores during Financial Year 2010 as against Rs. 700.53 crores in the previous year. Excluding TML's share of associate company loss, the Net Profit, after share of minority interest was Rs. 743.79 crores.

The Mahindra Group's Finance company, Mahindra & Mahindra Financial Services Limited (Consolidated), while maintaining its leadership position as the largest retail financier for semi-urban and rural markets, witnessed a revenue growth of 30% over the previous year. With its continuous focus on NPA reduction, buoyant rural cashflows and containment of interest costs through broad basing the borrowing profile, it reported a total income of Rs. 2,074.39 crores during the current year as compared to Rs. 1,595.60 crores last year. With a network of 547 offices, its improved performance as a car financier and its increased presence in Heavy Commercial Vehicles and Construction Equipment, the consolidated profit after tax for Financial Year 2011 grew by 38.49 % from Rs. 355.82 crores in the previous year to Rs. 492.77 crores in the current year.

Mahindra Lifespace Developers Limited, the Group's subsidiary in the business of real estate and infrastructure development, showed impressive growth during the year under review. Sales of residential units by the Company and its subsidiaries engaged in residential development registered a growth of 19% over the previous year. The Company is also engaged in the development of integrated business cities, under the name Mahindra World City, through its subsidiary companies at Chennai and Jaipur. The Company's consolidated operating income increased from Rs. 417.86 crores to Rs. 611.93 crores, an increase of 46.44%. The consolidated profit after tax after minority interest for the year increased by 37.81% from Rs. 78.49 crores to Rs. 108.17 crores.

### Segment Results (before exceptional item)

The results achieved by major business segments of the Group are given below:

(Rs. in crores)

| Sr. No. | Segments                   | Financial Year 2011 | Financial Year 2010 |
|---------|----------------------------|---------------------|---------------------|
| 1.      | Automotive                 | 1,632.28            | 1,261.41            |
| 2.      | Farm Equipment             | 1,701.48            | 1,406.66            |
| 3.      | Financial Services         | 744.01              | 524.21              |
| 4.      | Steel Trading & Processing | 85.30               | 82.64               |
| 5.      | Infrastructure             | 170.72              | 121.72              |
| 6.      | Hospitality                | 104.28              | 158.01              |
| 7.      | IT Services                | 440.67              | 1,026.36            |
| 8.      | Systech                    | 101.87              | (105.98)            |
| 9.      | Others                     | (178.03)            | (108.08)            |
|         | <b>Total</b>               | <b>4,802.58</b>     | <b>4,366.95</b>     |

### Disclaimer

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

# CORPORATE GOVERNANCE

 **Mahindra**  
Rise.



# Corporate Governance

Your Company believes that sound corporate governance is critical for enhancing long-term shareholder value and retaining investor trust. Your Company is committed towards transparency in all its dealings and ensures that its performance goals are met with integrity. Good Governance goes beyond working results and financial propriety and is a pre-requisite for attainment of excellent performance.

Governance is moulded in the culture of your Company that is built upon core values, beliefs and ethics. During the year 'CRISIL' has re-affirmed the highest level rating "GVC Level 1" for Governance and Value Creation for the fifth year in a row. This has been possible through sustained efforts and commitment to the highest standards of corporate conduct.

A Report on compliance with the Code of Corporate Governance as prescribed by the Securities and Exchange Board of India and incorporated in the Listing Agreement is given below.

## I. Board of Directors

The composition of the Board is in conformity with Clause 49 of the Listing Agreement, as amended from time to time. The Non-Executive Chairman of the Company is a Promoter and the number of Non-Executive Independent Directors is more than one-half of the total number of Directors. The Board reviews and approves strategy and oversees the actions and results of management to ensure that the long term objectives of enhancing stakeholders' value are met.

The Vice-Chairman & Managing Director and the Executive Director are Whole-time Directors of your Company. The Chairman and the Vice-Chairman & Managing Director,

though Professional Directors in their individual capacities, belong to the Company's promoter group. The remaining Non-Executive Directors comprising of eight Independent Directors (including the Nominee Director) and one Non-Independent Non-Executive Director possess the requisite qualifications and experience in general corporate management, finance, banking, insurance and other allied fields which enable them to contribute effectively to the Company in their capacity as Directors of the Company.

Apart from reimbursement of expenses incurred in the discharge of their duties, the remuneration that these Directors would be entitled under the Companies Act, 1956 as Non-Executive Directors and the remuneration that a Director may receive for professional services rendered to the Company through a firm in which he is a partner, none of these Directors has any other material pecuniary relationships or transactions with the Company, its Promoters, its Directors, its Senior Management or its Subsidiaries and Associates which in their judgment would affect their Independence. None of the Directors of the Company are inter-se related to each other.

Professional fees for the year under review to Khaitan & Co., Advocates & Solicitors, in which Mr. R. K. Kulkarni, Non-Executive Director is a partner amounts to Rs.340.61 lakhs.

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

## A. Composition of the Board

Currently, the Board comprises twelve Directors. The names and categories of Directors, the number of Directorships and Committee positions held by them in the companies

are given below. None of the Directors on the Board is a Member of more than 10 Committees and Chairman of more than 5 Committees (as specified in Clause 49 of the Listing Agreement), across all the companies in which he is a Director:

| Directors   | Category        | Total Number of Directorships of public companies*, Committee Chairmanships and Memberships as on 31 <sup>st</sup> March, 2011 |                          |                        |
|---|-----------------|--|--------------------------|------------------------|
|   |                 | Directorships \$   | Committee Chairmanships+ | Committee Memberships+ |
| <b>NON-EXECUTIVE</b>                                      |                 |  |                          |                        |
| Mr. Keshub Mahindra (Chairman)                            | Promoter        | 6  | 1                        | 1                      |
| Mr. Deepak S. Parekh                                      | Independent     | 12   | 5                        | 7                      |
| Mr. A. K. Nanda   | Non-Independent | 14   | 3                        | 7                      |
| Mr. Nadir B. Godrej                                       | Independent     | 13   | 1                        | 3                      |
| Mr. M. M. Murugappan                                      | Independent     | 8  | 4                        | 5                      |
| Mr. Narayanan Vaghul                                      | Independent     | 5  | 1                        | 2                      |
| Dr. A. S. Ganguly   | Independent     | 3  | —                        | —                      |
| Mr. R. K. Kulkarni  | Independent     | 6  | 2                        | 6                      |
| Mr. Anupam Puri   | Independent     | 4  | —                        | 2                      |
| Mr. Arun Kanti Dasgupta (Nominee of LIC)                  | Independent     | 4  | —                        | 1                      |
| <b>EXECUTIVE</b>  |                 |  |                          |                        |
| Mr. Anand G. Mahindra (Vice-Chairman & Managing Director) | Promoter        | 8  | —                        | 1                      |
| Mr. Bharat Doshi (Executive Director)                     | Non-Independent | 9  | 3                        | 4                      |

\* Excludes private limited companies, foreign companies, companies registered under section 25 of the Companies Act, 1956 and government bodies.

\$ Excludes Alternate Directorships but includes Additional Directorships and Directorship in Mahindra & Mahindra Limited.

+ Committees considered are Audit Committee and Shareholders/ Investors Grievance Committee, including that of Mahindra & Mahindra Limited.

## B. Board Procedure

A detailed Agenda folder is sent to each Director in advance of the Board and to the Director concerned in advance of the Committee Meetings. To enable the Board to discharge its responsibilities effectively, the Vice-Chairman & Managing Director apprises the Board at every Meeting of the overall performance of the Company, followed by Presentations by the Sector President(s). A detailed functional Report is also placed at Board Meetings. The Board also inter alia reviews strategy and business plans, annual operating and capital expenditure budgets, investment and exposure limits, compliance reports of all laws applicable to the Company, as well as steps taken by your Company to rectify instances of non-compliances, review of major legal issues, minutes of the Board Meetings of your Company's unlisted subsidiary companies, significant transactions and arrangements entered into by the unlisted subsidiary companies, adoption of quarterly/half-yearly/annual results, significant labour issues, transactions pertaining to purchase/disposal of property(ies), major

accounting provisions and write-offs, corporate restructuring, Minutes of Meetings of the Audit and other Committees of the Board and information on recruitment of Officers just below the Board level, including the Company Secretary and Compliance Officer.

## C. Number of Board Meetings, Attendance of the Directors at Meetings of the Board and at the Annual General Meeting

During the year 1<sup>st</sup> April, 2010 to 31<sup>st</sup> March, 2011, Ten Board Meetings were held on the following dates — 12<sup>th</sup> April, 2010, 29<sup>th</sup> May, 2010, 15<sup>th</sup> July, 2010, 28<sup>th</sup> July, 2010, 7<sup>th</sup> August, 2010, 29<sup>th</sup> October, 2010, 13<sup>th</sup> November, 2010, 7<sup>th</sup> December, 2010, 9<sup>th</sup> February, 2011 and 30<sup>th</sup> March, 2011. The gap between two Meetings did not exceed four months. These Meetings were well attended. The Sixty-fourth Annual General Meeting (AGM) of the Company was held on 28<sup>th</sup> July, 2010.

The attendance of the Directors at these Meetings was as under:

| Directors               | Number of Board Meetings Attended # | Attendance at the AGM |
|-------------------------|-------------------------------------|-----------------------|
| Mr. Keshub Mahindra     | 9                                   | Yes                   |
| Mr. Anand G. Mahindra   | 8                                   | Yes                   |
| Mr. Deepak S. Parekh    | 10                                  | Yes                   |
| Mr. Bharat Doshi        | 9                                   | Yes                   |
| Mr. A. K. Nanda         | 8                                   | Yes                   |
| Mr. Nadir B. Godrej     | 8                                   | Yes                   |
| Mr. M. M. Murugappan    | 6                                   | Yes                   |
| Mr. Narayanan Vaghul    | 6                                   | No                    |
| Mr. Anupam Puri         | 3                                   | Yes                   |
| Dr. A. S. Ganguly       | 10                                  | Yes                   |
| Mr. R. K. Kulkarni      | 10                                  | Yes                   |
| Mr. Arun Kanti Dasgupta | 6                                   | Yes                   |

# In addition, Mr. Keshub Mahindra, Mr. Anand G. Mahindra, Mr. Bharat Doshi, Mr. Nadir B. Godrej and Mr. Narayanan Vaghul participated in one Board Meeting through teleconference and Mr. M. M. Murugappan & Mr. Anupam Puri participated in two Board Meetings through teleconference.

No sitting fees were paid to the Directors for participation through teleconference.

#### D. Meetings of Independent Directors

The Independent Directors of the Company meet before the Board Meeting to examine various Corporate Governance issues, functioning of the Company and of the Group and other issues without the presence of Vice-Chairman & Managing Director or Executive Director or Management Personnel. These Meetings are conducted in an informal and flexible manner to enable the Independent Directors to discuss matters pertaining to the affairs of the Company and put forth their views and recommend their suggestions to the Board.

#### E. Directors seeking re-appointment

Mr. Anand G. Mahindra, Mr. Bharat Doshi, Mr. Nadir B. Godrej and Mr. M. M. Murugappan retire by rotation and, being eligible, have offered themselves for re-appointment.

Mr. Anand G. Mahindra

##### *Career Graph*

Mr. Anand G. Mahindra, Vice-Chairman & Managing Director of Mahindra & Mahindra Limited graduated with Honours (Magna cum laude) from Harvard College, Cambridge, Massachusetts, in 1977. In 1981 he secured an MBA degree from the Harvard Business School, Boston, Massachusetts. He returned to India that year and joined Mahindra UGINE Steel Company Limited (MUSCO), the country's foremost producer of specialty steels, as an Executive Assistant to the Finance Director. In 1989 he was appointed as President and Deputy Managing Director of MUSCO.

During his stint at MUSCO, he initiated the Mahindra Group's diversification into the new business areas of real estate development and hospitality management.

In the summer of 1991, he was appointed Deputy Managing Director of Mahindra & Mahindra Limited, the country's dominant producer of off-road vehicles and agricultural tractors. He initiated a comprehensive change programme in Mahindra & Mahindra Limited to make the Company an efficient and aggressive competitor in the new liberalised economic environment in India.

In April, 1997, he was appointed Managing Director of Mahindra & Mahindra Limited and in January, 2001 given the additional responsibility of Vice-Chairman.

During Mr. Mahindra's tenure, Mahindra has also grown inorganically, seizing opportunities across the globe. Recent acquisitions include Ssangyong Motor Company Limited, Reva Electric Car Company Private Limited, Satyam Computer

Services Limited, Aerostaff Australia Pty. Limited, Gippsland Aeronautics among others.

##### *Industry Participant*

Mr. Mahindra is the co-founder of the Harvard Business School Association of India, an association dedicated to the promotion of professional management in India.

Mr. Mahindra is currently the Vice-Chairman & Managing Director of Mahindra & Mahindra Limited, Vice Chairman of Mahindra UGINE Steel Company Limited, Chairman of Tech Mahindra Limited, Mahindra Navistar Automotives Limited, Mahindra First Choice Wheels Limited, Mahindra Two Wheelers Limited, Defence Land Systems India Private Limited and Director of Mahindra Holdings Limited, Tech Mahindra Foundation, Prudential Management & Services Private Limited, Araku Originals Limited, Naandi Community Water Services Private Limited, Avion Aerosols Private Limited, M.A.R.K. Hotels Private Limited, Prana Holdings Inc. and Member of Supervisory Board of Schneider Electric SA, France.

He was a co-promoter of Kotak Mahindra Finance Limited, which in 2003 was converted into a Bank. Kotak Mahindra Bank is one of the foremost private sector banks today.

As a leading industry figure, he has served as President of the Confederation of Indian Industry in 2003-04 and has also been President of the Automotive Research Association of India (ARAI). He also served on the Boards of the National Stock Exchange of India Limited and the National Council of Applied Economic Research.

##### *Recognition*

Mr. Mahindra continues to receive several honours, a few of which are 'Knight of the Order of Merit' by the President of the French Republic, Rajiv Gandhi Award 2004 for outstanding contribution in the business field, 2005 Leadership Award from the American India Foundation for his and the Mahindra Group's commitment to corporate social responsibility, CNBC Asia Business Leader Award for the year 2006, The Most Inspiring Corporate Leader of the Year 2007 from NDTV Profit, Business Man of the Year 2007 from Business India, Harvard Business School Alumni Achievement Award 2008, National Statesman for Excellence in Business Practices – Qimpro Platinum Standard 2008 Award by Qimpro Foundation, CNBC TV18 Outstanding Business Leader of the Year 2009, Business Leader of the Year 2009 by Economic Times, Ernst & Young Entrepreneur of the Year India Award for 2009, Indian of the Year Award 2009 by NDTV and IMC Juran Quality Medal 2010 by IMC Ramkrishna Bajaj National Quality Award Trust.



Mr. Anand G. Mahindra is a Member of the following Board Committees:

| Sr. No. | Name of the Company                   | Name of the Committee  | Position held |
|---------|---------------------------------------|--|---------------|
| 1.      | Mahindra & Mahindra Limited           | Share Transfer & Shareholders/ Investors Grievance Committee | Member        |
|         |                                       | Research & Development Committee                             | Member        |
|         |                                       | Loans & Investment Committee                                 | Member        |
| 2.      | Mahindra Navistar Automotives Limited | Remuneration Committee                                       | Chairman      |
| 3.      | Mahindra Two Wheelers Limited         | Remuneration Committee                                       | Member        |

Mr. Anand G. Mahindra holds 6,75,004 Ordinary (Equity) Shares in the Company.

### Mr. Bharat Doshi

Mr. Bharat Doshi joined the Company in 1973 as an Executive. He is a fellow Member of The Institute of Chartered Accountants of India and The Institute of Company Secretaries of India and has a Master's Degree in Law from the University of Bombay. He has participated in the Program for Management Development at Harvard Business School. He was also a Fellow of the Salzburg Seminar on 'Asian Economies: Regional and Global Relationships' held in December, 2000. Mr. Doshi was Executive Vice President (Corporate Affairs) from July, 1991 to August, 1992. In August, 1992, he joined the Board of the Company as an Executive Director in charge of Finance & Accounts, Corporate Affairs and Information Technology. In addition, he was the President of the Trade & Financial Services Sector from December, 1994 to October, 2007. Mr. Doshi is presently designated as Executive Director and Group Chief Financial Officer (Group CFO). Mr. Doshi is Chairman of Mahindra & Mahindra Financial Services Limited and Mahindra Intertrade Limited. He is Director of several companies in the Mahindra Group viz. Tech Mahindra Limited, Mahindra Holdings Limited, Mahindra Navistar Automotives Limited, Mahindra Navistar Engines Private Limited, Mahindra USA Inc. and SsangYong Motor Company Limited.

He is an Independent Director on the Boards of Godrej Consumer Products Limited and NSE.IT Limited.

He is a Trustee of the Mahindra Foundation and the K.C. Mahindra Education Trust. He is also on the Board of Governors of The Mahindra United World College of India and a Director on the Board of Indian Council on Global Relations. He is also

on the Board of Governors of Indian Institute of Management, Tiruchirappalli. Mr. Doshi was the President of Bombay Chamber of Commerce and Industry (BCCI) for the year 2009-10 and presently he is a Member of the Managing Committee of BCCI in his capacity as immediate past President. He was one of the Founding Members of the Governing Council of InAct (Indian Association of Corporate CFOs & Treasurers), now renamed Association of Finance Professionals of India (AFPI).

Mr. Doshi was a Member of the High Powered Expert Committee constituted by the Ministry of Finance, Government of India, on making Mumbai an International Financial Centre and is a Member of the SEBI (Securities and Exchange Board of India) Committee on Disclosures and Accounting Standards (SCODA).

Mr. Doshi is a Member of the Working Group constituted by Reserve Bank of India (RBI) "to examine a range of emerging issues pertaining to regulation of the NBFCs (Non-Banking Financial Companies) Sector".

Mr. Doshi, over the years, has spoken on economic and managerial topics at several international and domestic fora.

Mr. Bharat Doshi was adjudged "India's Best CFO" by the leading business fortnightly Business Today (India Today Group Publication) in April, 2005. He was also conferred the 'CFO of the Year' Award, honouring financial excellence by IMA India, an associate of The Economist Group, in December, 2005. In November, 2007, Mr. Bharat Doshi was honoured with the prestigious CNBC CFO of the Year 2007 award. In March, 2011, he was honoured by CFO India by inducting him as a Founding Member to the 'CFO Hall of Fame'.

Mr. Doshi is a Member of the following Board Committees:

| Sr. No. | Name of the Company                            | Name of Committee   | Position held |
|---------|--|---|---------------|
| 1.      | Mahindra & Mahindra Limited                    | Share Transfer & Shareholders / Investors Grievance Committee | Member        |
|         |  | Loans & Investment Committee                                  | Member        |
|         |  | Research & Development Committee                              | Member        |
|         |  | Corporate Social Responsibility Committee                     | Member        |
| 2.      | Mahindra Intertrade Limited                    | Compensation Committee  | Member        |
| 3.      | Mahindra Navistar Automotives Limited          | Audit Committee   | Chairman      |
| 4.      | Godrej Consumer Products Limited               | Audit Committee   | Chairman      |
|         |  | Human Resources & Compensation Committee                      | Member        |
|         |  | Nominations Committee   | Member        |
| 5.      | Mahindra & Mahindra Financial Services Limited | Loans & Investment Committee                                  | Member        |
|         |  | Compensation Committee  | Member        |
| 6.      | Mahindra Navistar Engines Private Limited      | Remuneration Committee  | Member        |
|         |  | Audit Committee   | Chairman      |

Mr. Doshi holds 5,38,634 Ordinary (Equity) Shares in the Company.

#### Mr. Nadir B. Godrej

Mr. Nadir B. Godrej joined the Board in 1992. He holds a Master of Science degree in Chemical Engineering from Stanford University and a MBA from Harvard Business School. He has been a Director of several Godrej companies since 1977 and has developed the animal feed, agricultural inputs and chemicals businesses of Godrej Industries and other associated companies, and has been very active in research. Besides his professional assignments, Mr. Godrej was the former President of Oil Technologists' Association of India, Indo-French Technical Association and the Compound Livestock Feed Manufacturers Association of India. He is currently the President of the Alliance Francaise de Bombay, Member of CII National Council and Advisor to the Harvard India Centre.

He is spearheading the Business Process Outsourcing initiative of the Godrej Group.

Mr. Godrej is currently the Managing Director of Godrej Industries Limited, Chairman of Godrej Agrovet Limited, Godrej Tyson Foods Limited, Godrej Oil Palm Limited and Director of Godrej & Boyce Manufacturing Company Limited, Godrej Properties Limited, Godrej Consumer Products Limited, Mahindra & Mahindra Limited, KarROX Technologies Limited, Tata Teleservices (Maharashtra) Limited, Cauvery Palm Oil Limited, The Indian Hotels Company Limited, Godrej International Limited, Godrej Global Mid East FZE, ACI Godrej Agrovet Private Limited; Bangladesh, Keyline Brands Limited, Rapidol (Pty) Limited, Godrej Nigeria Limited and Chairman of Poultry Processors' Association of India.

Mr. Nadir B. Godrej is a Member of the following Board Committees:

| Sr. No. | Name of the Company              | Name of the Committee                | Position held |
|---------|----------------------------------|--------------------------------------|---------------|
| 1.      | Godrej Consumer Products Limited | Shareholders Committee               | Chairman      |
| 2.      | Mahindra & Mahindra Limited      | Audit Committee                      | Member        |
|         |                                  | Research & Development Committee     | Member        |
|         |                                  | Remuneration/ Compensation Committee | Member        |

Mr. Nadir B. Godrej holds 3,02,284 Ordinary (Equity) Shares in the Company.

**Mr. M. M. Murugappan**

Mr. Murugappan has been a Director of the Company since August, 1992. He holds a Bachelor of Technology degree in Chemical Engineering from the University of Madras and has a Master of Science in Chemical Engineering from the University of Michigan.

He is a Member of the Supervisory Board of the Murugappa Group of companies. Apart from his many interests in business, Mr. Murugappan takes a keen interest in the development of various citizenship initiatives, particularly in education and health care. He serves on the Board of Governors of IIT Madras.

He is currently the Chairman of Carborundum Universal Limited, Wendt India Limited, Murugappa Morgan Thermal Ceramics Limited, MEL Systems & Services Limited, Tube Investments of India Limited, Volzhsky Abrasive Works; Russia, Net Access (India) Limited, Foskor Zirconia Limited (South Africa), CUMI Abrasives and Ceramics Company Limited; China and Director of Mahindra & Mahindra Limited, Infotech Enterprises Limited, New Ambadi Estates Private Limited, iDea Lab (India) Private Limited, M. M. Muthiah Research Foundation and Member of Managing Committee of A. M. M. Medical Foundation.

Mr. M. M. Murugappan is a Member of the following Board Committees:

| Sr. No. | Name of the Company               | Name of Committee                    | Position held |
|---------|-----------------------------------|--------------------------------------|---------------|
| 1.      | Carborundum Universal Limited     | Investors' Grievance Committee       | Chairman      |
| 2.      | Tube Investments of India Limited | Investors' Grievance Committee       | Chairman      |
|         |                                   | Compensation Committee               | Member        |
| 3.      | Wendt (India) Limited             | Investors' Grievance Committee       | Chairman      |
| 4.      | Infotech Enterprises Limited      | Audit Committee                      | Chairman      |
|         |                                   | Compensation & Nomination Committee  | Chairman      |
| 5.      | Mahindra & Mahindra Limited       | Audit Committee                      | Member        |
|         |                                   | Remuneration/ Compensation Committee | Member        |
|         |                                   | Research & Development Committee     | Member        |

Mr. M. M. Murugappan holds 1,00,000 Ordinary (Equity) Shares in the Company.

**F. Codes of Conduct**

The Board has laid down two separate Codes of Conduct ("Codes"), one for Board Members and other for Senior Management and Employees of the Company. These Codes have been posted on the Company's website <http://www.mahindra.com>. All Board Members and Senior Management Personnel have affirmed compliance with these Codes. A declaration signed by the Vice-Chairman & Managing Director to this effect is enclosed at the end of this Report.

**G. CEO/CFO Certification**

As required under Clause 49 V of the Listing Agreement with the Stock Exchanges, the Vice-Chairman & Managing Director and the Group Chief Financial Officer of the Company have

certified to the Board regarding the Financial Statements for the year ended 31<sup>st</sup> March, 2011.

**II. Remuneration to Directors****A. Remuneration Policy**

While deciding on the remuneration for Directors, the Board, Remuneration/ Compensation Committee ("Committee") considers the performance of your Company, the current trends in the industry, the qualification of the appointee(s), their experience, past performance and other relevant factors. The Board/ Committee regularly keeps track of the market trends in terms of compensation levels and practices in relevant industries. This information is used to review remuneration policies.

## B. Remuneration to Non-Executive Directors for the year ended 31<sup>st</sup> March, 2011

The eligible Non-Executive Directors are paid commission upto a maximum of 1% of the net profits of the Company

as specifically computed for this purpose. A commission of Rs.156 lakhs has been provided as payable to the eligible Non-Executive Directors in the accounts of the year under review.

During the year under review, the Non-Executive Directors were paid a commission of Rs.144 lakhs (provided in the accounts for the year ended 31<sup>st</sup> March, 2010), distributed amongst the Directors as under:

(Rs. in Lakhs)

| Directors                                | Commission for the year ended 31 <sup>st</sup> March, 2010, paid during the year under review |
|--|---|
| Mr. Keshub Mahindra                      | 48.00   |
| Mr. Deepak S. Parekh                     | 12.00   |
| Mr. Nadir B. Godrej                      | 12.00   |
| Mr. M. M. Murugappan                     | 12.00   |
| Mr. Narayanan Vaghul                     | 12.00   |
| Dr. A. S. Ganguly                        | 12.00   |
| Mr. R. K. Kulkarni                       | 12.00   |
| Mr. Anupam Puri                          | 12.00   |
| Mr. Arun Kanti Dasgupta (Nominee of LIC) | 12.00#  |

# The Commission was paid to LIC.

Non-Executive Directors are also paid sitting fees of Rs.20,000 for every Meeting of the Board or Committee attended other than the Share Transfer and Shareholders / Investors Grievance Committee. The sitting fees for Share Transfer and Shareholders/Investors Grievance Committee is Rs.10,000.

The sitting fees paid to Non-Executive Directors for the year ended 31<sup>st</sup> March, 2011 alongwith their Shareholdings in the Company are as under:

| Directors                                | Sitting Fees for the Board and Committee Meetings paid during the year ended 31 <sup>st</sup> March, 2011 (Rs. in Lakhs) | No. of Ordinary (Equity) Shares held as on 31 <sup>st</sup> March, 2011 |
|--|--|---|
| Mr. Keshub Mahindra                      | 5.00   | 4,02,296  |
| Mr. Deepak S. Parekh                     | 3.80   | 1,12,180  |
| Mr. A. K. Nanda                          | 4.80   | 3,30,308  |
| Mr. Nadir B. Godrej                      | 4.20   | 3,02,284  |
| Mr. M. M. Murugappan                     | 5.00   | 1,00,000  |
| Mr. Narayanan Vaghul                     | 4.20   | 1,00,000  |
| Mr. Anupam Puri                          | 0.60   | Nil   |
| Dr. A. S. Ganguly                        | 2.60   | 1,00,000  |
| Mr. R. K. Kulkarni                       | 5.60   | 82,576  |
| Mr. Arun Kanti Dasgupta (Nominee of LIC) | 1.20*  | Nil   |

\* Sitting fees for Board Meetings were paid to LIC.

Details of the Options granted to the Directors including the vesting and exercise period, exercise price and discount are given in Annexure I to the Directors' Report.

### C. Remuneration paid/payable to Managing/ Executive Director (Whole-time Directors) for the year ended 31<sup>st</sup> March, 2011:

Remuneration to Whole-time Directors is fixed by the Remuneration/ Compensation Committee which is subsequently approved by the Board of Directors and Shareholders at a General Meeting.

Following is the remuneration paid/ payable to the Whole-time Directors during the year ended 31<sup>st</sup> March, 2011:

| (Rs. In Lakhs)  |        |                 |   |                                  |        |  |   |   |   |  |   |
|---|--------|-----------------|---|----------------------------------|--------|--|---|---|---|--|---|
| Directors   | Salary | Comm-<br>ission | Company's<br>Contribu-<br>tion to<br>Funds* | Perquisites<br>and<br>allowances | Total  | Contract<br>Period   | No. of<br>Options<br>granted<br>in<br>June,<br>2005 | No. of<br>Options<br>granted in<br>September,<br>2006 | No. of<br>Options<br>granted in<br>July, 2007 | No. of<br>Options<br>granted<br>in August,<br>2008 | No. of<br>Options<br>granted<br>in January,<br>2011 |
| Mr. Anand G. Mahindra (Vice-Chairman & Managing Director) | 81.93  | 163.87          | 22.12                                       | 61.51                            | 329.43 | 4 <sup>th</sup> April, 2007 to 3 <sup>rd</sup> April, 2012     | Nil   | Nil   | Nil   | Nil  | Nil   |
| Mr. Bharat Doshi (Executive Director)                     | 75.21  | 112.81          | 20.31                                       | 18.89                            | 227.22 | 28 <sup>th</sup> August, 2007 to 27 <sup>th</sup> August, 2012 | 10,000  | 11,345  | 8,362   | 29,039   | 71,080  |

\* Aggregate of the Company's contributions to Superannuation Fund and Provident Fund.

Details of the Options granted including the vesting and exercise period, exercise price and discount are given in Annexure I to the Directors' Report.

Notes:

- Notice period applicable to each of the Whole-time Directors — six months.
- Employee Stock Options and Commission are the only components of remuneration that are performance-linked. All other components are fixed.

### III. Risk Management

Your Company has a well-defined risk management framework in place. Further, your Company has established procedures to periodically place before the Board, the risk assessment and minimisation procedures being followed by the Company and steps taken by it to mitigate these risks.

### IV. Committees of the Board

#### A. Audit Committee

This Committee comprises solely of Independent Directors viz. Mr. Deepak S. Parekh (Chairman of the Committee), Mr. R. K. Kulkarni, Mr. Nadir B. Godrej and Mr. M. M. Murugappan. All the Members of the Committee possess strong accounting and financial management knowledge. The Company Secretary is the Secretary to the Committee.

The terms of reference of this Committee are very wide. Besides having access to all the required information from within the Company, the Committee can obtain external professional advice whenever required. The Committee acts as a link between the Statutory and the Internal Auditors and the Board of Directors of the Company. It is authorised to select and establish accounting policies, review reports of the Statutory

and the Internal Auditors and meet with them to discuss their findings, suggestions and other related matters. The Committee is empowered to inter alia review the remuneration payable to the Statutory Auditors and to recommend a change in Auditors, if felt necessary. It reviews Financial Statements and investments of unlisted subsidiary companies, Management Discussion & Analysis of financial condition and results of operations, material individual transactions with related parties not in normal course of business or which are not on an arm's length basis. Generally all items listed in Clause 49 II (D) of the Listing Agreement are covered in the terms of reference. The Audit Committee has been granted powers as prescribed under Clause 49 II (C). The Meetings of the Audit Committee are also attended by the Vice-Chairman & Managing Director, the Executive Director, the President-Finance, Legal and Financial Services Sector, the Statutory Auditors, the Chief Internal Auditor and the Company Secretary. The Chairman of the Audit Committee, Mr. Deepak S. Parekh was present at the 64<sup>th</sup> Annual General Meeting of the Company held on 28<sup>th</sup> July, 2010.

The Committee met five times during the year under review. The Committee Meetings were held on the following dates — 29<sup>th</sup> May, 2010, 28<sup>th</sup> July, 2010, 29<sup>th</sup> October, 2010, 9<sup>th</sup> February, 2011 and 30<sup>th</sup> March, 2011. The gap between two Meetings did not exceed four months. The attendance at the Meetings was as under:

| <b>Members</b>                  | <b>Number of Meetings attended</b> |
|---------------------------------|------------------------------------|
| Mr. Deepak S. Parekh (Chairman) | 5                                  |
| Mr. Nadir B. Godrej             | 5                                  |
| Mr. M. M. Murugappan            | 4                                  |
| Mr. R. K. Kulkarni              | 5                                  |

## **B. Remuneration/Compensation Committee**

The role of the Remuneration/Compensation Committee is to review market practices and to decide on remuneration packages applicable to the Vice-Chairman & Managing Director, the Executive Director and Senior Executives of the Company. During the course of its review, the Committee also decides

on the commission of the Directors and/or other incentives payable, taking into account the individual's performance as well as that of your Company.

The Committee has formulated and administers "Mahindra & Mahindra Limited Employees' Stock Option Scheme" and "Mahindra & Mahindra Limited Employees Stock Option Scheme – 2010" and also attends to such other matters as may be prescribed from time to time.

The scope of the Remuneration/Compensation Committee also include recommendations for new appointment and removal of Board Members, scrutinising nominations for Board Members with reference to their competencies, qualifications, experience, track record, integrity, etc., assessment of the necessary and desirable competencies of Board Members, appointing, retaining and managing the necessary talent pool commensurate with the size and operations of your Company including Board Members, etc. The Committee comprises of majority of Independent Directors and includes the Chairman of the Company.

Mr. Narayanan Vaghul is the Chairman of the Committee. Mr. Keshub Mahindra, Mr. Nadir B. Godrej and Mr. M. M. Murugappan are the other Members of the Committee.

The Committee met five times during the year under review. The attendance at the Meetings was as under:

| <b>Members</b>                  | <b>Number of Meetings attended</b> |
|---------------------------------|------------------------------------|
| Mr. Narayanan Vaghul (Chairman) | 4                                  |
| Mr. Keshub Mahindra             | 4                                  |
| Mr. Nadir B. Godrej             | 5                                  |
| Mr. M. M. Murugappan            | 4                                  |

## **C. Share Transfer and Shareholders/Investors Grievance Committee**

The Company's Share Transfer and Shareholders/Investors Grievance Committee functions under the Chairmanship of Mr. Keshub Mahindra, Chairman of the Board and a Non-Executive Director. Mr. Anand G. Mahindra, Mr. R. K. Kulkarni, Mr. Bharat Doshi and Mr. A. K. Nanda are also on the Committee. Mr. Narayan Shankar, Company Secretary is the Compliance Officer of the Company.

The Committee meets as and when required, to inter alia deal with matters relating to transfer of shares and monitor redressal of complaints from Shareholders relating to transfers, non-receipt of Balance Sheet, non-receipt of dividends declared, etc. With a view to expediting the process of share transfers, necessary authority has been delegated to approve the transfers of not more than 10,000 Ordinary (Equity) Shares per transfer, provided the transferee does not hold 2,00,000 or more Ordinary (Equity) Shares in your Company.

The Committee met two times during the year. Both the Meetings were well attended by its Members. During the year, 36 complaints were received from the Shareholders, all of which have been attended to/resolved to date. As of date, there are no pending share transfers pertaining to the year under review.

#### **D. Research & Development Committee (a voluntary initiative of the Company)**

The Research & Development Committee (R&D), which was constituted by the Board in 1998, provides direction on the R&D mission and strategy and key R&D and technology issues. The Committee also reviews and makes recommendations on skills and competencies required and the structure and the process needed to ensure that the R&D initiatives result in products that are in keeping with the business needs. Dr. A. S. Ganguly is the Chairman of the Committee. Mr. Anand G. Mahindra, Mr. Nadir B. Godrej, Mr. Bharat Doshi and Mr. M. M. Murugappan are the other Members of the Committee.

#### **E. Strategic Investment Committee (a voluntary initiative of the Company)**

The Strategic Investment Committee is a Committee formulated by the Board with powers inter alia to take up for evaluation and scrutinise significant investments/funding including but not limited to business acquisitions, reviewing existing investments in Subsidiaries, Joint Ventures, other Group companies etc. and make necessary recommendations to the Board from time to time. Mr. Keshub Mahindra, Mr. Anand G. Mahindra, Mr. Deepak S. Parekh, Dr. A. S. Ganguly, Mr. Nadir B. Godrej and Mr. Bharat Doshi are the Members of the Committee.

#### **F. Loans & Investment Committee (a voluntary initiative of the Company)**

The Committee approves of making of loans and investment, disinvestment, borrowing moneys and related aspects of fund management in accordance with the Guidelines prescribed by the Board. Mr. Keshub Mahindra is the Chairman of the Committee. Mr. Anand G. Mahindra, Mr. R. K. Kulkarni, Mr. Bharat Doshi and Mr. A. K. Nanda are the other Members of the Committee.

#### **V. Subsidiary Companies**

Clause 49 defines a “material non-listed Indian subsidiary” as an unlisted subsidiary, incorporated in India, whose turnover or net worth (i.e. paid-up capital and free reserves) exceeds 20% of the consolidated turnover or net worth respectively, of the listed holding company and its subsidiaries in the immediately preceding accounting year.

Under this definition, the Company did not have any “material non-listed Indian subsidiary” during the year under review. The Subsidiaries of the Company function independently, with an adequately empowered Board of Directors and sufficient resources. For more effective governance, the Minutes of Board Meetings of Subsidiaries of the Company are placed before the Board of Directors of the Company for their review.

#### **VI. Disclosures**

##### **A. Disclosure of transactions with Related Parties**

During the financial year 2010-11, there were no materially significant transactions entered into between the Company and its Promoters, Directors or the Management, Subsidiaries or Relatives, etc. that may have potential conflict with the interests of the Company at large. Further details of related party transactions are presented in Note Number “28” in Schedule XIII to Annual Accounts of the Annual Report.

##### **B. Disclosure of Accounting Treatment in preparation of Financial Statements**

Your Company has followed the Accounting Standards laid down by The Companies (Accounting Standards) Rules, 2006 in preparation of its financial statements.



## C. Code for Prevention of Insider Trading Practices

The Company has instituted a comprehensive Code of Conduct for Prevention of Insider Trading for its designated employees, in compliance with Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, as amended from time to time. The Code lays down Guidelines, which advises them on procedures to be followed and disclosures to be made, while dealing with shares of the Company, and cautioning them of the consequences of violations.

## VII. Shareholder Information

### 1. 65<sup>th</sup> Annual General Meeting

|       |   |   |
|-------|---|---|
| Date  | : | 8 <sup>th</sup> August, 2011  |
| Time  | : | 3:30 p.m.   |
| Venue | : | Birla Matushri Sabhagar,<br>19, Sir Vithaldas Thackersey Marg<br>(New Marine Lines),<br>Mumbai - 400 020. |

### 2. Dates of Book Closure

Dates of Book Closure for Dividend will be from 16<sup>th</sup> July, 2011 to 8<sup>th</sup> August, 2011, both days inclusive.

### 3. Date of Dividend Payment

The Dividend would be credited/dispatched on and after 9<sup>th</sup> August, 2011.

### 4. Financial Year of the Company

The financial year covers the period from 1<sup>st</sup> April to 31<sup>st</sup> March.

Financial Reporting for:

Quarter ending

30<sup>th</sup> June, 2011 - Second week of August, 2011

Half-year ending

30<sup>th</sup> September, 2011 - Second week of November, 2011

Quarter ending

31<sup>st</sup> December, 2011 - Second week of February, 2012

Year ending

31<sup>st</sup> March, 2012 - End May, 2012

Note: The above dates are indicative.

### 5. Registered Office

Mahindra & Mahindra Limited

Gateway Building,

Apollo Bunder,

Mumbai - 400 001.

### 6. Listing of Ordinary (Equity) Shares and Debentures on Stock Exchanges

Your Company's Shares are listed on Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE). The Global Depositary Receipts (GDRs) of your Company are listed on the Luxembourg Stock Exchange and are also admitted for trading on International Order Book (IOB) of the London Stock Exchange. The requisite listing fees have been paid in full to all these Stock Exchanges.

#### 7A. Stock Code

1. Bombay Stock Exchange : 500520  
Limited (BSE)

2. National Stock Exchange : M&M  
of India Limited (NSE)

3. Demat International : INE101A01026  
Security Identification  
Number (ISIN) in NSDL &  
CDSL for Equity Shares

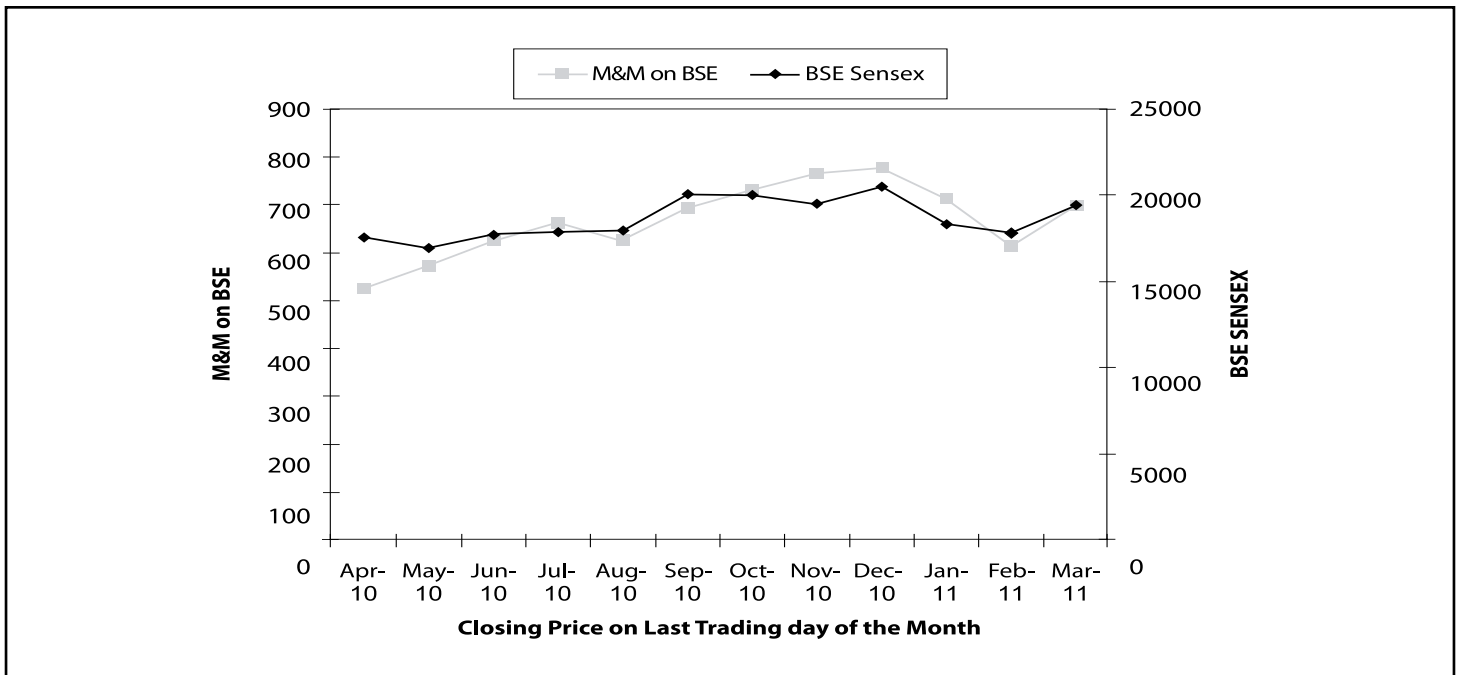
4. GDRs, Luxembourg : USY541641194  
Stock Exchange (ISIN)

7B. Corporate : L65990MH1945PLC004558  
Identity Number

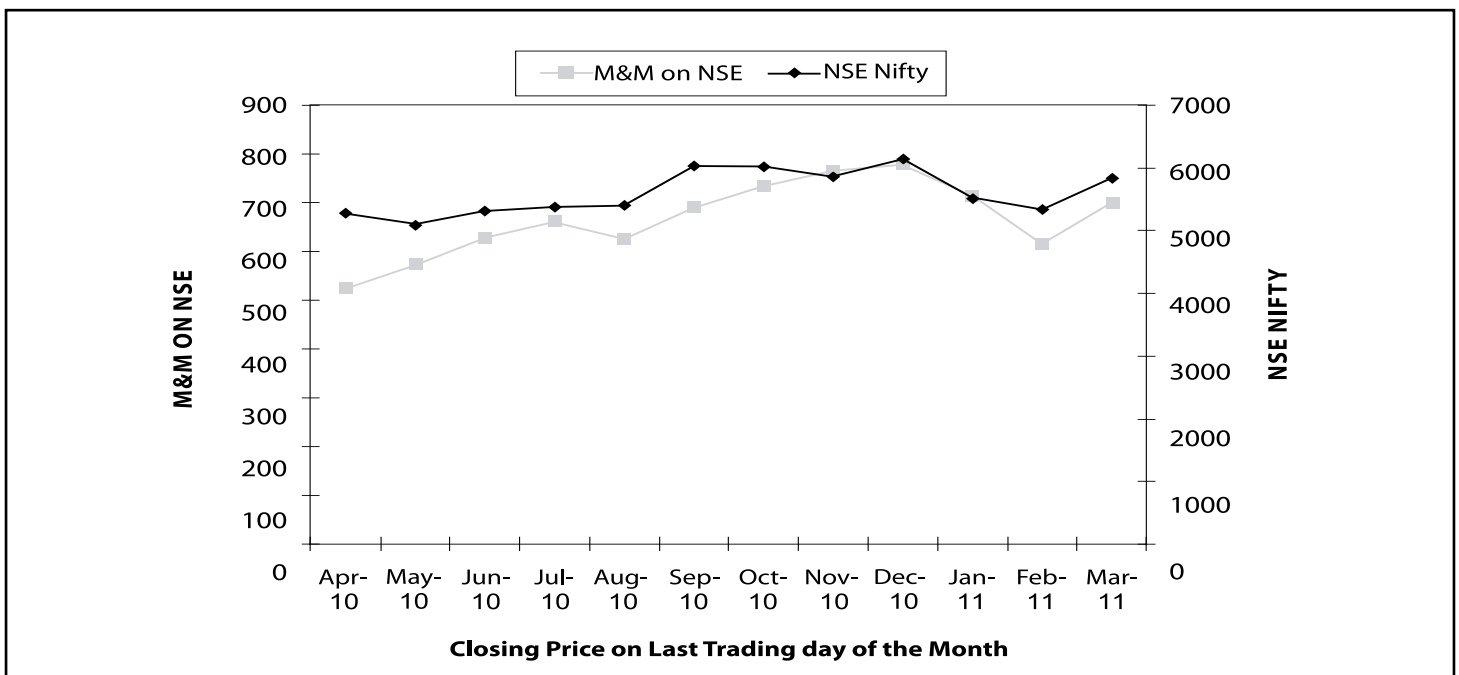


### 8. Stock Performance

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



The performance of the Company's shares relative to the NSE S&P CNX Nifty Index is given in the chart below:



## 9. Stock Price Data:

| Month           | Equity Shares                 |        |  |        | GDRs                      |       |
|-----------------|-------------------------------|--------|--|--------|---------------------------|-------|
|                 | Bombay Stock Exchange Limited |        | National Stock Exchange of India Limited |        | Luxembourg Stock Exchange |       |
|                 | High                          | Low    | High                                     | Low    | High                      | Low   |
|                 | Rs.                           | Rs.    | Rs.                                      | Rs.    | US \$                     | US \$ |
| April, 2010     | 555.70                        | 491.00 | 555.90                                   | 476.35 | 12.09                     | 11.28 |
| May, 2010       | 577.60                        | 501.00 | 578.10                                   | 502.60 | 12.42                     | 10.65 |
| June, 2010      | 644.90                        | 558.20 | 645.00                                   | 558.10 | 13.98                     | 11.98 |
| July, 2010      | 664.70                        | 595.20 | 664.90                                   | 595.00 | 14.26                     | 12.73 |
| August, 2010    | 677.00                        | 550.00 | 679.70                                   | 604.25 | 14.50                     | 12.99 |
| September, 2010 | 744.70                        | 625.30 | 720.20                                   | 615.00 | 15.79                     | 13.43 |
| October, 2010   | 758.70                        | 687.80 | 759.50                                   | 688.00 | 16.79                     | 15.67 |
| November, 2010  | 826.40                        | 728.00 | 826.70                                   | 734.40 | 18.28                     | 16.53 |
| December, 2010  | 814.00                        | 722.10 | 814.80                                   | 721.00 | 17.94                     | 16.11 |
| January, 2011   | 801.90                        | 677.20 | 801.70                                   | 677.00 | 17.62                     | 15.23 |
| February, 2011  | 721.00                        | 585.10 | 719.90                                   | 585.00 | 15.45                     | 13.55 |
| March, 2011     | 811.50                        | 622.90 | 716.60                                   | 619.80 | 15.87                     | 14.05 |

## 10. Registrar and Transfer Agent:

Sharepro Services (India) Private Limited  
Unit: Mahindra & Mahindra Limited  
13AB, Samhita Warehousing Complex,  
2<sup>nd</sup> Floor, Sakinaka Telephone Exchange Lane,  
Off Andheri Kurla Road, Sakinaka, Andheri (East),  
Mumbai – 400 072.  
Tel. No. : +91-22-67720400/300  
Fax : +91-22-28591568  
Email : sharepro@shareproservices.com

### The Registrar and Transfer Agents also have an office at:

Sharepro Services (India) Private Limited  
912, Raheja Centre, Free Press Journal Road,  
Nariman Point, Mumbai – 400 021.  
Tel. No. : +91-22-22881568/69  
Fax : +91-22-22825484

## 11. Share Transfer System

Trading in Ordinary (Equity) Shares of the Company through recognized Stock Exchanges is permitted only in dematerialised form.

Shares sent for transfer in physical form are registered and returned within a period of thirty days from the date of receipt of the documents, provided the documents are valid and complete in all respects. With a view to expediting the process of share transfers, Mr. Bharat Doshi, Executive Director and Group Chief Financial Officer and Mr. Uday Y. Phadke, President – Finance, Legal and Financial Services Sector and Mr. Narayan Shankar, Company Secretary of the Company have been severally authorised to approve the transfers of not more than 10,000 Ordinary (Equity) Shares per transfer, provided the transferee does not hold 2,00,000 or more Ordinary (Equity) Shares in the Company. The Share Transfer and Shareholders/Investors Grievance Committee meets as and when required to consider the other transfer proposals and attend to Shareholder grievances.

**12. Distribution of Shareholding as on 31<sup>st</sup> March, 2011:**

| Number of Shares held | Number of Shareholders | Number of Shares held | % of Shareholding |
|-----------------------|------------------------|-----------------------|-------------------|
| 1 to 1000             | 1,83,346               | 1,89,45,403           | 3.09              |
| 1001 to 2000          | 4,815                  | 70,01,054             | 1.14              |
| 2001 to 10000         | 4,038                  | 1,64,57,968           | 2.68              |
| 10001 to 20000        | 479                    | 66,29,379             | 1.08              |
| 20001 and above       | 843                    | 56,49,06,305          | 92.01             |
| <b>Total</b>          | <b>1,93,521</b>        | <b>61,39,40,109</b>   | <b>100.00</b>     |

**Shareholding Pattern as on 31<sup>st</sup> March, 2011:**

| Sr. No. | Category of Shareholders   | Total Holdings      | Holdings in Percentage |
|---------|--|---------------------|------------------------|
| 1.      | Promoters and Promoter Group   | 15,28,69,156        | 24.90                  |
| 2.      | Mutual Funds/UTI   | 3,04,38,010         | 4.96                   |
| 3.      | Banks, Financial Institutions, Insurance Companies, Central and State Government | 11,47,99,913        | 18.70                  |
| 4.      | FII's  | 14,08,66,236        | 22.94                  |
| 5.      | Foreign Bodies   | 1,98,92,305         | 3.24                   |
| 6.      | Private Corporate Bodies   | 6,24,50,538         | 10.17                  |
| 7.      | Indian Public  | 5,25,87,741         | 8.57                   |
| 8.      | NRIs/ OCBs/ Foreign Nationals *  | 35,46,767           | 0.58                   |
| 9.      | The Bank of New York Mellon (for GDR holders)                                    | 3,64,89,443         | 5.94                   |
|         | <b>Grand Total</b>   | <b>61,39,40,109</b> | <b>100.00</b>          |

\* NRIs category does not include Shareholding aggregating 7.32 lakhs Shares representing 0.12% of the paid-up share capital of the Company held by a NRI, as the same is included under the category of Promoters and Promoter Group.

**13. Dematerialisation of Shares**

98.67% of the paid-up Equity Share Capital is held in a dematerialised form with National Securities Depository Limited and Central Depository Services (India) Limited as on 31<sup>st</sup> March, 2011. The market lot of the Share of your Company is one Share, as the trading in the Equity Share of your Company is permitted only in dematerialised form. Non-Promoters' holding is 75.10 % and the stock is highly liquid.

**14. Outstanding GDRs / ADRs / Warrants or any Convertible Instruments, Conversion date and likely impact on equity**

3,64,89,443 GDRs were outstanding as at 31<sup>st</sup> March, 2011. Since the underlying Ordinary (Equity) Shares represented by GDRs have been allotted in full, the outstanding GDRs have no impact on the Equity of your Company.

2000 Zero Coupon Convertible Bonds (due 2011) of US\$ 1,00,000 each (FCCBs) aggregating US\$ 200 million issued in April, 2006, were at the option of the Bondholder, convertible into around 96,35,156 Equity Shares/GDRs (each GDR

representing one Equity Share of your Company) at an initial conversion price of Rs.922.04 at any time between 7<sup>th</sup> May, 2006 and 7<sup>th</sup> March, 2011.

In the year 2008-2009, your Company had repurchased 105 FCCBs aggregating US\$ 1,05,00,000 at a discount and the same have been cancelled upon repurchase.

Consequent to sub-division of each Ordinary (Equity) Share of the face value of Rs.10 fully paid-up in the Equity Share Capital of your Company into 2 Ordinary (Equity) Shares of the face value of Rs.5 each fully paid-up, the initial conversion price of Rs.922.04 per share was adjusted to Rs.461.02 per share with effect from 31<sup>st</sup> March, 2010.

During the year, 1,884 FCCBs aggregating US\$ 18,84,00,000 were converted into 1,81,52,597 Equity Shares/GDRs (each GDR representing one Equity Share of your Company).

The balance 11 FCCBs aggregating US\$ 11,00,000 were redeemed by your Company during the year.

## 15. Plant Locations

Your Company's manufacturing facilities are located at Kandivali, Nashik, Igatpuri, Nagpur, Zaheerabad, Jaipur, Rudrapur, Haridwar, Chakan and Mohali.

## 16. Address for correspondence

Shareholders may correspond with the Registrar and Transfer Agents at:

Sharepro Services (India) Private Limited  
Unit: Mahindra & Mahindra Limited  
13AB, Samhita Warehousing Complex,  
2<sup>nd</sup> Floor, Sakinaka Telephone Exchange Lane,  
Off Andheri Kurla Road,  
Sakinaka, Andheri (East),  
Mumbai - 400 072.  
Telephone Nos.: +91-22-67720400/300  
Fax: +91-22-28591568  
Email: sharepro@shareproservices.com

for all matters relating to transfer/dematerialisation of

shares, payment of dividend and any other query relating to Equity Shares of your Company.

Your Company has also designated investors@mahindra.com as an exclusive email ID for Investors for the purpose of registering complaints and the same has been displayed on the Company's website.

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

For all investor related matters, the Company Secretary & Compliance Officer can be contacted at:

Mahindra Towers,  
5<sup>th</sup> Floor, Dr. G. M. Bhosale Marg,  
Worli, Mumbai - 400 018.  
Telephone Nos.: +91-22-24975074  
Fax: +91-22-24900833  
email: investors@mahindra.com

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

## VIII. Other Disclosures

### 1. Details of General Meetings and Special Resolutions passed

Annual General Meetings (AGM) held during the past 3 years and the Special Resolutions passed therein:

| Year | Date                        | Time       | Special Resolutions passed   |
|------|-----------------------------|------------|--|
| 2008 | 30 <sup>th</sup> July, 2008 | 3.30 p. m. | No Special Resolution was passed at the AGM  |
| 2009 | 30 <sup>th</sup> July, 2009 | 3.30 p.m.  | Change in place of keeping Registers and Index of Members and Debenture/Bond Holders and copies of Annual Returns, etc.  |
| 2010 | 28 <sup>th</sup> July, 2010 | 3.00 p.m.  | 1. Payment of Commission upto one per cent of the net profits of the Company to the Directors who are neither in the whole-time employment of the Company nor the Managing Director, Executive Director(s) and such of remainder as may not desire to participate for a period of five years with effect from 1 <sup>st</sup> November, 2010.                          |
|      |                             |            | 2. Introduction and implementation of the Mahindra & Mahindra Limited Employees Stock Option Scheme-2010 and authorising the Board to offer, issue and allot equity shares and/or equity linked instruments including Options/ Warrants/ Restricted Stock Units not exceeding 3% of the issued Equity Share Capital of the Company as on 31 <sup>st</sup> March, 2010. |
|      |                             |            | 3. Extend the benefits of the Mahindra & Mahindra Limited Employees Stock Option Scheme – 2010 to Employees/ Directors of subsidiary company(ies).   |

All the above Meetings were held at Birla Matushri Sabhagar, 19, Sir Vithaldas Thackersey Marg (New Marine Lines), Mumbai - 400 020, except the Annual General Meeting held on 30<sup>th</sup> July, 2009 which was convened at Y. B. Chavan Centre, General Jagannathrao Bhosale Marg, Next to Sachivalaya Gymkhana, Mumbai - 400 021.

No Extraordinary General Meeting was held during the past 3 years.

Details of the Court Convened Meeting held during the year under review:

| Date                           | Time       | Resolution passed  |
|--------------------------------|------------|--|
| 29 <sup>th</sup> October, 2010 | 3.00 p. m. | Approving the arrangement embodied in the Scheme of Arrangement between Mahindra Shubhlabh Services Limited and Mahindra and Mahindra Limited and their respective Shareholders. |

The above Meeting was held at Birla Matushri Sabhagar, 19, Sir Vithaldas Thackersey Marg (New Marine Lines), Mumbai - 400 020. During the year 2010-11, there was no Resolution passed through Postal Ballot.

## 2. Details of non-compliance etc.

Your Company has complied with all the requirements of regulatory authorities. During the last three years, there were no instances of non-compliance by the Company and no penalty or strictures were imposed on the Company by the Stock Exchanges or SEBI or any statutory authority, on any matter related to the capital markets.

## 3. Means of Communication

The quarterly, half-yearly and yearly results are published in Business Standard and Sakal which are national and local dailies respectively. These are not sent individually to the Shareholders. The Company's results and official news releases are displayed on the Company's website <http://www.mahindra.com>

Presentations are also made to international and national institutional investors and analysts which are also put up on the website of the Company.

Your Company has been regularly posting information relating to its financial results and shareholding pattern on Corporate Filing and Dissemination System viz. [www.corpfiling.co.in](http://www.corpfiling.co.in), the common platform launched by BSE and NSE for electronic filing by listed companies.

## 4. Management Discussion and Analysis Report

Management Discussion and Analysis Report (MDA) has been attached to the Directors' Report and forms part of this Annual Report.

## 5. Compliance with Mandatory requirements

Your Company has complied with all the mandatory requirements of Clause 49 of the Listing Agreement relating to Corporate Governance.

## 6. Compliance with Non-mandatory requirements

### a. Office of the Chairman

Your Company has provided the Chairman (Non-Executive) with a full-fledged office, the expenses of which are borne by the Company.

The Chairman is reimbursed all expenses incurred in the performance of his duties.

### b. Remuneration Committee

Your Company has set up the Remuneration/ Compensation Committee long before application of Clause 49 of Listing Agreement.

### c. Audit Qualifications

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

Your Company has not adopted the other non-mandatory requirements as specified in Annexure I D of Clause 49.

## 7. Compliance with the Corporate Governance –Voluntary Guidelines, 2009

In December, 2009 the Government of India, Ministry of Corporate Affairs ("MCA") had issued Corporate Governance Voluntary Guidelines 2009 ("the Guidelines"). MCA has clarified that the Guidelines were prepared and disseminated for consideration and adoption by Corporates and may be voluntarily adopted by public companies with the objective to enhance not only the economic value of the enterprise but also the value for every stakeholder who has contributed in the success of the enterprise and set a global benchmark for good Corporate Governance.

Your Company has been a strong believer in good Corporate Governance and has been adopting the best practices that have evolved over the last two decades.

Your Company is in substantial compliance with the Guidelines and it will always be the Company's endeavour to attain the best practices in Corporate Governance.

Mumbai, 30<sup>th</sup> May, 2011.

**DECLARATION BY THE MANAGING DIRECTOR UNDER CLAUSE 49  
OF THE LISTING AGREEMENT**

To  
**The Members of Mahindra & Mahindra Limited**

I, Anand G. Mahindra, Vice-Chairman & Managing Director of Mahindra & Mahindra Limited declare that all the Members of the Board of Directors and Senior Management Personnel have affirmed compliance with the Code of Conduct for the year ended 31<sup>st</sup> March, 2011.

Mumbai, 30<sup>th</sup> May, 2011

**Anand G. Mahindra**  
Vice-Chairman & Managing Director

---

**CERTIFICATE**

To  
The Members of Mahindra & Mahindra Limited

We have examined the compliance of conditions of Corporate Governance by Mahindra & Mahindra Limited, for the year ended 31<sup>st</sup> March, 2011, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges in India.

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

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

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

For DELOITTE HASKINS & SELLS  
Chartered Accountants  
(Registration No.117364W)

B. P. Shroff  
(Partner)  
Membership Number: 34382

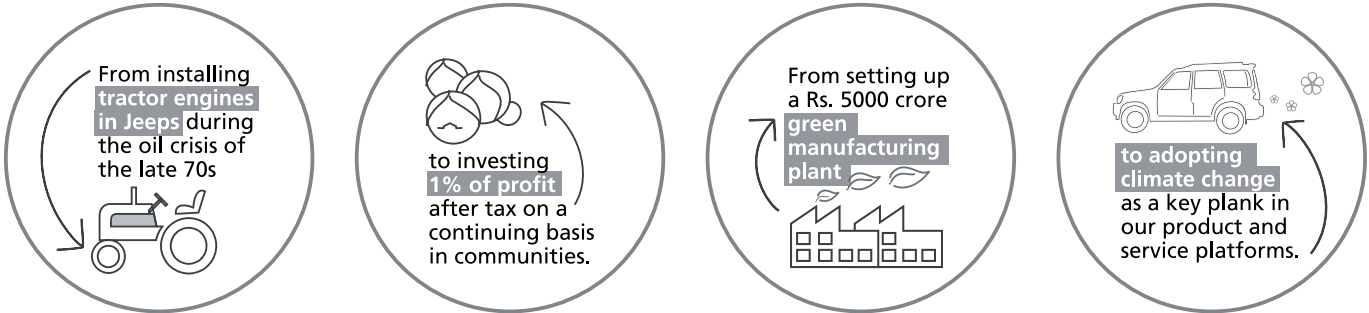
Mumbai, 30<sup>th</sup> May, 2011

# SUSTAINABILITY





# where **ALTERNATIVE** is **NATIVE**



Alternative Thinking has grown from strength to strength in Mahindra and rethinking the regular has become a regular.

In a world where standard, legacy approaches are fast leading to economic, social and ecological dead ends, at Mahindra, Alternative Thinking is driving sustainability to the heart of business decisions.

Our sustainability brand Alternative Thinking has evolved over the years. What started as 'Alternative Thinking' in the first report progressed to 'Alternative Thinking in Action' in the second year, and further transformed in to 'Where Alternative Is Native' in the third report.

## The Roadmap. The Journey

Over the last three years, our sustainability reporting process has traversed from intentions, to commitments to well established roadmaps. In our second sustainability report, we formulated a roadmap articulating goals for 3 & 5 year time horizons. The progress has been very encouraging and we are on target to achieve almost all of them. Below is a snapshot of the progress on our roadmap.

### Reduction in Energy & Resource Consumption

Various initiatives were undertaken by both, the Auto and Farm Divisions. A detailed review in both divisions and specific actions to reduce energy & water consumption, have been charted out.

### Green IT & Green Procurement Policy

Green IT policies have been adopted and a Green Procurement Policy has been released and shared with the suppliers.

### Certifications (ISO / OHSAS etc.)

All plants of the company are certified for Environment Management Systems and OHSAS standards.

### Sustainability Awareness among Significant Stakeholders

Thrust on sustainability awareness among our employees, shareholders and investors continued this year too. Furthermore, engagement with our suppliers, NGO partners and media is in progress.

### Reduction in GHG / CO2 Emissions

A group-wide exercise to determine the corporate carbon footprint was undertaken this year. Baseline data has now been created which will help in identifying more and more areas where emissions from products and processes can be reduced.

### Enhance Employee Engagement in Esops

Regular interactions were carried out with the CSR team to review and recommend various initiatives to ensure that we meet/exceed this target.

## People

At Mahindra, we consistently invest in our people - be it those in the neighbourhood or those working in the organisation - as it is the people that provide us the canvas and resources to grow. For our communities, we regularly facilitate strategic interventions in the areas of education, health and environment. For our employees, we create a safe & healthy work environment where innovation is encouraged, talent is nurtured and skills are sharpened.

## Planet

At Mahindra, environment responsibility forms the foundation of our sustainability road map. In FY 2010, a detailed carbon footprinting exercise of the entire group was undertaken to zero in on carbon intensive processes that offer significant reduction potential. This exercise has empowered us to develop strategies whereby we would be prepared for impending new national and international regulations.

## Profit

Year over year, Mahindra has been posting excellent results on the economic front and this year too was no different. In 2009-10, as the Indian economic juggernaut, contradicted the global slowdown and kept gaining momentum, Mahindra continued to accelerate the nation's growth story by significantly outperforming average industry growth rates.

Presented here are just some of the examples of how we nurture our people power:

### Alternative Prosperity

Through 'Mahindra Samridhi', the Farm Division has progressed from manufacturing farm equipment to nurturing farm prosperity in India. Since its inception in 2007, 50,439 farmers have been impacted through 75 Samridhi centres set up in villages across the country. One of the key benefits of this initiative is 15 to 18% increase in average farm productivity in our sphere of influence. Going ahead, an additional 45 centres have been identified for transformation in FY 2011.

### Alternative Innovation

The Auto Division, has promoted the concept of 'I<sup>4</sup> Teams' to focus on making the organisation, an idea-led organisation, where everyone - right from the board room to the shop floor - are involved in generating ideas. Today, all workmen across the Auto Division are members of I<sup>4</sup> Teams. In FY 2010, on an average 20 ideas were implemented per person. These ideas are increasing productivity across plants, improving quality, delivering safety, improving morale and generating savings.

A series of initiatives continued to be conducted in the environmental front. Below are a select few:

### Alternative Greenfield

Auto Division, Zaheerabad joined hands with environmental experts and came up with a comprehensive, 10-year water management master plan to transform the 343-acre, semi-arid region of Zaheerabad in to a green belt. Over a period of time, the ground water table rose by 220 feet and the ground water is now available in open wells also. The plant production has gone up to 49,743 units in FY 2010 from 6,000 units in FY 2000.

### Alternative Resource

The employees of the Farm Division at Wagholi revived an old water reservoir to become a 16,000 KL water repository and render water for 3,000 dwellers. This alternative resource now helps farmers to cultivate two crops in a year and provides adequate water for animals, round the year.

Mentioned below are some of our investments in areas where opportunities to expand market access are clearly perceived.

### Alternative Investment

We have set up a state-of-the-art green manufacturing facility at Chakan, near Pune, with a committed phased investment of Rs. 5000 crore. Right from ground breaking to the final commissioning, a total of 140 initiatives have been deployed which will considerably reduce CO<sub>2</sub> emissions, power and fuel consumption.

### Alternative Technologies

Mahindra has re-launched Bolero Pickup, Bolero Maxx Maxi Pickup, Champion 3-wheeler with superior technologies that reduce CO<sub>2</sub> emissions, to meet BS IV emission norms. Other prestigious additions in our portfolio include 'Yuvraj' tractor for small and marginalised farmers, Gio - India's first compact truck with car-like interiors and an attractive price point and Maxximo, a technologically-advanced compact truck which is the world's first 2-cylinder 4-valve common rail engine.

From the trends seen so far and from our efforts towards improving our triple bottom line performances, we are confident that our businesses will soon reap visible competitive advantages, sparking a positive chain reaction among our investors, suppliers, vendors, customers, communities and other stakeholders.

For a comprehensive view of the Mahindra Group's triple bottom line approach and performance, visit our sustainability report on [www.mahindra.com](http://www.mahindra.com)

## Financial Position at a Glance

(Rupees in crores)

|   | 2011   | 2010    | 2009   | 2008   | 2007   | 2006    | 2005   | 2004   | 2003   | 2002   |
|---|--------|---------|--------|--------|--------|---------|--------|--------|--------|--------|
| Gross Fixed Assets  | 7214   | 6240    | 5541   | 4203   | 3510   | 3065    | 2810   | 2559   | 2489   | 2417   |
| Net Fixed Assets  | 4372   | 3703    | 3214   | 2361   | 1871   | 1555    | 1475   | 1391   | 1466   | 1537   |
| Investments   | 9325   | 6398    | 5786   | 4215   | 2238   | 1669    | 1190   | 1111   | 862    | 800    |
| Foreign Currency Monetary Item Translation Difference Account [Asset/(Liability)] | —      | (3)     | 18     | —      | —      | —       | —      | —      | —      | —      |
| Inventories   | 1694   | 1189    | 1061   | 1084   | 878    | 879     | 760    | 500    | 457    | 469    |
| Debtors   | 1355   | 1258    | 1044   | 1005   | 701    | 638     | 512    | 400    | 517    | 648    |
| Other Current Assets  | 3095   | 3599    | 2959   | 1555   | 2169   | 1232    | 1028   | 625    | 640    | 616    |
| Misc. Expenditure not written off   | —      | —       | 13     | 14     | 18     | 18      | 24     | 10     | 40     | —      |
| Borrowings  |        |         |        |        |        |         |        |        |        |        |
| Long-term   | 2395   | 2801    | 3685   | 2187   | 1558   | 837     | 941    | 652    | 1072   | 1192   |
| Short-term  | 10     | 79      | 368    | 400    | 78     | 46      | 111    | 78     | 68     | 185    |
| Current Liabilities and Provisions  | 6768   | 5197    | 4798   | 3240   | 2666   | 2052    | 1760   | 1329   | 1095   | 1051   |
| Deferred Tax Liability/(Asset) (Net)  | 354    | 240     | (18)   | 57     | 20     | 147     | 190    | 203    | 177    | 138    |
| Equity Capital  | 294    | 283     | 273    | 239    | 238    | 233     | 112    | 116    | 116    | 116    |
| Reserves  | 10020  | 7544    | 4989   | 4111   | 3315   | 2676    | 1875   | 1659   | 1454   | 1388   |
| Net Worth   | 10313  | 7827    | 5262   | 4350   | 3553   | 2909    | 1987   | 1775   | 1570   | 1504   |
| Book Value Per Share (Rupees)   | 175.43 | @138.10 | 192.12 | 180.87 | 147.98 | *123.29 | 174.46 | 150.89 | 130.56 | 128.26 |

@ 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 shown after giving effect to a 1:1 bonus issue in September, 2005.

Book value per share is calculated after reducing Miscellaneous Expenditure not written off and Revaluation Reserve from Net worth.

## Summary of Operations

|   |                    | (Rupees in crores) |        |        |        |        |        |        |        |       |       |
|---|--------------------|--------------------|--------|--------|--------|--------|--------|--------|--------|-------|-------|
|   |                    | 2011               | 2010   | 2009   | 2008   | 2007   | 2006   | 2005   | 2004   | 2003  | 2002  |
| Income @  |                    | 25896              | 20595  | 14983  | 13238  | 11558  | 9451   | 7804   | 6001   | 4597  | 3997  |
| Materials   | Direct             | 16264              | 12333  | 9274   | 7726   | 6828   | 5714   | 4603   | 3353   | 2500  | 2117  |
|   | Indirect           | 138                | 105    | 91     | 89     | 79     | 68     | 60     | 43     | 39    | 32    |
| Excise Duty (Net)                                   |                    | 2093               | 1807   | 1587   | 1584   | 1335   | 1136   | 1055   | 955    | 785   | 677   |
| Personnel   |                    | 1445               | 1198   | 1025   | 868    | 666    | 553    | 465    | 421    | 385   | 375   |
| Interest (Net) @                                    |                    | (50)               | 28     | 45     | 24     | (67)   | (18)   | (6)    | 52     | 87    | 83    |
| Depreciation (Net)                                  |                    | 414                | 371    | 292    | 239    | 209    | 200    | 184    | 165    | 165   | 139   |
| Other Expenses                                      |                    | 2190               | 1997   | 1643   | 1474   | 1192   | 909    | 743    | 603    | 496   | 476   |
| Exceptional items                                   |                    | (118)              | (91)   | (10)   | (173)  | (122)  | (210)  | (14)   | (29)   | (57)  | 17    |
| Profit before tax for the year                      |                    | 3520               | 2847   | 1036   | 1407   | 1439   | 1099   | 714    | 438    | 197   | 81    |
| Tax for the year                                    | Current Tax        | 762                | 749    | 58     | 279    | 366    | 285    | 215    | 63     | 12    | 3     |
|   | Deferred Tax (Net) | 96                 | 10     | 141    | 25     | (15)   | (43)   | (14)   | 26     | 39    | (25)  |
| Adj. pertaining to Prev. Years                      |                    | —                  | —      | ▲31    | —      | 19     | —      | —      | —      | —     | 6     |
| Balance profit                                      |                    | 2662               | 2088   | 868    | 1103   | 1069   | 857    | 513    | 349    | 146   | 97    |
| Dividends   |                    | #+ 803             | +624   | +312   | +321   | +325   | +278   | +172   | +118   | +72   | 56    |
| Equity Dividend (%)                                 |                    | 230.00             | 190.00 | 100.00 | 115.00 | 115.00 | 100.00 | 130.00 | 90.00  | 55.00 | 50.00 |
| Earnings per Share (Rupees)                         |                    | 46.21              | 37.97  | 15.92  | 23.12  | 22.58  | 19.04  | 11.52  | 7.51   | 3.14  | 2.16  |
| Vehicles produced/<br>Purchased (Units)             |                    | 355500             | 284516 | 201993 | 196956 | 169557 | 148213 | 148025 | 117670 | 87088 | 66256 |
| Vehicles sold (Units)                               |                    | 354073             | 282119 | 206688 | 195077 | 169679 | 147591 | 145024 | 117399 | 86890 | 65338 |
| Tractors produced (Units)                           |                    | 216388             | 173276 | 119098 | 98917  | 103847 | 87075  | 67115  | 50102  | 45183 | 54524 |
| Tractors sold (Units)                               |                    | 214325             | 175196 | 120202 | 99042  | 102531 | 85029  | 65390  | 49576  | 47028 | 58006 |
| @ Interest income netted off in<br>interest expense |                    | 121                | 129    | 89     | 63     | 87     | 45     | 36     | 25     | 29    | 33    |

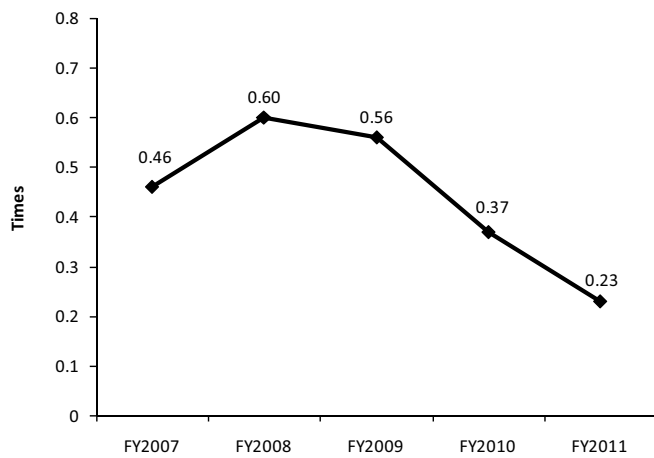
# Proposed Dividend.

+ Including Income-tax on Proposed Dividend/Dividends.

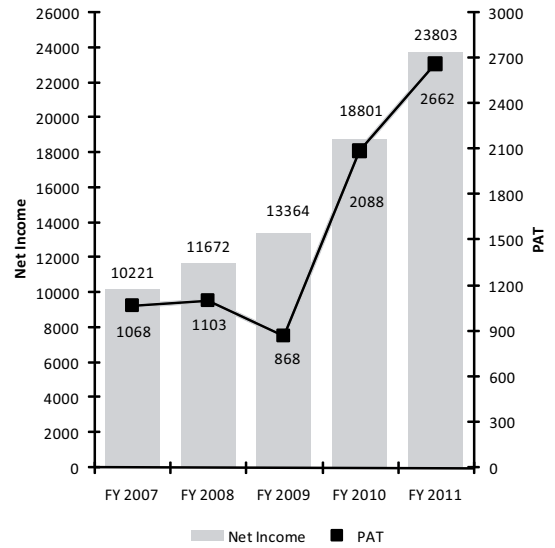
▲ Profit of Mahindra Holdings and Finance Limited for the period 1<sup>st</sup> February, 2008 to 31<sup>st</sup> March, 2008.

## Financial Highlights

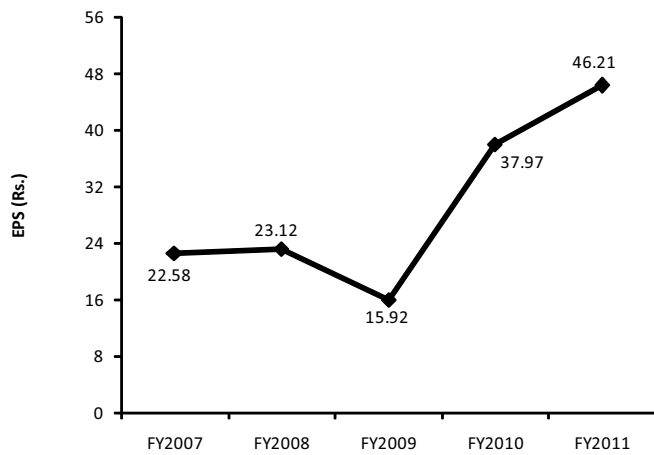
### Debt Equity Ratio



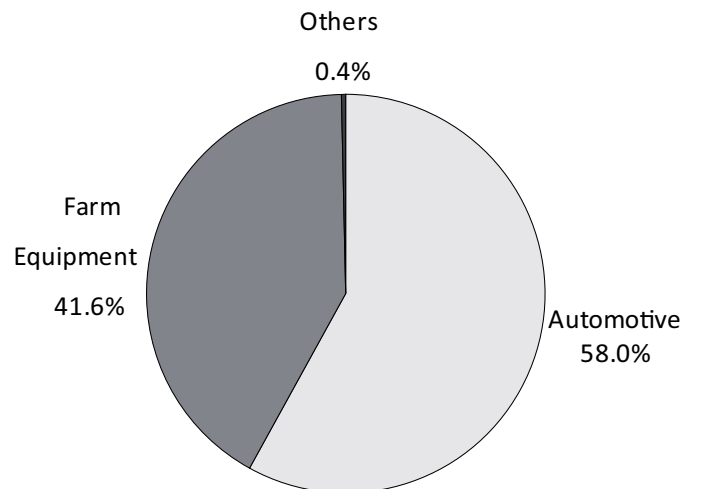
### Net Income and PAT (Rupees Crores)



### Earning Per Shares(Rs.)



### Net Segmental Revenue F-2011



# ACCOUNTS

 **Mahindra**  
Rise.





## Auditors' Report to the Members of Mahindra & Mahindra Limited

1. We have audited the attached Balance Sheet of Mahindra & Mahindra Limited as at 31<sup>st</sup> March, 2011, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (CARO) issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report as follows:
  - (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (d) in our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;
  - (e) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2011;
    - (ii) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and
    - (iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.
5. On the basis of the written representations received from the Directors as on 31<sup>st</sup> March, 2011, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31<sup>st</sup> March, 2011 from being appointed as a director in terms of Section 274(1) (g) of the Companies Act, 1956.

**For DELOITTE HASKINS & SELLS**  
Chartered Accountants  
(Registration No.117364W)

**B. P. Shroff**  
Partner  
(Membership No.34382)

MUMBAI : 30<sup>th</sup> May, 2011

## Annexure to the Auditors' Report of Mahindra & Mahindra Limited for the year ended 31<sup>st</sup> March, 2011.

(Referred to in paragraph (3) thereof)

- i. In respect of its fixed assets:
  - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
  - (b) The fixed assets have not been physically verified by the management during the year but the Company has a system of verifying the fixed assets once in every three years. In our opinion the frequency of verification is at reasonable intervals.
  - (c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- ii. In respect of its inventory:
  - (a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals.
  - (b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
  - (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- iii. The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956.
- iv. In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the items purchased are of special nature and suitable alternative sources are not readily available for obtaining comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and the sale of goods and services. During the course of our audit, we have not observed any major weakness in such internal control system.
- v. In respect of contracts or arrangements entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us:
  - (a) The particulars of contracts or arrangements referred to in Section 301 that needed to be entered in the Register maintained under the said Section have been so entered.
  - (b) Where each of such transaction is in excess of Rs. 5 lakhs in respect of any party, having regard to the explanations that some of the items purchased are of special nature and suitable alternative sources are not readily available for obtaining comparable quotations, the transactions have been made at prices which are *prima facie* reasonable having regard to the prevailing market prices at the relevant time.
- vi. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. According to the information and explanations given to us, no order has been passed by the Company Law Board or the National Company Law Tribunal or the Reserve Bank of India or any Court or any other Tribunal.
- vii. In our opinion, the Company has an adequate internal audit system commensurate with the size and the nature of its business.
- viii. We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209(1) (d) of the Companies Act, 1956 in respect of manufacture of motor vehicles and tractors and are of the opinion that *prima facie* the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determining whether they are accurate or complete. To the best of our knowledge and according to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records for any other product of the Company.
- ix. According to the information and explanations given to us in respect of statutory dues:
  - (a) The Company has generally been regular in depositing undisputed dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Value Added Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.
  - (b) There were no undisputed amounts payable in respect of Income-tax, Wealth Tax, Customs Duty, Excise Duty, Cess and other material statutory dues in arrears as at 31<sup>st</sup> March, 2011 for a period of more than six months from the date they became payable.

(c) Details of dues of Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and Cess which have not been deposited as on 31<sup>st</sup> March, 2011 on account of disputes are given below:

| Statute           | Nature of Dues | Forum where the Dispute is pending           | Period to which the amount relates | Amount involved (Rs. in crores) |
|-------------------|----------------|--|------------------------------------|---------------------------------|
| Income-Tax Laws   | Income-Tax     | Appellate Authority – Tribunal Level         | 1998-2009                          | 10.02                           |
|                   |                | Appellate Authority – Commissioner (Appeals) | 1995-2009                          | 16.66                           |
| Sales Tax Laws    | Sales Tax      | High Court                                   | 1987-2008                          | 182.00                          |
|                   |                | Appellate Authority – Tribunal Level         | 1987-2010                          | 5.48                            |
|                   |                | Appellate Authority – Commissioner (Appeals) | 1997-2010                          | 18.67                           |
| Service Tax Laws  | Service Tax    | Appellate Authority – Tribunal Level         | 2002-2009                          | 3.16                            |
|                   |                | Appellate Authority – Commissioner           | 2004-2010                          | 6.95                            |
| Excise Duty Laws  | Excise Duty    | Supreme Court                                | 1991-1996                          | 533.01                          |
|                   |                | Appellate Authority – Tribunal Level         | 1987-2009                          | 272.62                          |
|                   |                | Appellate Authority – Commissioner           | 2001-2010                          | 98.60                           |
| Customs Duty Laws | Customs Duty   | Appellate Authority – Tribunal Level         | 1992-2001                          | 5.31                            |

- x. The Company does not have accumulated losses as at 31<sup>st</sup> March, 2011 and has not incurred cash losses during the financial year ended on that date and in the immediately preceding financial year.
- xi. In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks, financial institutions and debenture holders.
- xii. In our opinion and according to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. The provisions of any special statute as specified under the clause (xiii) of the said Order are not applicable to the Company.
- xiv. In our opinion the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of paragraph 4(xiv) of the Order are not applicable to the Company.
- xv. According to the information and explanations given to us, the Company has not given any guarantees for loans taken by others from banks or financial institutions, the terms and conditions, whereof, in our opinion are prejudicial to the interests of the Company.
- xvi. In our opinion and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained.
- xvii. In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet, we report that funds raised on short term basis have not been used during the year for long term investments.
- xviii. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956, during the year.
- xix. According to the information and explanations given to us, the Company has created security in respect of the debentures issued in earlier years.
- xx. The Company has not raised any money by public issue during the year.
- xxi. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of significant fraud on or by the Company, noticed or reported during the year nor have we been informed of such case by the management.

**For DELOITTE HASKINS & SELLS**

Chartered Accountants  
(Registration No.117364W)

**B. P. Shroff**

Partner

(Membership No.34382)

MUMBAI : 30<sup>th</sup> May, 2011

# Balance Sheet as at 31<sup>st</sup> March, 2011

Rupees crores

|  | Schedule | 2011      | 2010      |
|--|----------|-----------|-----------|
| <b>I. SOURCES OF FUNDS :</b>   |          |           |           |
| SHAREHOLDERS' FUNDS :  |          |           |           |
| Share Capital .....  | I        | 293.62    | 282.95    |
| Share Capital Suspense Account [Note 23 (c)] .....                     |          | 0.02      | —         |
| Employee Stock Options Outstanding .....                               |          | 33.95     | 8.01      |
| Reserves and Surplus .....   | II       | 9,985.80  | 7,535.81  |
|  |          |           | 7,826.77  |
| LOAN FUNDS :   |          |           |           |
| (a) Secured Loans .....  | III A    | 407.23    | 602.45    |
| (b) Unsecured Loans .....  | III B    | 1,998.06  | 2,277.70  |
|  |          | 2,405.29  | 2,880.15  |
| DEFERRED TAX LIABILITY (Net) [Note 22] .....                           |          | 354.38    | 240.33    |
| FOREIGN CURRENCY MONETARY ITEM TRANSLATION<br>DIFFERENCE ACCOUNT ..... |          | —         | 3.46      |
| Total .....  |          | 13,073.06 | 10,950.71 |
| <b>II. APPLICATION OF FUNDS :</b>                                      |          |           |           |
| FIXED ASSETS :   |          |           |           |
| Gross Block .....  |          | 6,227.72  | 5,276.29  |
| Less : Depreciation .....  |          | 2,841.73  | 2,537.77  |
| Net Block .....  | IV       | 3,385.99  | 2,738.52  |
| CAPITAL WORK-IN-PROGRESS (INCLUDING CAPITAL<br>ADVANCES) .....         |          | 985.86    | 964.20    |
|  |          | 4,371.85  | 3,702.72  |
| INVESTMENTS .....  | V        | 9,325.29  | 6,398.02  |
| CURRENT ASSETS, LOANS AND ADVANCES :                                   |          |           |           |
| (a) Inventories .....  | VI A     | 1,694.21  | 1,188.78  |
| (b) Sundry Debtors .....   | VI B     | 1,354.72  | 1,258.08  |
| (c) Cash and Bank Balances .....                                       | VI C     | 614.64    | 1,743.23  |
| (d) Other Current Assets .....   | VI D     | 106.74    | 50.87     |
| (e) Loans and Advances .....   | VI E     | 2,373.17  | 1,805.55  |
|  |          | 6,143.48  | 6,046.51  |
| CURRENT LIABILITIES AND PROVISIONS :                                   |          |           |           |
| (a) Current Liabilities .....  | VII A    | 4,761.68  | 3,400.00  |
| (b) Provisions .....   | VII B    | 2,005.88  | 1,796.54  |
|  |          | 6,767.56  | 5,196.54  |
| NET CURRENT ASSETS .....   |          | (624.08)  | 849.97    |
| Total .....  |          | 13,073.06 | 10,950.71 |
| NOTES ON ACCOUNTS .....  | XIII     |           |           |

In terms of our report attached

For Deloitte Haskins & Sells  
Chartered Accountants

M. M. Murugappan  
N. Vaghul  
R. K. Kulkarni  
A. S. Ganguly  
A. P. Puri  
N. B. Godrej  
A. K. Dasgupta  
Deepak S. Parekh  
A. K. Nanda

} Directors

B. P. Shroff  
Partner

Mumbai, 30<sup>th</sup> May, 2011

Keshub Mahindra

Chairman

Anand G. Mahindra

Vice Chairman & Managing Director

Bharat Doshi

Executive Director

Narayan Shankar

Company Secretary

Mumbai, 30<sup>th</sup> May, 2011

## Profit and Loss Account for the year ended 31<sup>st</sup> March, 2011

Rupees crores

|  | Schedule | 2011      | 2010      |
|--|----------|-----------|-----------|
| <b>SALES</b> - Traded and Manufactured Goods .....                               |          | 24,850.22 | 19,832.06 |
| Less : Excise Duty on Sales (Net) .....  |          | 2,092.71  | 1,794.01  |
| <b>Net Sales</b> .....   |          | 22,757.51 | 18,038.05 |
| Income from Operations .....   | VIII A   | 736.21    | 564.06    |
| Other Income .....   | VIII B   | 309.52    | 199.35    |
| <b>Net Income</b> .....  |          | 23,803.24 | 18,801.46 |
| <b>EXPENDITURE :</b>   |          |           |           |
| Raw Materials, Finished and Semi-finished Products .....                         | IX       | 16,263.94 | 12,332.92 |
| Excise Duty .....  |          | (0.69)    | 13.29     |
| Personnel .....  | X        | 1,445.56  | 1,198.47  |
| Interest, Commitment and Finance Charges (Net) .....                             | XI       | (50.29)   | 27.81     |
| Depreciation/Amortisation [Note 5 (c)(i) & (d)] .....                            |          | 413.86    | 370.78    |
| Other Expenses .....   | XII      | 2,379.60  | 2,161.74  |
|  |          | 20,451.98 | 16,105.01 |
| <b>Less : Cost of Manufactured Products Capitalised</b> .....                    |          | 50.87     | 59.55     |
|  |          | 20,401.11 | 16,045.46 |
| Profit before exceptional items and taxation .....                               |          | 3,402.13  | 2,756.00  |
| <b>Add : Exceptional Items</b> [Note 21] .....                                   |          | 117.48    | 90.75     |
| Profit before taxation .....   |          | 3,519.61  | 2,846.75  |
| <b>Less : Provision for Tax - Current Tax</b> .....                              |          | 761.67    | 749.33    |
| - Deferred Tax (Net) .....   |          | 95.84     | 9.67      |
| Profit for the year .....  |          | 2,662.10  | 2,087.75  |
| Balance of Profit for earlier years .....  |          | 4,588.37  | 3,365.32  |
| <b>Add/(Less) : Transfer from/(to) Debenture Redemption Reserve (Net)</b> .....  |          | 35.71     | (30.95)   |
|  |          | 4,624.08  | 3,334.37  |
| Total of Profit and Loss Account balances shown above .....                      |          | 7,286.18  | 5,422.12  |
| <b>Less :</b>  |          |           |           |
| General Reserve .....  |          | 275.00    | 210.00    |
| Proposed Dividend .....  |          | 706.08    | 549.52    |
| Income-tax on Proposed Dividend .....  |          | 96.56     | 74.23     |
| Balance for 2010-2011 and earlier years carried to Balance Sheet .....           |          | 6,208.54  | 4,588.37  |
| <b>EARNINGS PER SHARE [Note 24] :</b><br>(Face value Rs. 5/- per share) (Rupees) |          |           |           |
| Basic .....  |          | 46.21     | 37.97     |
| Diluted .....  |          | 44.33     | 35.61     |
| <b>NOTES ON ACCOUNTS</b> .....   | XIII     |           |           |

In terms of our report attached

For Deloitte Haskins & Sells  
Chartered Accountants

|                  |             |
|------------------|-------------|
| M. M. Murugappan | } Directors |
| N. Vaghul        |             |
| R. K. Kulkarni   |             |
| A. S. Ganguly    |             |
| A. P. Puri       |             |
| N. B. Godrej     |             |
| A. K. Dasgupta   |             |
| Deepak S. Parekh |             |
| A. K. Nanda      |             |

B. P. Shroff  
Partner

Keshub Mahindra

Chairman

Anand G. Mahindra

Vice Chairman &amp; Managing Director

Bharat Doshi

Executive Director

Narayan Shankar

Company Secretary

Mumbai, 30<sup>th</sup> May, 2011Mumbai, 30<sup>th</sup> May, 2011

## Cash Flow Statement for the year ended 31<sup>st</sup> March, 2011

Rupees crores

|   | 2011              | 2010              |
|---|-------------------|-------------------|
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>                     |                   |                   |
| Profit before exceptional items and taxation .....                  | 3,402.13          | 2,756.00          |
| Adjustments for :   |                   |                   |
| Depreciation/Amortisation .....                                     | 413.86            | 370.78            |
| (Profit)/Loss on Exchange (Net) .....                               | (25.24)           | 14.25             |
| Investment and Interest Income .....                                | (301.37)          | (261.80)          |
| Interest, Commitment and Finance Charges .....                      | 70.86             | 156.85            |
| Amortisation of Expenses .....                                      | 30.97             | 6.07              |
| Profit on sale of investments (Net) .....                           | (27.65)           | (10.40)           |
| (Profit)/Loss on fixed assets sold/scrapped/written off (Net) ..... | (20.54)           | 20.83             |
| Excess of cost over fair value of current investments (Net) .....   | 1.90              | (0.26)            |
|   | <b>142.79</b>     | <b>296.32</b>     |
| Operating Profit before Working Capital changes .....               | <b>3,544.92</b>   | <b>3,052.32</b>   |
| Changes in :  |                   |                   |
| Trade and other receivables .....                                   | (682.56)          | (458.69)          |
| Inventories .....   | (497.62)          | (133.84)          |
| Trade and other payables .....                                      | <b>1,387.54</b>   | <b>588.08</b>     |
|   | <b>207.36</b>     | <b>(4.45)</b>     |
| Cash generated from operations .....                                | <b>3,752.28</b>   | <b>3,047.87</b>   |
| Income Taxes paid (Net of refunds) .....                            | <b>(772.53)</b>   | <b>(711.38)</b>   |
| <b>NET CASH FROM OPERATING ACTIVITIES .....</b>                     | <b>2,979.75</b>   | <b>2,336.49</b>   |
| <b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>                     |                   |                   |
| Purchase of fixed assets .....                                      | (1,235.53)        | (967.06)          |
| Sale of fixed assets .....  | 28.56             | 6.36              |
| Purchase of investments .....                                       | (27,772.15)       | (19,022.10)       |
| Sale of investments .....   | 24,801.26         | 18,490.89         |
| Interest received .....   | 107.77            | 100.74            |
| Dividends received .....  | 129.26            | 87.26             |
| Inter corporate deposits (Net) .....                                | 60.23             | (133.67)          |
| Exceptional Items :   |                   |                   |
| Sales Proceeds on sale of Long Term Investments .....               | 145.61            | 92.14             |
| <b>NET CASH USED IN INVESTING ACTIVITIES .....</b>                  | <b>(3,734.99)</b> | <b>(1,345.44)</b> |

**Cash Flow Statement** (contd.)

Rupees crores

|   | 2011              | 2010            |
|---|-------------------|-----------------|
| <b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>   |                   |                 |
| Proceeds from Issue of Share Capital (including Share Premium) .....  | 8.68              | 72.40           |
| Proceeds from borrowings .....  | 803.73            | 436.32          |
| Repayments of borrowings .....  | (472.67)          | (743.98)        |
| Dividends paid [including income tax on dividends <b>Rs. 74.23 crores</b><br>(2010 : Rs. 33.23 crores)] ..... | (622.31)          | (311.36)        |
| Interest, Commitment and Finance Charges paid .....   | (101.15)          | (229.48)        |
| Stamp Duty paid on Shares issued on Merger .....  | —                 | (7.77)          |
| <b>NET CASH USED IN FINANCING ACTIVITIES</b> .....  | <b>(383.72)</b>   | <b>(783.87)</b> |
| <b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b> .....   | <b>(1,138.96)</b> | <b>207.18</b>   |
| <b>CASH AND CASH EQUIVALENTS [Note 1] :</b>   |                   |                 |
| Opening Balance .....   | 1,750.81          | 1,561.83        |
| Cash and Bank Balance acquired pursuant to the Scheme of Arrangement .....                                    | 2.32              | —               |
| Cash and Bank Balance Transferred on transfer of Business .....   | —                 | (18.20)         |
| Closing Balance .....   | <b>614.17</b>     | <b>1,750.81</b> |
| See Notes Attached  |                   |                 |

In terms of our report attached  
For **Deloitte Haskins & Sells**  
Chartered Accountants

**B. P. Shroff**  
Partner

**M. M. Murugappan**  
**N. Vaghul**  
**R. K. Kulkarni**  
**A. S. Ganguly**  
**A. P. Puri**  
**N. B. Godrej**  
**A. K. Dasgupta**  
**Deepak S. Parekh**  
**A. K. Nanda** } Directors

**Keshub Mahindra**

**Anand G. Mahindra**

**Bharat Doshi**

**Narayan Shankar**

Chairman

Vice Chairman & Managing Director

Executive Director

Company Secretary

Mumbai, 30<sup>th</sup> May, 2011

Mumbai, 30<sup>th</sup> May, 2011



## Notes to the Cash Flow Statement for the year ended 31<sup>st</sup> March, 2011

Rupees crores

|   | 2011          | 2010            |
|---|---------------|-----------------|
| 1 Cash and Bank Balances .....  | 614.64        | 1,743.23        |
| Unrealised (Gain)/Loss on foreign currency cash and cash equivalents .....  | (0.47)        | 7.58            |
| Total cash and cash equivalents .....   | <u>614.17</u> | <u>1,750.81</u> |
| 2 Cash and cash equivalents above includes balances in restricted accounts  | 8.33          | 6.89            |
| 3 During the year the Company has acquired the following subsidiaries :   |               |                 |
| (a) Mahindra Reva Electric Vehicles Private Limited - Rs. 159.42 crores   |               |                 |
| (b) Ssangyong Motor Company Limited - Rs. 1,739.62 crores   |               |                 |
| 4 Pursuant to the Scheme of Arrangement ("The Scheme") between Mahindra Shubhlabh Services Limited (MSSL), a subsidiary of the Company, with the Company as sanctioned by Honourable High Court of Bombay vide its order dated 25 <sup>th</sup> March, 2011, the entire assets and liabilities, duties and obligations of the Non Fruit Business of MSSL was transferred to and vested in the Company, from 1 <sup>st</sup> January, 2010 (the appointed date) at the values indicated below: |               |                 |
| Loan Funds .....  | 5.81          | —               |
| Fixed Assets .....  | 1.38          | —               |
| Investments .....   | 1.08          | —               |
| Current Assets .....  | 23.00         | —               |
| Current Liabilities and Provisions .....  | 13.78         | —               |
| This arrangement into the Company is a non-cash transaction.  |               |                 |
| 5 Previous year's figures have been regrouped/restated wherever necessary.  |               |                 |

## SCHEDULE I

|  | Rupees crores |               |
|--|---------------|---------------|
|  | 2011          | 2010          |
| <b>Share Capital [Note 2] :</b>  |               |               |
| <b>Authorised :</b>  |               |               |
| 1,20,00,00,000 Ordinary (Equity) Shares of Rs. 5 each .....  | 600.00        | 600.00        |
| 25,00,000 Unclassified Shares of Rs. 100 each .....  | 25.00         | 25.00         |
| Total .....  | 625.00        | 625.00        |
| <b>Issued and Subscribed :</b>   |               |               |
| 61,39,40,109 (2010 : 57,84,34,478) Ordinary (Equity) Shares of Rs. 5 each fully paid up .....  | 306.97        | 289.21        |
| Less :   |               |               |
| 2,66,92,992 (2010 : 1,25,26,592) Ordinary (Equity) Shares of Rs. 5 each fully paid up issued to ESOP Trust but not allotted to employees ..... | 13.35         | 6.26          |
| <b>Adjusted : Issued and Subscribed Share Capital .....</b>  | <b>293.62</b> | <b>282.95</b> |

## SCHEDULE II

|  | Rupees crores |           |            |          |
|--|---------------|-----------|------------|----------|
|  | 2010          | Additions | Deductions | 2011     |
| <b>Reserves and Surplus :</b>  |               |           |            |          |
| 1 Capital Reserve.....   | 11.50         | —         | —          | 11.50    |
|  | 11.50         | —         | —          | 11.50    |
| 2 Securities Premium Account [Note 3(a)(i)].....   | 1,271.99      | 992.45    | 1.13       | 2,263.31 |
|  | 493.79        | 784.79    | 6.59       | 1,271.99 |
| Less : Premium on shares issued to ESOP Trust but not allotted to employees [Note 3(b)]..... | 84.29         | —         | 3.90       | 80.39    |
|  | 15.20         | 71.40     | 2.31       | 84.29    |
|  | 1,187.70      | 992.45    | (2.77)     | 2,182.92 |
|  | 478.59        | 713.39    | 4.28       | 1,187.70 |
| 3 Revaluation Reserve [Note 3(a)(ii)].....   | 11.67         | —         | 0.49       | 11.18    |
|  | 12.09         | —         | 0.42       | 11.67    |
| 4 General Reserve.....   | 1,030.62      | 275.00 ♦  | 0.87 ▲     | 1,304.75 |
|  | 826.74        | 210.00 ♦  | 6.12 ❖ ▲   | 1,030.62 |
| Add : Bonus shares issued to ESOP Trust but not allotted to employees [Note 3(b)] .....      | 2.63          | —         | 0.79       | 1.84     |
|  | 3.10          | —         | 0.47       | 2.63     |
|  | 1,033.25      | 275.00    | 1.66       | 1,306.59 |
|  | 829.84        | 210.00    | 6.59       | 1,033.25 |
| 5 Debenture Redemption Reserve.....  | 78.57         | —         | 35.71 ★    | 42.86    |
|  | 47.62         | 30.95 ★   | —          | 78.57    |
| 6 Investment Fluctuation Reserve [Note 25].....  | 625.66        | 2.73 ⚙    | 402.60     | 225.79   |
|  | 672.14        | 23.52 ⚙   | 70.00      | 625.66   |
| 7 Hedging Reserve Account [Note 3(c)].....   | (0.91)        | —         | 2.67       | (3.58)   |
|  | (434.19)      | 433.28    | —          | (0.91)   |
|  | 2,947.44      | 1,270.18  | 440.36     | 3,777.26 |
|  | 1,617.59      | 1,411.14  | 81.29      | 2,947.44 |
| 8 Balance for 2010-2011 and earlier years as per Profit and Loss Account .....               |               |           |            | 6,208.54 |
|  |               |           |            | 4,588.37 |
| Total .....  |               |           |            | 9,985.80 |
|  |               |           |            | 7,535.81 |

♦ Transfer from Profit and Loss Account Rs. 275.00 crores (2010 : Rs. 210.00 crores).

▲ Impact of tax rate change on net debit to General Reserve Rs. 0.87 crores (2010 : Rs. 0.94 crores).

❖ Amount utilised for expenses incurred on amalgamation of earlier year Rs. 5.18 crores (Net of Tax of Rs. 2.59 crores).

★ Transfer to Profit and Loss Account net of charge of Rs. 14.29 crores created during the year (2010 : Transfer from Profit and Loss Account Rs. 30.95 crores).

⚙ Provision no longer required written back.

### SCHEDULE III

Rupees crores

|  | 2011            | 2010            |
|--|-----------------|-----------------|
| <b>Loan Funds [Note 4] :</b>                                   |                 |                 |
| <b>(A) Secured :</b>   |                 |                 |
| (1) Debentures/Bonds .....                                     | 400.01          | 600.01          |
| (2) Loans and Advances on cash credit account from Banks ..... | 7.22            | 2.44            |
|  | <u>407.23</u>   | <u>602.45</u>   |
| <b>(B) Unsecured :</b>   |                 |                 |
| (1) Fixed Deposits .....                                       | 93.09           | 166.22          |
| (2) Other Loans :  |                 |                 |
| (a) From Financial Institutions .....                          | 853.00          | 730.35          |
| (b) Foreign Currency Loan from Banks .....                     | 1,033.16        | 501.35          |
| (c) Zero Coupon Convertible Bonds .....                        | —               | 850.85          |
| (d) From Others .....  | 18.81           | 28.93           |
|  | <u>1,904.97</u> | <u>2,111.48</u> |
|  | <u>1,998.06</u> | <u>2,277.70</u> |
| Total.....   | <u>2,405.29</u> | <u>2,880.15</u> |

### SCHEDULE IV

Fixed Assets [Note 5] :

Rupees crores

| Description of Assets        | Cost/<br>Professional<br>valuation as<br>at 31 <sup>st</sup> March,<br>2010 | Additions<br>and<br>adjustments<br>during the<br>year | Deductions<br>and<br>adjustments<br>during the<br>year | Cost/Profes-<br>sional valua-<br>tion as at 31 <sup>st</sup><br>March, 2011 | Deprecia-<br>tion/Amorti-<br>sation to 31 <sup>st</sup><br>March, 2010 | Deprecia-<br>tion/Amorti-<br>sation for<br>2010 - 2011 | Deductions<br>and adjust-<br>ments of<br>Depreciation/<br>Amortisation | Depreciation/<br>Amortisation/<br>to 31 <sup>st</sup> March,<br>2011 | Net<br>Balance as at<br>31 <sup>st</sup> March,<br>2011 | Net Balance as<br>at 31 <sup>st</sup> March,<br>2010 |
|------------------------------|---|---|--|---|--|--|--|--|---|--|
| Land - Freehold .....        | 48.92   | 0.18  | 0.21   | 48.89   | —  | —  | —  | —  | 48.89   | 48.92  |
| Land - Leasehold .....       | 63.34   | —   | —  | 63.34   | 3.65   | 0.69   | —  | 4.34   | 59.00   | 59.69  |
| Buildings .....              | 671.19  | 306.56  | 2.05   | 975.70  | 169.08   | 24.25  | 0.79   | 192.54   | 783.16  | 502.11   |
| Plant and Machinery .....    | 3,770.98  | 556.52  | 12.27  | 4,315.23  | 2,127.68   | 286.60   | 11.07  | 2,403.21   | 1,912.02  | 1,643.30   |
| Furniture and Fittings ..... | 119.62  | 17.44   | 1.21   | 135.85  | 51.48  | 7.59   | 0.31   | 58.76  | 77.09   | 68.14  |
| Aircraft .....               | —   | 56.82   | —  | 56.82   | —  | 0.45   | —  | 0.45   | 56.37   | —  |
| Vehicles, Cycles, etc .....  | 133.41  | 28.36   | 13.95  | 147.82  | 59.97  | 18.66  | 9.26   | 69.37  | 78.45   | 73.44  |
| Technical Knowhow .....      | 2.58  | 1.76  | —  | 4.34  | 0.52   | 0.81   | —  | 1.33   | 3.01  | 2.06   |
| Development Expenditure..... | 410.11  | 171.61  | 203.27   | 378.45  | 78.11  | 38.85  | 42.48  | 74.48  | 303.97  | 332.00   |
| Software Expenditure .....   | 56.14   | 91.98   | 46.84  | 101.28  | 47.28  | 36.81  | 46.84  | 37.25  | 64.03   | 8.86   |
| Total .....                  | <u>5,276.29</u><br><u>4,893.89</u>  | <u>1,231.23</u><br><u>589.34</u>                      | <u>279.80</u><br><u>206.94</u>                         | <u>6,227.72</u><br><u>5,276.29</u>  | <u>2,537.77</u><br><u>2,326.29</u>                                     | <u>414.71</u><br><u>371.20</u>                         | <u>110.75</u><br><u>159.72</u>   | <u>2,841.73</u><br><u>2,537.77</u>                                   | <u>3,385.99</u>   | <u>2,738.52</u>                                      |

## SCHEDULE V

## Investments (At Cost, unless otherwise specified) :

Rupees crores

| Number   | Face Value<br>Per Unit<br>Rupees |  | Note            | 2011            |          | 2010            |          |
|--|----------------------------------|--|-----------------|-----------------|----------|-----------------|----------|
|  |                                  |  |                 | Long Term       | Current  | Long Term       | Current  |
| <b>Shares (Non-trade and fully paid-up unless otherwise specified) :</b> |                                  |  |                 |                 |          |                 |          |
| <b>Unquoted :</b>  |                                  |  |                 |                 |          |                 |          |
| (a) In Subsidiary Companies :  |                                  |  |                 |                 |          |                 |          |
| (i) Equity Shares :  |                                  |  |                 |                 |          |                 |          |
| 53,98,462  | 10                               | Mahindra Engineering and Chemical Products Limited .....   |                 | 5.82            | —        | 5.82            | —        |
| 2,71,00,006  | 10                               | Mahindra Intertrade Limited (including 1,50,00,000 shares partly paid-up<br>Rs. 3 per share) .....                     |                 | 16.60           | —        | 16.60           | —        |
| 14,00,00,000   | US \$ 0.10                       | Mahindra USA Inc. ....   | (b)             | 66.37           | —        | 66.37           | —        |
| 16,83,218  | 10                               | Mahindra Gujarat Tractor Limited .....   |                 | 3.55            | —        | 3.55            | —        |
| 38,75,990  | 10                               | Mahindra Shubhlabh Services Limited.....   | (b)(c)(1)       | 4.04            | —        | 25.72           | —        |
| 3,47,77,255  | 10                               | Mahindra First Choice Wheels Limited .....   |                 | 47.44           | —        | 47.44           | —        |
| 42,22,250  | US \$ 0.001                      | Bristlecone Limited .....  |                 | 19.26           | —        | 19.26           | —        |
| 5,20,00,000  | ZAR 1                            | Mahindra & Mahindra South Africa (Proprietary) Limited.....  | (b)             | 28.54           | —        | 28.54           | —        |
| 81,26,218  | 10                               | Mahindra Engineering Services Limited.....   |                 | 59.96           | —        | 59.96           | —        |
| 6,32,54,000  | US \$ 1                          | Mahindra Overseas Investment Company (Mauritius) Limited .....   | (b)(c)(2)       | 290.20          | —        | 270.10          | —        |
| 40,30,806  | 10                               | Mahindra Gears & Transmissions Private Limited .....   |                 | 21.75           | —        | 21.75           | —        |
| 27,68,80,768   | 10                               | Mahindra Automobile Distributor Private Limited (formerly<br>known as Mahindra Renault Private Limited) .....          | (b)(c)(3)       | 114.24          | —        | 154.38          | —        |
| 25,24,22,300   | 10                               | Mahindra Navistar Automotives Limited .....  | (b)(c)(4)       | 254.39          | —        | 209.00          | —        |
| 96,22,50,000   | 10                               | Mahindra Vehicle Manufacturers Limited .....   | (b)(c)(5)       | 962.25          | —        | 585.00          | —        |
| 2,79,40,052  | 10                               | Mahindra Hinoday Industries Limited (formerly known as<br>Mahindra Castings Limited) .....                             | (c)(6)          | 154.30          | —        | 130.25          | —        |
| 5,76,99,900  | 10                               | Mahindra Logistics Limited.....  | (c)(7)          | 57.70           | —        | 49.05           | —        |
| 8,41,50,000  | 10                               | Mahindra Navistar Engines Private Limited .....  |                 | 84.15           | —        | 84.15           | —        |
| 3,40,04,150  | 10                               | Mahindra Aerospace Private Limited .....   | (c)(8)          | 56.38           | —        | 10.55           | —        |
| 3,00,00,000  | 10                               | Mahindra First Choice Services Limited .....   | (c)(9)          | 30.00           | —        | 16.35           | —        |
| 2,07,00,001  | EURO 1                           | Mahindra Gears International Limited .....   |                 | 137.83          | —        | 137.83          | —        |
| 4,75,49,999  | 10                               | Mahindra Holdings Limited .....  | (c)(10)         | 47.55           | —        | 22.55           | —        |
| 11,51,000  | 10                               | Mahindra Consulting Engineers Limited .....  | (c)(11)         | 1.25            | —        | 0.64            | —        |
| 50,490   | 10                               | NBS International Limited .....  |                 | 5.07            | —        | 5.07            | —        |
| 11,80,00,000   | 10                               | Mahindra Two Wheelers Limited .....  |                 | 118.00          | —        | 118.00          | —        |
| 22,00,000  | AU \$ 1                          | Mahindra Automotive Australia Pty. Limited .....   | (c)(12)         | 8.77            | —        | 2.27            | —        |
| 3,42,62,000  | 10                               | Defence Land Systems India Private Limited .....   |                 | 34.26           | —        | 34.26           | —        |
| 10,000   | 10                               | Mahindra EcoNova Private Limited .....   |                 | 0.01            | —        | 0.01            | —        |
| 1,12,68,471  | 10                               | Mahindra Reva Electric Vehicles Private Limited (formerly<br>known as Reva Electric Car Company Private Limited) ..... | (b)(c)(13)&(14) | 159.42          | —        | —               | —        |
| 70,00,000  | US \$ 0.001                      | (ii) Series 'A' Preference Shares : Bristlecone Limited .....  |                 | 31.72           | —        | 31.72           | —        |
| 69,20,000  | US \$ 0.001                      | (iii) Series 'B' Preference Shares : Bristlecone Limited .....   |                 | 15.12           | —        | 15.12           | —        |
| (iv) 10.50% Non Cumulative Redeemable Preference Shares :                |                                  |  |                 |                 |          |                 |          |
| —  | 100                              | Mahindra Lifespace Developers Limited .....  | (c)(15)         | —               | —        | 10.00           | —        |
| 23,00,000  | EURO 1                           | (v) Preference Shares : Mahindra Gears International Limited .....   |                 | 15.31           | —        | 15.31           | —        |
| (vi) Share Warrants Convertible into Equity Shares :                     |                                  |  |                 |                 |          |                 |          |
| 42,99,270  | 10                               | Mahindra Forgings Limited .....  |                 | 14.72           | —        | 14.72           | —        |
|  |                                  |  |                 | <b>2,865.97</b> | <b>—</b> | <b>2,211.34</b> | <b>—</b> |
| (b) In Other Companies :   |                                  |  |                 |                 |          |                 |          |
| (i) Equity Shares :  |                                  |  |                 |                 |          |                 |          |
| 312  | 100                              | Montreal Engineering International Limited .....   |                 | *               | —        | *               | —        |
| 8,55,646   | 10                               | Machinery Manufacturers Corporation Limited .....  | (b)             | 0.94            | —        | 0.94            | —        |
| 1,00,000   | 10                               | Judricks (India) Private Limited .....   |                 | 0.10            | —        | 0.10            | —        |

\* denotes amounts less than Rs. 50,000

**SCHEDULE V (Contd.)**
**Investments (At Cost, unless otherwise specified) :**
**Rupees crores**

| Number      | Face Value<br>Per Unit<br>Rupees |  | Note       | 2011            |         | 2010            |         |
|-------------|----------------------------------|--|------------|-----------------|---------|-----------------|---------|
|             |                                  |  |            | Long Term       | Current | Long Term       | Current |
| 35,000      | 10                               | Mahindra & Mahindra Contech Limited .....  |            | 0.04            | —       | 0.04            | —       |
| 75,000      | 10                               | NTTF Industries Limited .....  |            | 0.15            | —       | 0.15            | —       |
| 7,49,997    | 10                               | Officemartindia.com Limited.....   |            | 0.22            | —       | 0.22            | —       |
| 50,000      | 10                               | Indian NGOs.com Private Limited.....   |            | 0.06            | —       | 0.06            | —       |
| 20,000      | 10                               | Sixth Sense Studios Private Limited .....  |            | 0.02            | —       | 0.02            | —       |
| 2,85,000    | 10                               | Utility Engineers (India) Limited .....  |            | 0.29            | —       | 0.29            | —       |
| 9,00,000    | 10                               | Mahindra Construction Company Limited .....  |            | 0.97            | —       | 0.97            | —       |
| 5,00,000    | 10                               | Business Standard Limited .....  |            | 0.09            | —       | 0.09            | —       |
| 13,10,000   | 10                               | Mahindra Sona Limited .....  |            | 1.64            | —       | 1.64            | —       |
| 75,00,000   | 10                               | New Tirupur Area Development Corporation Limited .....                               |            | 7.50            | —       | 7.50            | —       |
| —           | 10                               | Owens Corning India Limited .....  | (c)(16)    | —               | —       | 28.12           | —       |
| 19,750      | 5                                | PSL Media & Communications Limited (formerly known as PSL<br>Erickson Limited) ..... |            | 0.01            | —       | 0.01            | —       |
| 4,98,000    | 10                               | Triton Overwater Transport Agency Limited .....                                      |            | 0.58            | —       | 0.58            | —       |
| 10,00,000   | 10                               | Vayugrid Marketplace Services Private Limited.....                                   | (c)(17)    | 1.00            | —       | —               | —       |
| 3,51,000    | 10                               | Mega One Stop Farm Services Limited.....   | (c)(18)    | 0.35            | —       | —               | —       |
| 3,37,500    | 10                               | Mriyalguda Farm Solution Limited.....  | (c)(19)    | 0.34            | —       | —               | —       |
| 2,73,420    | 10                               | Kota Farm Services Limited.....  | (c)(20)    | 0.27            | —       | —               | —       |
| 1,000       | 100                              | Hadoti Krishi Vihar Private Limited.....   | (c)(21)    | 0.01            | —       | —               | —       |
| 30,000      | 10                               | Harsolia Agri Sales and Services Private Limited.....                                | (c)(22)    | 0.03            | —       | —               | —       |
| 200         | 100                              | Yadgiri Farm Solutions Private Limited.....  | (c)(23)    | *               | —       | —               | —       |
| 2,000       | 10                               | Srinivasa Farm Solutions Private Limited.....  | (c)(24)    | *               | —       | —               | —       |
| 15,180      | 10                               | Farm Vision Agri-Tech Private Limited.....   | (c)(25)    | 0.02            | —       | —               | —       |
| 20,000      | 10                               | Sowbhagya Krishi Vikas Private Limited.....  | (c)(26)    | 0.02            | —       | —               | —       |
| 1,800       | 100                              | Bhuvu Care Private Limited.....  | (c)(27)    | 0.02            | —       | —               | —       |
| 6,000       | 10                               | Richfield Crop Solutions India Private Limited.....                                  | (c)(28)    | 0.01            | —       | —               | —       |
| 6,000       | 10                               | Covai Crop Care India Private Limited.....   | (c)(29)    | 0.01            | —       | —               | —       |
| 8,000       | 10                               | Manjara Agri Tech Private Limited.....   | (c)(30)    | 0.01            | —       | —               | —       |
|             |                                  | Others .....   | (a)        | *               | —       | *               | —       |
|             |                                  | (ii) 4% Tax-free Cumulative Preference Shares :                                      |            |                 | —       |                 |         |
| 2,296       | 100                              | Machinery Manufacturers Corporation Limited.....                                     | (b)        | 0.02            | —       | 0.02            | —       |
|             |                                  | (iii) 11% Redeemable Preference Shares :   |            |                 |         |                 |         |
| 1,78,000    | 100                              | Sixth Sense Studios Private Limited.....   |            | 1.78            | —       | 1.78            | —       |
|             |                                  | (iv) 10% Non-Cumulative Redeemable Participating Preference Shares :                 |            |                 |         |                 |         |
| 5,40,000    | 100                              | Mahindra Construction Company Limited .....  |            | 5.40            | —       | 5.40            | —       |
|             |                                  | (v) 8% Non-Cumulative Redeemable Preferred Stock :                                   |            |                 |         |                 |         |
| 23,00,423   |                                  | Prana Holdings Inc. USA .....  |            | 13.83           | —       | 13.83           | —       |
|             |                                  |  |            | <b>35.73</b>    | —       | <b>61.76</b>    | —       |
|             |                                  | <b>Quoted :</b>  |            |                 |         |                 |         |
|             |                                  | (a) In Subsidiary Companies :  |            |                 |         |                 |         |
|             |                                  | (i) Equity Shares :  |            |                 |         |                 |         |
| 2,08,46,126 | 10                               | Mahindra Lifespace Developers Limited .....  |            | 276.95          | —       | 276.95          | —       |
| 5,82,41,532 | 10                               | Mahindra & Mahindra Financial Services Limited.....                                  |            | 150.91          | —       | 150.91          | —       |
| 4,45,26,339 | 10                               | Mahindra Forgings Limited.....   | (b)        | 795.25          | —       | 795.25          | —       |
| 1,64,66,789 | 10                               | Mahindra Ugine Steel Company Limited.....  |            | 49.26           | —       | 49.26           | —       |
| 6,99,85,642 | 10                               | Mahindra Holidays & Resorts India Limited .....                                      | (b)        | 28.86           | —       | 28.86           | —       |
| 8,54,19,047 | KRW 5,000                        | Ssangyong Motor Company Limited .....  | (b)(c)(31) | 1,739.62        | —       | —               | —       |
|             |                                  |  |            | <b>3,040.85</b> | —       | <b>1,301.23</b> | —       |

\* denotes amounts less than Rs. 50,000

**SCHEDULE V (Contd.)**

**Investments (At Cost, unless otherwise specified) :**

**Rupees crores**

| Number      | Face Value Per Unit Rupees |  | Note       | 2011      |         | 2010      |         |
|-------------|----------------------------|--|------------|-----------|---------|-----------|---------|
|             |                            |  |            | Long Term | Current | Long Term | Current |
|             |                            | (b) In Other Companies :   |            |           |         |           |         |
|             |                            | (i) Equity Shares :  |            |           |         |           |         |
| 41,26,417   | 10                         | Swaraj Engines Limited.....  |            | 1.63      | —       | 1.63      | —       |
| 10,59,543   | 10                         | Swaraj Automotives Limited.....  |            | 12.45     | —       | 12.45     | —       |
| 13,41,203   | 10                         | Mahindra Composites Limited.....   |            | 2.90      | —       | 2.90      | —       |
| 25          | 100                        | Jardine Henderson Limited.....   |            | *         | —       | *         | —       |
| 2,85,440    | 10                         | IDBI Bank Limited.....   |            | 2.28      | —       | 2.28      | —       |
| 900         | 10                         | Power Trading Corporation of India Limited.....  |            | —         | *       | —         | *       |
| 6,06,76,252 | 10                         | Tech Mahindra Limited.....   | (c)(32)    | 644.68    | —       | 191.81    | —       |
| 65,58,065   | 10                         | EPC Industrie Limited.....   | (b)(c)(33) | 43.35     | —       | —         | —       |
|             |                            |  |            | 707.29    | *       | 211.07    | *       |
|             |                            | <b>Shares : (Trade &amp; fully paid-up) :</b>  |            |           |         |           |         |
|             |                            | <b>Unquoted Others :</b>   |            |           |         |           |         |
|             |                            | (i) Class 'A' Equity Shares :  |            |           |         |           |         |
| 19,45,867   | 10                         | Wardha Power Company Limited [Previous Year partly paid-up Re.1 per share] ..          | (b)        | 1.95      | —       | 0.19      | —       |
|             |                            | (ii) 0.01% Class 'A' Redeemable Preference Shares :                                    |            |           |         |           |         |
| 24,54,133   | 10                         | Wardha Power Company Limited.....  | (b)        | 2.45      | —       | 2.45      | —       |
|             |                            |  |            | 4.40      | —       | 2.64      | —       |
|             |                            | <b>Debentures/Bonds : (Non-trade &amp; fully paid-up) :</b>                            |            |           |         |           |         |
|             |                            | <b>Unquoted :</b>  |            |           |         |           |         |
|             |                            | (a) In Subsidiary Companies :  |            |           |         |           |         |
| —           | 100                        | 2.00% Mahindra Holdings Limited .....  | (d)(1)     | —         | —       | 25.00     | —       |
| 20          | KRW                        | 7.00% Ssangyong Motor Company Limited.....   | (d)(2)     | 387.01    | —       | —         | —       |
|             |                            | (b) In Other Companies :   |            |           |         |           |         |
| 13          | 100                        | 0.50% The East India Clinic Limited .....  |            | *         | —       | *         | —       |
| 80,00,000   | 10                         | 6.00% Vayugrid Marketplace Services Private Limited.....                               | (d)(3)     | 8.00      | —       | —         | —       |
|             |                            |  |            | 395.01    | —       | 25.00     | —       |
|             |                            | <b>Quoted :</b>  |            |           |         |           |         |
|             |                            | (a) In Subsidiary Companies :  |            |           |         |           |         |
| 250         | 10,00,000                  | 8.50% Mahindra & Mahindra Financial Services Limited .....                             |            | —         | 25.00   | —         | 25.00   |
|             |                            | (b) In Other Companies :   |            |           |         |           |         |
| 18          | 10,00,000                  | 7.00% Power Finance Corporation Limited (2011) Series XXII.....                        |            | —         | 1.80    | —         | 1.80    |
| 2,085       | 1,00,000                   | 6.85% India Infrastructure Finance Company Limited.....                                |            | —         | 20.95   | —         | 20.95   |
| 50          | 10,00,000                  | 7.75% Rural Electrification Corporation Limited. ....                                  |            | —         | 5.00    | —         | 5.00    |
| 500         | 1,00,000                   | 6.70% Indian Railway Finance Corporation Limited .....                                 |            | —         | 5.00    | —         | 5.00    |
| 1,000       | 1,00,000                   | 6.00% Indian Railway Finance Corporation Limited.....                                  |            | —         | 10.00   | —         | 10.00   |
| 1,000       | 1,00,000                   | 6.30% Indian Railway Finance Corporation Limited.....                                  |            | —         | 10.00   | —         | 10.00   |
| 500         | 1,00,000                   | 6.05% Indian Railway Finance Corporation Limited .....                                 | (d)(4)     | —         | 5.00    | —         | —       |
| 500         | 1,00,000                   | 6.32% Indian Railway Finance Corporation Limited .....                                 | (d)(5)     | —         | 5.00    | —         | —       |
| 1,000       | 1,00,000                   | 6.72% Indian Railway Finance Corporation Limited .....                                 | (d)(6)     | —         | 10.00   | —         | —       |
|             |                            |  |            | —         | 97.75   | —         | 77.75   |
|             |                            |  |            | 395.01    | 97.75   | 25.00     | 77.75   |
|             |                            | Less : Excess of cost over fair value of current investments of Debentures/Bonds ..... |            | —         | (1.96)  | —         | —       |
|             |                            |  |            | 395.01    | 95.79   | 25.00     | 77.75   |

\* denotes amounts less than Rs. 50,000

**SCHEDULE V (Contd.)**

**Investments (At Cost, unless otherwise specified) :**

Rupees crores

| Number                         | Face Value<br>Per Unit<br>Rupees   | Note    | 2011            |             | 2010            |             |
|--------------------------------|--|---------|-----------------|-------------|-----------------|-------------|
|                                |  |         | Long Term       | Current     | Long Term       | Current     |
| <b>Other Investments :</b>     |  |         |                 |             |                 |             |
| <b>Trust Securities :</b>      |  |         |                 |             |                 |             |
| <b>Unquoted :</b>              |  |         |                 |             |                 |             |
| —                              | Sunrise Initiatives Trust .....  |         | 95.98           | —           | 88.37           | —           |
| —                              | M & M Benefit Trust .....  |         | 1,459.77        | —           | 1,459.77        | —           |
| —                              | Mahindra World Motor Driving School Trust .....  |         | 0.01            | —           | 0.01            | —           |
| —                              | M & M Fractional Entitlement Trust .....   |         | 0.01            | —           | 0.01            | —           |
|                                |  |         | <b>1,555.77</b> | <b>—</b>    | <b>1,548.16</b> | <b>—</b>    |
| <b>Government Securities :</b> |  |         |                 |             |                 |             |
| <b>Unquoted :</b>              |  |         |                 |             |                 |             |
| —                              | 39,000 ^ 6 Years National Savings Certificates .....   | (e)(1)  | *               | —           | *               | —           |
|                                |  |         | <b>1,555.77</b> | <b>—</b>    | <b>1,548.16</b> | <b>—</b>    |
| <b>Quoted :</b>                |  |         |                 |             |                 |             |
| —                              | 1,92,70,000 ^ Government of India Securities .....   | (e)(2)  | —               | 1.91        | —               | 1.91        |
|                                |  |         | —               | <b>1.91</b> | —               | <b>1.91</b> |
|                                |  |         | <b>1,555.77</b> | <b>1.91</b> | <b>1,548.16</b> | <b>1.91</b> |
|                                | Less : Excess of cost over fair value of current investments of Government Securities....                              |         | —               | (0.03)      | —               | *           |
|                                |  |         | <b>1,555.77</b> | <b>1.88</b> | <b>1,548.16</b> | <b>1.91</b> |
| <b>^ Total Face Value</b>      |  |         |                 |             |                 |             |
| <b>Units :</b>                 |  |         |                 |             |                 |             |
| <b>Unquoted :</b>              |  |         |                 |             |                 |             |
| —                              | 10 Birla Sun Life Mutual Fund - Saving Fund Institutional Daily Dividend Reinvestment ....                             | (f)(3)  | —               | —           | —               | 15.67       |
| —                              | 10 Birla Sun Life Mutual Fund - Dynamic Bond Fund Retail Plan Monthly Dividend .....                                   | (f)(5)  | —               | —           | —               | 5.24        |
| —                              | 10 Birla Sun Life Mutual Fund - BSL Floating Rate Fund Long Term Institutional Weekly Dividend .....                   | (f)(6)  | —               | —           | —               | 10.02       |
| —                              | 10 Canara Robeco Mutual Fund - Liquid Super Institutional Daily Dividend Reinvestment Fund.....                        | (f)(13) | —               | —           | —               | 4.71        |
| —                              | 10 Canara Robeco Mutual Fund - Treasury Advantage Super Institutional Daily Dividend Reinvestment Fund .....           | (f)(14) | —               | —           | —               | 20.39       |
| —                              | 10 Deutsche Mutual Fund - Ultra Short Term Fund Institutional Daily Dividend Reinvestment .....                        | (f)(16) | —               | —           | —               | 70.47       |
| —                              | 10 Deutsche Mutual Fund - Short Maturity Fund Institutional Weekly Dividend Plan Reinvestment .....                    | (f)(17) | —               | —           | —               | 5.22        |
| —                              | 1,000 DSP BlackRock Mutual Fund - Floating Rate Fund Institutional Plan Daily Dividend                                 | (f)(21) | —               | —           | —               | 25.26       |
| 4,97,538                       | 1,000 DSP BlackRock Mutual Fund - Liquidity Fund Institutional Plan Daily Dividend Reinvestment.....                   | (f)(23) | —               | 49.77       | —               | —           |
| —                              | 10 Fidelity Mutual Fund - Ultra Short Term Debt Fund Super Institutional Daily Dividend ...                            | (f)(26) | —               | —           | —               | 17.16       |
| 1,11,912                       | 1,000 Franklin Templeton Mutual Fund - India Treasury Management Account Super Institutional Plan Daily Dividend ..... | (f)(33) | —               | 11.20       | —               | —           |
| 2,35,09,276                    | 10 HDFC Mutual Fund - Cash Management Fund Savings Plan Daily Dividend Reinvestment Option .....                       | (f)(35) | —               | 25.01       | —               | 25.00       |
| —                              | 10 HDFC Mutual Fund - Cash Management Fund Treasury Advantage Plan Wholesale Daily Dividend Reinvestment .....         | (f)(36) | —               | —           | —               | 9.86        |
| —                              | 10 HDFC Mutual Fund - Floating Rate Income Fund Short Term Plan Wholesale Option Dividend Reinvestment .....           | (f)(37) | —               | —           | —               | 17.29       |
| —                              | 10 HDFC Mutual Fund - High Interest Fund Short Term Plan Dividend Option .....   | (f)(38) | —               | —           | —               | 5.18        |
| —                              | 10 IDFC Mutual Fund - Money Manager Fund TP Super Institutional Plan C Daily Dividend                                  | (f)(47) | —               | —           | —               | 40.22       |

\* denotes amounts less than Rs. 50,000

## SCHEDULE V (Contd.)

Investments (At Cost, unless otherwise specified) :

Rupees crores

| Number                           | Face Value<br>Per Unit<br>Rupees |  | Note     | 2011      |         | 2010      |         |
|----------------------------------|----------------------------------|--|----------|-----------|---------|-----------|---------|
|                                  |                                  |  |          | Long Term | Current | Long Term | Current |
| —                                | 10                               | IDFC Mutual Fund - SSIF Short Term Plan B Fortnightly Dividend.....  | (f)(48)  | —         | —       | —         | 5.10    |
| —                                | 10                               | IDFC Mutual Fund - Money Manager Fund Investment Plan – Institutional Plan B Daily Dividend.....   | (f)(49)  | —         | —       | —         | 10.23   |
| 2,49,99,157                      | 10                               | IDFC Mutual Fund - Cash Fund Super Institutional Plan C Daily Dividend .....   | (f)(50)  | —         | 25.01   | —         | —       |
| —                                | 10                               | JM Financial Mutual Fund - High Liquidity Fund Super Institutional Plan Daily Dividend.....  | (f)(51)  | —         | —       | —         | 5.96    |
| 50,88,212                        | 10                               | JM Financial Mutual Fund - Money Manager Fund Super Plan Daily Dividend .....  | (f)(53)  | —         | 5.09    | —         | —       |
| —                                | 10                               | J P Morgan Mutual Fund - India Short Term Income Fund Weekly Dividend Reinvestment .....   | (f)(55)  | —         | —       | —         | 2.00    |
| —                                | 10                               | Kotak Mahindra Mutual Fund - Floater Long Term Daily Dividend .....  | (f)(58)  | —         | —       | —         | 41.34   |
| —                                | 10                               | Kotak Mahindra Mutual Fund - Quarterly Interval Plan Series 2 Dividend .....   | (f)(59)  | —         | —       | —         | 5.00    |
| 1,24,16,925                      | 10                               | Kotak Mahindra Mutual Fund - Liquid (Institutional Premium) Daily Dividend .....   | (f)(60)  | —         | 15.18   | —         | —       |
| 8,50,63,949                      | 10                               | Kotak Mahindra Mutual Fund - Floater Short Term Daily Dividend .....   | (f)(61)  | —         | 86.05   | —         | —       |
| —                                | 10                               | LIC Nomura Mutual Fund - Savings Plus Fund Daily Dividend Plan (formerly known as LIC Mutual Fund) .....   | (f)(71)  | —         | —       | —         | 74.39   |
| —                                | 10                               | Principal Mutual Fund - Cash Management Fund Dividend Reinvestment Daily (formerly known as Principal Mutual Fund - Cash Management Fund Liquid Option Institutional Premium Plan Dividend Reinvestment Daily) ..... | (f)(74)  | —         | —       | —         | 18.25   |
| —                                | 10                               | Principal Mutual Fund - Near Term Fund Conservative Plan – Dividend Reinvestment Daily (formerly known as Principal Mutual Fund - Floating Rate Fund FMP Institutional Option Dividend Reinvestment Daily) .....     | (f)(75)  | —         | —       | —         | 11.26   |
| 25,00,031                        | 100                              | Prudential ICICI Mutual Fund - Institutional Liquid Plan Super Institutional Plan Dividend Daily..   | (f)(78)  | —         | 25.01   | —         | 25.10   |
| —                                | 100                              | Prudential ICICI Mutual Fund - Flexible Income Plan Premium Daily Dividend.....  | (f)(79)  | —         | —       | —         | 18.33   |
| —                                | 10                               | Prudential ICICI Mutual Fund - Institutional Short Term Plan Dividend Reinvestment Fortnightly .....   | (f)(80)  | —         | —       | —         | 5.18    |
| —                                | 10                               | Prudential ICICI Mutual Fund - Ultra Short Term Plan Super Premium Daily Dividend Reinvestment .....   | (f)(81)  | —         | —       | —         | 20.22   |
| —                                | 10                               | Religare Mutual Fund - Ultra Short Term Fund Institutional Daily Dividend .....  | (f)(88)  | —         | —       | —         | 26.00   |
| —                                | 10                               | SBI Mutual Fund - Magnum Insta Cash Fund Daily Dividend Option .....   | (f)(90)  | —         | —       | —         | 100.00  |
| —                                | 10                               | SBI Mutual Fund - SHF - Ultra Short Term Fund Institutional Plan Daily Dividend .....  | (f)(91)  | —         | —       | —         | 23.10   |
| 3,95,29,591                      | 10                               | SBI Mutual Fund - Premier Liquid Fund Super Institutional Daily Dividend .....   | (f)(92)  | —         | 39.66   | —         | —       |
| 8,48,108                         | 10                               | Tata Mutual Fund - Floater Fund Daily Dividend .....   | (f)(95)  | —         | 0.85    | —         | 64.43   |
| 3,74,232                         | 1,000                            | Tata Mutual Fund - Liquid Super High Investment Fund Daily Dividend .....  | (f)(96)  | —         | 41.71   | —         | —       |
| —                                | 1,000                            | UTI Mutual Fund - Treasury Advantage Fund Institutional Plan Daily Dividend Option Reinvestment .....  | (f)(100) | —         | —       | —         | 11.33   |
| —                                | 1,000                            | UTI Mutual Fund - Money Market Fund Institutional Daily Dividend Option Reinvestment..   | (f)(101) | —         | —       | —         | 31.95   |
| —                                | 1,000                            | UTI Mutual Fund - Floating Rate Fund Short Term Plan Institutional Daily Dividend Plan Reinvestment .....  | (f)(102) | —         | —       | —         | 27.44   |
| —                                | 10                               | UTI Mutual Fund - Fixed Income Interval Fund Quarterly Interval Plan Series I Institutional Dividend Plan Reinvestment .....   | (f)(103) | —         | —       | —         | 5.00    |
| —                                | 10                               | UTI Mutual Fund - Fixed Income Interval Fund Monthly Interval Plan II Institutional Dividend Plan Reinvestment .....   | (f)(104) | —         | —       | —         | 10.00   |
|                                  |                                  |  |          | —         | 324.54  | —         | 813.30  |
|                                  |                                  | Less : Excess of cost over fair value of current investments of Mutual Fund Units  |          | —         | —       | —         | (0.09)  |
|                                  |                                  |  |          | —         | 324.54  | —         | 813.21  |
| <b>Certificate of Deposits :</b> |                                  |  |          |           |         |           |         |
| <b>Unquoted :</b>                |                                  |  |          |           |         |           |         |
| —                                | —                                | ^ State Bank of Travancore .....   | (g)(1)   | —         | —       | —         | 24.82   |
| —                                | —                                | ^ Central Bank of India .....  | (g)(2)   | —         | —       | —         | 24.81   |
| —                                | 60,00,00,000                     | ^ State Bank of Hyderabad .....  | (g)(3)   | —         | 57.86   | —         | 24.82   |
| —                                | —                                | ^ State Bank of Mysore .....   | (g)(4)   | —         | —       | —         | 69.50   |
| —                                | 50,00,00,000                     | ^ Bank of India .....  | (g)(5)   | —         | 46.92   | —         | —       |
| —                                | 50,00,00,000                     | ^ IDBI Bank Limited .....  | (g)(6)   | —         | 48.23   | —         | —       |



**SCHEDULE V** (Contd.)

**Investments** (At Cost, unless otherwise specified) :

Rupees crores

| Number | Face Value<br>Per Unit<br>Rupees |  | Note    | 2011      |                        | 2010      |                        |
|--------|----------------------------------|--|---------|-----------|------------------------|-----------|------------------------|
|        |                                  |  |         | Long Term | Current                | Long Term | Current                |
| —      | 25,00,00,000                     | ^  | (g)(7)  | —         | 24.08                  | —         | —                      |
| —      | 50,00,00,000                     | ^  | (g)(8)  | —         | 48.17                  | —         | —                      |
| —      | 25,00,00,000                     | ^  | (g)(9)  | —         | 24.20                  | —         | —                      |
| —      | 25,00,00,000                     | ^  | (g)(10) | —         | 24.00                  | —         | —                      |
| —      | 25,00,00,000                     | ^  | (g)(11) | —         | 24.60                  | —         | —                      |
|        |                                  |  |         | —         | 298.06                 | —         | 143.95                 |
|        |                                  | ^  |         |           |                        |           |                        |
|        |                                  | Total Face Value   |         | 8,605.02  | 720.27                 | 5,361.20  | 1,036.82               |
|        |                                  | Total.....   |         |           | 9,325.29               |           | 6,398.02               |
|        |                                  | Cost (net of amounts written off) of Unquoted Investments .....  |         |           | 5,479.48               |           | 4,806.15               |
|        |                                  | Cost of Quoted Investments .....   |         |           | 3,847.80               |           | 1,591.96               |
|        |                                  |  |         |           | 9,327.28               |           | 6,398.11               |
|        |                                  | Less : Excess of cost over fair value of Current Investments (Net) .....   |         |           | (1.99)                 |           | (0.09)                 |
|        |                                  |  |         |           | 9,325.29               |           | 6,398.02               |
|        |                                  | Market Value of Quoted Investments .....   |         |           | 15,867.60              |           | 12,216.75              |
|        |                                  | <b>Notes:</b>  |         |           |                        |           |                        |
| Number | Face Value<br>Per Unit<br>Rupees |  |         |           | Long<br>Term<br>Rupees |           | Long<br>Term<br>Rupees |
|        |                                  | (a) Shares (unquoted) in other companies :   |         |           |                        |           |                        |
| 21     | 100                              | # The United Spices Importers Limited (Equity "B" Shares) .....  |         |           | 1                      |           | 1                      |
| 74     | 16,667<br>(Rials)                | # Engineering & Metal Works, Tehran .....  |         |           | 1                      |           | 1                      |
|        |                                  | Total.....   |         |           | 2                      |           | 2                      |
|        |                                  | # Written off to Re. 1   |         |           |                        |           |                        |
|        |                                  | (b) Equity investments in these companies carry certain restrictions on transfer of shares in terms of funds raised by these companies from financial institutions/banks/or in terms of SEBI IPO for listing agreements. |         |           |                        |           |                        |

**SCHEDULE V** (Contd.)**Investments** (At Cost, unless otherwise specified) :

(c) The following are the movements in Shares during the year :

|   | Equity Shares    |              |   |   | Preference Shares                         |
|---|------------------|--------------|---|---|---|
|   | Acquired<br>Nos. | Sold<br>Nos. | Acquired<br>pursuant to<br>Scheme of<br>Arrangement<br>Nos. | Cancellation/<br>Reduction<br>pursuant to<br>Scheme of<br>Arrangement<br>Nos. | Acquired /<br>(Redeemed/<br>Sold)<br>Nos. |
| (1) Mahindra Shubhlabh Services Limited .....                     | —                | —            | —   | 2,08,05,447   | —   |
| (2) Mahindra Overseas Investment Company (Mauritius) Limited .... | 44,59,000        | —            | —   | —   | —   |
| (3) Mahindra Automobile Distributor Private Limited .....         | 27,25,38,968     | 9,72,82,432  | —   | —   | —   |
| (4) Mahindra Navistar Automotives Limited .....                   | 4,53,90,000 *    | —            | —   | —   | —   |
| (5) Mahindra Vehicle Manufacturers Limited .....                  | 37,72,50,000 *   | —            | —   | —   | —   |
| (6) Mahindra Hinoday Industries Limited .....                     | 65,00,000        | —            | —   | —   | —   |
| (7) Mahindra Logistics Limited .....                              | 86,50,000 *      | —            | —   | —   | —   |
| (8) Mahindra Aerospace Private Limited .....                      | 2,34,54,150 *    | —            | —   | —   | —   |
| (9) Mahindra First Choice Services Limited .....                  | 1,36,50,000 *    | —            | —   | —   | —   |
| (10) Mahindra Holdings Limited .....                              | 2,50,00,000 #    | —            | —   | —   | —   |
| (11) Mahindra Consulting Engineers Limited .....                  | 9,60,000         | 3,19,000     | —   | —   | —   |
| (12) Mahindra Automotive Australia Pty. Limited .....             | 15,00,000 ♦      | —            | —   | —   | —   |
| (13) Mahindra Reva Electric Vehicles Private Limited .....        | 80,34,520 ♦      | —            | —   | —   | —   |
| (14) Mahindra Reva Electric Vehicles Private Limited .....        | 32,33,951        | —            | —   | —   | —   |
| (15) Mahindra Lifespace Developers Limited .....                  | —                | —            | —   | —   | (10,00,000)                               |
| (16) Owens Corning India Limited .....                            | —                | 2,81,24,794  | —   | —   | —   |
| (17) Vayugrid Marketplace Services Private Limited .....          | 10,00,000        | —            | —   | —   | —   |
| (18) Mega One Stop Farm Services Limited .....                    | —                | —            | 3,51,000  | —   | —   |
| (19) Mriyalguda Farm Solution Limited .....                       | —                | —            | 3,37,500  | —   | —   |
| (20) Kota Farm Services Limited .....                             | —                | —            | 2,73,420  | —   | —   |
| (21) Hadoti Krishi Vihar Private Limited .....                    | —                | —            | 1,000   | —   | —   |
| (22) Harsolia Agri Sales and Services Private Limited .....       | —                | —            | 30,000  | —   | —   |
| (23) Yadgiri Farm Solutions Private Limited .....                 | —                | —            | 200   | —   | —   |
| (24) Srinivasa Farm Solutions Private Limited .....               | —                | —            | 2,000   | —   | —   |
| (25) Farm Vision Agri-Tech Private Limited .....                  | —                | —            | 15,180  | —   | —   |
| (26) Sowbhagya Krishi Vikas Private Limited .....                 | —                | —            | 20,000  | —   | —   |
| (27) Bhuvi Care Private Limited .....                             | —                | —            | 1,800   | —   | —   |
| (28) Richfield Crop Solutions India Private Limited .....         | —                | —            | 6,000   | —   | —   |
| (29) Covai Crop Care India Private Limited .....                  | —                | —            | 6,000   | —   | —   |
| (30) Manjara Agri Tech Private Limited .....                      | —                | —            | 8,000   | —   | —   |
| (31) Ssangyong Motor Company Limited .....                        | 8,54,19,047      | —            | —   | —   | —   |
| (32) Tech Mahindra Limited .....                                  | 69,00,000        | —            | —   | —   | —   |
| (33) EPC Industrie Limited .....                                  | 65,58,065        | —            | —   | —   | —   |

\* Subscribed to on rights basis.

# Conversion of Debentures into Equity.

♦ Conversion of loan into Equity.

## SCHEDULE V (Contd.)

### Investments (At Cost, unless otherwise specified) :

(d) The following are the movements in Debentures/Bonds during the year :

|   |       | Acquired  |            | Converted |
|---|-------|-----------|------------|-----------|
|   |       | Nos.      | Rs. crores | Nos.      |
| (1) Mahindra Holdings Limited .....                     | 2.00% | —         | —          | 25,00,000 |
| (2) Ssangyong Motor Company Limited .....               | 7.00% | 20        | 388.60 @   | —         |
| (3) Vayugrid Marketplace Services Private Limited ..... | 6.00% | 80,00,000 | 8.00       | —         |
| (4) Indian Railway Finance Corporation Limited .....    | 6.05% | 500       | 5.00       | —         |
| (5) Indian Railway Finance Corporation Limited .....    | 6.32% | 500       | 5.00       | —         |
| (6) Indian Railway Finance Corporation Limited .....    | 6.72% | 1,000     | 10.00      | —         |

@ Difference is due to change in exchange rate of Korean Won to Rupee between the date of acquisition and 31st March, 2011.

(e) Government Securities :

- (1) Face value of **Rs. \* crores** (2010 : Rs. \* crores) were lodged as security deposit.
- (2) Treasury Bills of the face value of **Rs. Nil** (2010 : Rs. 25.00 crores) were purchased and of the face value of **Rs. Nil** (2010 : Rs. 25.00 crores) sold during the year.

(f) The following are the movements in Units during the year :

|   | Acquired       |            | Sold           |
|---|----------------|------------|----------------|
|   | Nos.           | Rs. crores | Nos.           |
| (1) Axis Mutual Fund - Liquid Fund Institutional Daily Dividend Reinvestment .....                                      | 3,51,044       | 35.11      | 3,51,044       |
| (2) Baroda Pioneer Mutual Fund - Liquid Fund Institutional Daily Dividend Plan Reinvestment .....                       | 1,00,47,360    | 10.05      | 1,00,47,360    |
| (3) Birla Sun Life Mutual Fund - Savings Fund Institutional Daily Dividend Reinvestment .....                           | 14,61,50,366   | 146.25     | 16,18,05,965   |
| (4) Birla Sun Life Mutual Fund - Cash Plus Institutional Premium Daily Dividend Reinvestment .....                      | 1,17,84,85,325 | 1,180.78   | 1,17,84,85,325 |
| (5) Birla Sun Life Mutual Fund - Dynamic Bond Fund Retail Plan Monthly Dividend.....                                    | 52,631         | 0.05       | 50,70,296      |
| (6) Birla Sun Life Mutual Fund- BSL Floating Rate Fund Long Term Institutional Weekly Dividend .....                    | 3,07,83,569    | 30.80      | 4,07,83,840    |
| (7) Birla Sun Life Mutual Fund - Ultra Short Term Fund Institutional Daily Dividend .....                               | 9,02,11,084    | 90.26      | 9,02,11,084    |
| (8) Birla Sun Life Mutual Fund - Short Term Opportunities Fund Institutional Weekly Dividend .....                      | 1,54,39,445    | 15.44      | 1,54,39,445    |
| (9) Birla Sun Life Mutual Fund - Cash Manager IP Daily Dividend Reinvestment .....                                      | 9,93,97,351    | 99.43      | 9,93,97,351    |
| (10) Birla Sun Life Mutual Fund - Interval Income Fund - INSTL Quarterly Series 1 Dividend .....                        | 1,53,86,378    | 15.39      | 1,53,86,378    |
| (11) Birla Sun Life Mutual Fund - Quarterly Interval Series 4 Dividend Reinvestment .....                               | 1,01,46,295    | 10.15      | 1,01,46,295    |
| (12) Birla Sun Life Mutual Fund - Floating Rate Fund - Long Term- Institutional - Plan Daily Dividend ....              | 2,01,09,962    | 20.11      | 2,01,09,962    |
| (13) Canara Robeco Mutual Fund - Liquid Super Institutional Daily Dividend Reinvestment Fund .....                      | 17,40,84,850   | 175.04     | 17,87,78,135   |
| (14) Canara Robeco Mutual Fund -Treasury Advantage Super Institutional Daily Dividend Reinvestment Fund .....           | 1,67,64,665    | 20.80      | 3,31,96,738    |
| (15) Canara Robeco Mutual Fund - Floating Rate ST Daily Dividend Fund .....   | 49,75,104      | 5.10       | 49,75,104      |
| (16) Deutsche Mutual Fund - Ultra Short Term Fund Institutional Daily Dividend Reinvestment .....                       | 13,21,551      | 1.32       | 7,16,68,242    |
| (17) Deutsche Mutual Fund - Short Maturity Fund Institutional Weekly Dividend Plan Reinvestment ....                    | 1,51,212       | 0.16       | 51,45,980      |
| (18) Deutsche Mutual Fund - Insta Cash Plus Fund Super Institutional Plan Daily Dividend Reinvestment .....             | 42,77,36,004   | 461.38     | 42,77,36,004   |
| (19) Deutsche Mutual Fund - Treasury Fund Cash Institutional Plan Daily Dividend Reinvestment .....                     | 7,61,19,276    | 76.50      | 7,61,19,276    |
| (20) Deutsche Mutual Fund - Treasury Fund Investment Institutional Plan Monthly Dividend Reinvestment .....             | 1,00,90,888    | 10.09      | 1,00,90,888    |
| (21) DSP BlackRock Mutual Fund - Floating Rate Fund Institutional Plan Daily Dividend .....                             | 3,391          | 0.34       | 2,55,800       |
| (22) DSP BlackRock Mutual Fund - Money Manager Fund Institutional Plan Daily Dividend .....                             | 57,377         | 5.74       | 57,377         |
| (23) DSP BlackRock Mutual Fund - Liquidity Fund Institutional Plan Daily Dividend Reinvestment .....                    | 31,16,356      | 311.73     | 26,18,818      |
| (24) DSP BlackRock Mutual Fund - FMP 3M Series 19 Dividend Payout Maturity Date 25 <sup>th</sup> November 2010.....     | 50,00,000      | 5.00       | 50,00,000      |
| (25) DSP BlackRock Mutual Fund - FMP 3M Series 24 Dividend Payout Maturity Date 24 <sup>th</sup> February 2011 .....    | 50,00,000      | 5.00       | 50,00,000      |
| (26) Fidelity Mutual Fund - Ultra Short Term Debt Fund Super Institutional Daily Dividend .....                         | 2,05,32,060    | 20.54      | 3,76,83,067    |
| (27) Fidelity Mutual Fund - Cash Fund (Super Institutional) Daily Dividend .....  | 4,48,83,959    | 45.81      | 4,48,83,959    |
| (28) Fidelity Mutual Fund - FMP Series 3 Plan B Dividend .....  | 50,00,588      | 5.00       | 50,00,588      |
| (29) Fidelity Mutual Fund - FMP Series 4 Plan B Dividend .....  | 50,73,211      | 5.07       | 50,73,211      |
| (30) BNP Paribas Mutual Fund - Overnight Institutional Plus Daily Dividend (formerly known as Fortis Mutual Fund) ..... | 4,99,93,116    | 50.01      | 4,99,93,116    |

\*denotes amounts less than Rs. 50,000

## SCHEDULE V (Contd.)

Investments (At Cost, unless otherwise specified) :

|  | Acquired       |            | Sold           |
|--|----------------|------------|----------------|
|  | Nos.           | Rs. crores | Nos.           |
| (31) BNP Paribas Mutual Fund - Overnight Fund Institutional Daily Dividend (formerly known as Fortis Mutual Fund) .....      | 25,69,03,016   | 256.98     | 25,69,03,016   |
| (32) BNP Paribas Mutual Fund - Money Plus Institutional Plan Daily Dividend (formerly known as Fortis Mutual Fund) .....     | 5,06,57,423    | 50.67      | 5,06,57,423    |
| (33) Franklin Templeton Mutual Fund - India Treasury Management Account Super Institutional Plan Daily Dividend .....        | 1,33,04,441    | 1,331.34   | 1,31,92,529    |
| (34) Franklin Templeton Mutual Fund - India Ultra Short Bond Fund Super Institutional Plan Daily Dividend Reinvestment ..... | 11,84,50,883   | 118.59     | 11,84,50,883   |
| (35) HDFC Mutual Fund - Cash Management Fund Savings Plan Daily Dividend Reinvestment Option .....                           | 1,12,45,62,287 | 1,196.13   | 1,12,45,57,204 |
| (36) HDFC Mutual Fund - Cash Management Fund Treasury Advantage Plan Wholesale Daily Dividend Reinvestment .....             | 2,37,50,278    | 23.83      | 3,35,77,483    |
| (37) HDFC Mutual Fund - Floating Rate Income Fund Short Term Plan Wholesale Option Dividend Reinvestment .....               | 22,22,79,109   | 224.08     | 23,94,31,018   |
| (38) HDFC Mutual Fund - High Interest Fund Short Term Plan Dividend Option .....   | 1,49,653       | 0.16       | 50,41,347      |
| (39) HDFC Mutual Fund - Liquid Fund Premium Plan - Dividend Daily Reinvestment Option .....                                  | 39,37,21,045   | 482.69     | 39,37,21,045   |
| (40) HDFC Mutual Fund - Short Term Opportunities Fund Dividend Option Reinvestment .....                                     | 1,00,48,300    | 10.05      | 1,00,48,300    |
| (41) HDFC Mutual Fund - FMP 35 D August 2010 (1) Dividend Series XIV Option Payout .....                                     | 1,00,00,000    | 10.00      | 1,00,00,000    |
| (42) HDFC Mutual Fund - FMP 35 D August 2010 (3) Dividend Series XIV Option Payout .....                                     | 1,00,00,000    | 10.00      | 1,00,00,000    |
| (43) HDFC Mutual Fund - FMP 35 D September 2010 (1) Dividend Series XIV Option Payout .....                                  | 1,00,00,000    | 10.00      | 1,00,00,000    |
| (44) HDFC Mutual Fund - FMP 35 D September 2010 (3) Dividend Series XIV Option Payout .....                                  | 1,00,00,000    | 10.00      | 1,00,00,000    |
| (45) HSBC Mutual Fund - Cash Fund Institutional Plus Daily Dividend .....  | 6,49,77,005    | 65.01      | 6,49,77,005    |
| (46) HSBC Mutual Fund - Floating Rate Long Term Plan Institutional Option Weekly Dividend .....                              | 5,83,90,781    | 65.62      | 5,83,90,781    |
| (47) IDFC Mutual Fund - Money Manager Fund TP Super Institutional Plan C Daily Dividend .....                                | 12,77,26,990   | 127.75     | 16,79,44,815   |
| (48) IDFC Mutual Fund - SSIF Short Term Plan B Fortnightly Dividend .....  | 42,559         | 0.04       | 51,14,962      |
| (49) IDFC Mutual Fund - Money Manager Fund Investment Plan Institutional Plan B Daily Dividend ...                           | 2,56,78,035    | 25.72      | 3,58,88,814    |
| (50) IDFC Mutual Fund - Cash Fund Super Institutional Plan C Daily Dividend .....  | 1,51,35,42,491 | 1,513.92   | 1,48,85,43,334 |
| (51) JM Financial Mutual Fund - High Liquidity Fund Super Institutional Plan Daily Dividend .....                            | 29,15,54,958   | 292.04     | 29,75,06,837   |
| (52) JM Financial Mutual Fund - Money Manager Fund Super Plus Plan Daily Dividend .....                                      | 4,04,69,377    | 40.49      | 4,04,69,377    |
| (53) JM Financial Mutual Fund - Money Manager Fund Super Plan Daily Dividend .....   | 2,54,47,805    | 25.48      | 2,03,59,593    |
| (54) JM Financial Mutual Fund - Money Manager Fund Regular Plan Daily Dividend .....   | 1,00,69,795    | 10.08      | 1,00,69,795    |
| (55) J P Morgan Mutual Fund - India Short Term Income Fund Weekly Dividend Reinvestment .....                                | 77,539         | 0.08       | 20,77,539      |
| (56) J P Morgan Mutual Fund - India Liquid Fund Super Institutional Daily Dividend Plan Reinvestment .....                   | 51,89,79,200   | 519.39     | 51,89,79,200   |
| (57) J P Morgan Mutual Fund - India Treasury Fund Super Institutional Daily Dividend Plan Reinvestment .....                 | 4,87,12,673    | 48.76      | 4,87,12,673    |
| (58) Kotak Mahindra Mutual Fund - Floater Long Term Daily Dividend .....   | 9,83,40,495    | 99.13      | 13,93,51,745   |
| (59) Kotak Mahindra Mutual Fund - Quarterly Interval Plan Series 2 Dividend .....  | 1,95,353       | 0.20       | 51,95,353      |
| (60) Kotak Mahindra Mutual Fund - Liquid (Institutional Premium) Daily Dividend .....  | 37,42,65,103   | 457.66     | 36,18,48,178   |
| (61) Kotak Mahindra Mutual Fund - Floater Short Term Daily Dividend .....  | 1,15,01,17,239 | 1,163.48   | 1,06,50,53,290 |
| (62) Kotak Mahindra Mutual Fund - Flexi Debt Scheme Institutional Daily Dividend .....                                       | 2,50,85,411    | 25.20      | 2,50,85,411    |
| (63) Kotak Mahindra Mutual Fund - Quarterly Interval Plan Series 1 Dividend .....  | 50,00,000      | 5.00       | 50,00,000      |
| (64) Kotak Mahindra Mutual Fund - Quarterly Interval Plan Series 4 Dividend .....  | 50,61,239      | 5.06       | 50,61,239      |
| (65) Kotak Mahindra Mutual Fund - Quarterly Interval Plan Series 7 Dividend .....  | 49,99,750      | 5.00       | 49,99,750      |
| (66) Kotak Mahindra Mutual Fund - Quarterly Interval Plan Series 8 Dividend .....  | 49,99,900      | 5.00       | 49,99,900      |

|  | Acquired       |            | Sold           |
|--|----------------|------------|----------------|
|  | Nos.           | Rs. crores | Nos.           |
| (67) Kotak Mahindra Mutual Fund - Quarterly Interval Plan Series 9 Dividend .....  | 49,99,612      | 5.00       | 49,99,612      |
| (68) Kotak Mahindra Mutual Fund - Quarterly Interval Plan Series10 Dividend .....  | 50,00,000      | 5.00       | 50,00,000      |
| (69) L & T Mutual Fund - Freedom Income STP Institutional Daily Dividend Reinvestment Plan .....                                   | 4,48,92,010    | 45.59      | 4,48,92,010    |
| (70) L & T Mutual Fund - Liquid Institutional Daily Dividend Reinvestment Plan .....   | 20,21,45,045   | 204.50     | 20,21,45,045   |
| (71) LIC Nomura Mutual Fund - Savings Plus Fund Daily Dividend Plan .....  | 11,40,23,168   | 114.02     | 18,84,14,959   |
| (72) LIC Nomura Mutual Fund - Liquid Fund Dividend Plan (formerly known as LIC Mutual Fund) .....                                  | 1,09,14,27,550 | 1,198.40   | 1,09,14,27,550 |
| (73) LIC Nomura Mutual Fund - Income Plus Fund Daily Dividend Plan (formerly known as LIC Mutual Fund) .....                       | 6,54,96,668    | 65.50      | 6,54,96,668    |
| (74) Principal Mutual Fund - Cash Management Fund Dividend Reinvestment Daily .....  | 1,68,49,84,331 | 1,685.10   | 1,70,32,33,054 |
| (75) Principal Mutual Fund - Near Term Fund Conservative Plan - Dividend Reinvestment Daily .....                                  | 50,23,51,418   | 502.97     | 51,35,99,973   |
| (76) Principal Mutual Fund - Pnb Fixed Maturity Plan (FMP-63) 91 Days Series XXIV October 10 Regular Dividend Plan .....           | 50,00,685      | 5.00       | 50,00,685      |
| (77) Principal Mutual Fund - Pnb Fixed Maturity Plan (FMP-64) 91 Days Series XXV October 10 Regular Dividend Plan .....            | 50,00,000      | 5.00       | 50,00,000      |
| (78) Prudential ICICI Mutual Fund - Institutional Liquid Plan Super Institutional Plan Dividend Daily .....                        | 15,49,47,866   | 1,549.83   | 15,49,57,280   |
| (79) Prudential ICICI Mutual Fund- Flexible Income Plan Premium Daily Dividend .....   | 1,95,95,659    | 207.19     | 2,13,29,689    |
| (80) Prudential ICICI Mutual Fund- Institutional Short Term Plan Dividend Reinvestment Fortnightly .....                           | 1,62,560       | 0.19       | 44,36,296      |
| (81) Prudential ICICI Mutual Fund - Ultra Short Term Plan Super Premium Daily Dividend Reinvestment .....                          | 10,49,53,995   | 105.17     | 12,51,27,097   |
| (82) Prudential ICICI Mutual Fund - Interval Fund V Monthly Interval Plan A Institutional Dividend .....                           | 1,02,17,165    | 10.22      | 1,02,17,165    |
| (83) Prudential ICICI Mutual Fund - Interval Fund Monthly Interval Plan I Institutional Dividend .....                             | 1,02,65,196    | 10.27      | 1,02,65,196    |
| (84) Prudential ICICI Mutual Fund - Interval Fund III Quarterly Interval Plan Institutional Dividend .....                         | 50,77,315      | 5.08       | 50,77,315      |
| (85) Prudential ICICI Mutual Fund - Interval Fund II Quarterly Interval Plan C Institutional Dividend .....                        | 50,82,095      | 5.08       | 50,82,095      |
| (86) Religare Mutual Fund -Fixed Maturity Plan - Series IV Plan C (3 Months) Dividend .....  | 50,00,000      | 5.00       | 50,00,000      |
| (87) Religare Mutual Fund -Liquid Fund - Super Institutional Daily Dividend .....  | 13,47,73,685   | 199.31     | 13,47,73,685   |
| (88) Religare Mutual Fund - Ultra Short Term Fund Institutional Daily Dividend .....   | 7,40,294       | 0.74       | 2,66,97,502    |
| (89) Religare Mutual Fund - Overnight Fund - Dividend .....  | 1,50,67,495    | 15.07      | 1,50,67,495    |
| (90) SBI Mutual Fund - Magnum Insta Cash Fund Daily Dividend Option .....  | 99,80,62,283   | 1,671.78   | 1,05,77,62,706 |
| (91) SBI Mutual Fund - SHF - Ultra Short Term Fund Institutional Plan Daily Dividend .....   | 9,75,94,181    | 97.65      | 12,06,80,329   |
| (92) SBI Mutual Fund - Premier Liquid Fund Super Institutional Daily Dividend .....  | 20,98,48,165   | 210.53     | 17,03,18,574   |
| (93) Sundaram Mutual Fund - Ultra ST Fund Super Institutional Dividend Reinvestment Daily .....                                    | 5,43,74,732    | 54.58      | 5,43,74,732    |
| (94) Sundaram Mutual Fund - Money Fund Super Institutional Daily Dividend Reinvestment .....                                       | 57,96,94,992   | 585.22     | 57,96,94,992   |
| (95) Tata Mutual Fund - Floater Fund Daily Dividend .....  | 21,24,41,239   | 213.20     | 27,57,88,663   |
| (96) Tata Mutual Fund - Liquid Super High Investment Fund Daily Dividend .....   | 91,42,233      | 1,018.92   | 87,68,001      |
| (97) Tata Mutual Fund - Fixed Income Portfolio Fund Scheme A2 Institutional Monthly Dividend .....                                 | 51,60,388      | 5.16       | 51,60,388      |
| (98) Tata Mutual Fund - Fixed Income Portfolio Fund Scheme A3 Institutional Monthly Dividend .....                                 | 2,04,21,662    | 20.42      | 2,04,21,662    |
| (99) Tata Mutual Fund - Fixed Income Portfolio Fund Scheme B2 Institutional Monthly Dividend .....                                 | 51,14,562      | 5.11       | 51,14,562      |
| (100) UTI Mutual Fund - Treasury Advantage Fund Institutional Plan Daily Dividend Option Reinvestment .....                        | 22,23,034      | 222.35     | 23,36,326      |
| (101) UTI Mutual Fund - Money Market Fund Institutional Daily Dividend Option Reinvestment .....                                   | 80,51,954      | 807.92     | 83,70,376      |
| (102) UTI Mutual Fund -Floating Rate Fund Short Term Plan Institutional Daily Dividend Plan Reinvestment .....                     | 4,14,104       | 41.44      | 6,88,285       |
| (103) UTI Mutual Fund - Fixed Income Interval Fund Quarterly Interval Plan Series I Institutional Dividend Plan Reinvestment ..... | 2,04,731       | 0.20       | 52,04,731      |

**SCHEDULE V** (Contd.)**Investments** (At Cost, unless otherwise specified) :

|   | Acquired    |            | Sold        |
|---|-------------|------------|-------------|
|   | Nos.        | Rs. crores | Nos.        |
| (104) UTI Mutual Fund - Fixed Income Interval Fund Monthly Interval Plan II Institutional Dividend Plan Reinvestment .....            | 1,54,82,518 | 15.48      | 2,54,82,518 |
| (105) UTI Mutual Fund - Fixed Income Interval Fund Monthly Interval Plan Series I Institutional Dividend Plan Reinvestment .....      | 1,03,22,761 | 10.32      | 1,03,22,761 |
| (106) UTI Mutual Fund - Fixed Income Interval Fund Series II Quarterly Interval Plan V Institutional Dividend Plan Reinvestment ..... | 50,81,583   | 5.08       | 50,81,583   |
| (107) UTI Mutual Fund - Fixed Income Interval Fund Quarterly Plan Series III Institutional Dividend Plan Reinvestment .....           | 1,03,77,960 | 10.38      | 1,03,77,960 |
| (108) UTI Mutual Fund - Liquid Cash Plan Institutional Daily Income Option Reinvestment .....   | 10,78,056   | 109.90     | 10,78,056   |

(g) The following are the movements in Certificate of Deposits during the year :

|   | Acquired                 |                           | Sold                     | Matured                  |
|---|--------------------------|---------------------------|--------------------------|--------------------------|
|   | Face Value<br>Rs. Crores | Total Value<br>Rs. Crores | Face Value<br>Rs. Crores | Face Value<br>Rs. Crores |
| (1) State Bank of Travancore .....        | 75.00                    | 73.25                     | —                        | 100.00                   |
| (2) Central Bank of India .....           | 180.00                   | 177.99                    | 25.00                    | 180.00                   |
| (3) State Bank of Hyderabad .....         | 185.00                   | 182.09                    | 25.00                    | 125.00                   |
| (4) State Bank of Mysore .....            | 10.00                    | 9.85                      | —                        | 80.00                    |
| (5) Bank of India .....                   | 75.00                    | 71.77                     | —                        | 25.00                    |
| (6) IDBI Bank Limited .....               | 170.00                   | 166.91                    | 25.00                    | 95.00                    |
| (7) Axis Bank .....                       | 70.00                    | 68.62                     | —                        | 45.00                    |
| (8) HDFC Bank Limited .....               | 65.00                    | 63.04                     | —                        | 15.00                    |
| (9) State Bank of Patiala .....           | 145.00                   | 142.53                    | —                        | 120.00                   |
| (10) Federal Bank .....                   | 25.00                    | 24.00                     | —                        | —                        |
| (11) Punjab National Bank .....           | 205.00                   | 202.33                    | 25.00                    | 155.00                   |
| (12) Allahabad Bank .....                 | 30.00                    | 29.92                     | —                        | 30.00                    |
| (13) Bank of Baroda .....                 | 95.00                    | 93.46                     | 25.00                    | 70.00                    |
| (14) Bank of Maharashtra .....            | 55.00                    | 54.54                     | —                        | 55.00                    |
| (15) Canara Bank .....                    | 160.00                   | 157.23                    | 100.00                   | 60.00                    |
| (16) State Bank of Bikaner & Jaipur ..... | 145.00                   | 142.32                    | 50.00                    | 95.00                    |
| (17) UCO Bank .....                       | 50.00                    | 48.99                     | —                        | 25.00                    |
| (18) Corporation Bank .....               | 125.00                   | 124.31                    | —                        | 125.00                   |
| (19) Kotak Mahindra Bank Limited .....    | 25.00                    | 24.93                     | —                        | 25.00                    |
| (20) Oriental Bank of Commerce .....      | 100.00                   | 98.40                     | —                        | 100.00                   |
| (21) State Bank of India .....            | 100.00                   | 99.24                     | —                        | 100.00                   |
| (22) Union Bank of India .....            | 100.00                   | 98.04                     | 50.00                    | 50.00                    |
| (23) United Bank of India .....           | 50.00                    | 49.60                     | —                        | 50.00                    |
| (24) Indian Bank .....                    | 50.00                    | 49.56                     | —                        | 50.00                    |



## SCHEDULE VII

Rupees crores

|   | 2011            | 2010            |
|---|-----------------|-----------------|
| <b>Current Liabilities and Provisions :</b>   |                 |                 |
| <b>(A) Current Liabilities # :</b>  |                 |                 |
| Acceptances .....   | 135.65          | 107.25          |
| Sundry Creditors :  |                 |                 |
| (i) Total outstanding dues of micro and small enterprises [Note 8]  | 23.28           | 6.49            |
| (ii) Total outstanding dues of creditors other than micro and small enterprises [including Rs. 229.24 crores (2010 : Rs. 209.21 crores) being advance payments for which value has still to be given] ..... | 4,342.48        | 3,080.35        |
| (iii) Dues to Subsidiaries .....  | 228.21          | 173.25          |
|   | 4,593.97        | 3,260.09        |
| Dividend payable .....  | 8.33            | 6.89            |
| Balances on Directors' Current Accounts .....   | 2.78            | 3.10            |
| Interest accrued but not due on loans .....   | 20.95           | 22.67           |
|   | 4,761.68        | 3,400.00        |
| # There are no amounts due and outstanding to be credited to the Investor Education and Protection Fund   |                 |                 |
| <b>(B) Provisions :</b>   |                 |                 |
| Proposed Dividend .....   | 706.08          | 549.52          |
| Provision for Tax on Proposed Dividend .....  | 96.56           | 74.23           |
| Provision for diminution in value of long term investments and other assets .....   | 413.72          | 266.43          |
| Provision for premium payable on redemption of convertible bonds .....  | —               | 238.49          |
| Provision for compensated absences .....  | 314.85          | 274.58          |
| Provision for taxation .....  | 217.67          | 173.63          |
| Provision Others [Note 9] .....   | 257.00          | 219.66          |
|   | 2,005.88        | 1,796.54        |
| <b>Total .....</b>  | <b>6,767.56</b> | <b>5,196.54</b> |



## SCHEDULE VIII

Rupees crores

|   | 2011          | 2010          |
|---|---------------|---------------|
| <b>Income from Operations and Other Income :</b>                      |               |               |
| <b>(A) Income from Operations :</b>                                   |               |               |
| Income from services rendered .....                                   | 341.72        | 343.83        |
| Scrap Sales .....   | 92.86         | 70.14         |
| Government grant and Incentives .....                                 | 181.80        | 72.49         |
| Profit on sale of Fixed Assets (Net) .....                            | 16.88         | —             |
| Other Operating Income .....  | 102.95        | 77.60         |
| Total .....   | <u>736.21</u> | <u>564.06</u> |
| <b>(B) Other Income :</b>   |               |               |
| Dividends on Investments in Subsidiaries/Joint Ventures - Gross ..... | 123.91        | 84.60         |
| Dividends on other Investments - Gross - Non Trade [Note 10(a)] ..... | 56.31         | 48.16         |
| Profit on sale of Investments (Net) [Note 10(b)] .....                | 27.65         | 10.40         |
| Profit on sale of Fixed Assets (Net) .....                            | 3.66          | —             |
| Miscellaneous Income .....  | 97.99         | 56.19         |
| Total .....   | <u>309.52</u> | <u>199.35</u> |

## SCHEDULE IX

Rupees crores

|  | 2011             | 2010             |
|--|------------------|------------------|
| <b>Raw Materials, Finished and Semi-Finished Products :</b>  |                  |                  |
| <b>(A) (Increase)/Decrease in Stock of Finished Goods, Work-in-Progress and Manufactured Components :</b>    |                  |                  |
| Opening Stock :  |                  |                  |
| (i) Finished Products produced and purchased for sale .....  | 491.38           | 471.81           |
| (ii) Contracts and Work-in-Progress .....  | 75.03            | 88.87            |
| (iii) Manufactured Components .....  | 73.89            | 55.93            |
|  | <u>640.30</u>    | <u>616.61</u>    |
| Add : Stock Taken Over as per Scheme of Arrangement .....  | 9.07             | —                |
| Less : Closing Stock :   |                  |                  |
| (i) Finished Products produced and purchased for sale .....  | 659.25           | 491.38           |
| (ii) Contracts and Work-in-Progress .....  | 82.14            | 75.03            |
| (iii) Manufactured Components .....  | 110.21           | 73.89            |
|  | <u>851.60</u>    | <u>640.30</u>    |
| (Increase)/Decrease in Stock .....   | <u>(202.23)</u>  | <u>(23.69)</u>   |
| <b>(B) Consumption of Raw Materials and Bought-out Components :</b>  |                  |                  |
| Opening Stock .....  | 494.50           | 391.01           |
| Add : Purchases [including outside processing charges Rs. 349.56 crores<br>(2010 : Rs. 281.83 crores)] ..... | 14,998.23        | 11,799.05        |
|  | <u>15,492.73</u> | <u>12,190.06</u> |
| Less : Closing Stock .....   | 783.79           | 494.50           |
|  | <u>14,708.94</u> | <u>11,695.56</u> |
| <b>(C) Purchases of Finished Products for sale .....</b>   | <b>1,757.23</b>  | <b>661.05</b>    |
| Total .....  | <u>16,263.94</u> | <u>12,332.92</u> |

## SCHEDULE X

|   | Rupees crores   |                 |
|---|-----------------|-----------------|
|   | 2011            | 2010            |
| <b>Personnel :</b>                              |                 |                 |
| Salaries, Wages, Bonus, etc. ....               | 1,200.57        | 988.10          |
| Contribution to Provident and other funds ..... | 87.11           | 66.89           |
| Gratuity .....                                  | 47.50           | 31.31           |
| Welfare .....                                   | 110.38          | 112.17          |
| Total .....                                     | <u>1,445.56</u> | <u>1,198.47</u> |

## Schedule XI

|  | Rupees crores  |               |
|--|----------------|---------------|
|  | 2011           | 2010          |
| <b>Interest, Commitment and Finance Charges :</b>                                      |                |               |
| On Term Loans and Debentures .....   | 68.23          | 148.91        |
| On Others (Net) .....  | 2.63           | 7.94          |
|  | <u>70.86</u>   | <u>156.85</u> |
| Less : Interest Income :   |                |               |
| (i) Interest on Government Securities, Debentures and Bonds - Gross [Note 10(c)] ..... | 10.84          | 4.68          |
| (ii) Interest - Others - Gross [Note 10(d)] .....                                      | 110.31         | 124.36        |
|  | <u>121.15</u>  | <u>129.04</u> |
| Total .....  | <u>(50.29)</u> | <u>27.81</u>  |

## Schedule XII

|   | Rupees crores   |                 |
|---|-----------------|-----------------|
|   | 2011            | 2010            |
| <b>Other Expenses :</b>   |                 |                 |
| Stores consumed .....   | 102.54          | 75.27           |
| Tools consumed .....  | 36.17           | 29.68           |
| Power and Fuel .....  | 143.93          | 120.97          |
| Rent including lease rentals .....                                | 44.34           | 47.01           |
| Rates and Taxes .....   | 17.13           | 16.53           |
| Insurance .....   | 17.01           | 17.06           |
| Repairs and Maintenance [Note 11] :                               |                 |                 |
| Buildings .....   | 15.74           | 22.56           |
| Machinery .....   | 98.33           | 96.92           |
| Others .....  | 47.59           | 33.10           |
|   | <u>161.66</u>   | <u>152.58</u>   |
| Advertisement .....   | 180.78          | 139.78          |
| Commission on sales/contracts (Net) .....                         | 99.13           | 70.54           |
| Discount allowed .....  | 0.74            | 4.80            |
| Freight outward .....   | 363.83          | 269.73          |
| Sales Promotion Expenses .....                                    | 393.08          | 317.17          |
| Miscellaneous Expenses [Note 12] .....                            | 824.24          | 819.54          |
| Directors' fees .....   | 0.37            | 0.14            |
| Donations and contributions [Note 26] .....                       | 17.60           | 9.35            |
| Loss on Fixed Assets sold/scrapped/written off (Net) .....        | —               | 20.83           |
| Excess of cost over fair value of Current Investments (Net) ..... | 1.90            | (0.26)          |
| Provision for doubtful debts/advances (Net) .....                 | (24.85)         | 51.02           |
| Total .....   | <u>2,379.60</u> | <u>2,161.74</u> |

## SCHEDULE XIII

### Notes on Accounts for the year ended 31<sup>st</sup> March, 2011

#### 1. Significant Accounting Policies :

##### (A) Basis of Accounting :

The financial statements are prepared in accordance with the generally accepted accounting principles in India and comply with the Accounting Standards notified under sub-section (3C) of Section 211 of the Companies Act, 1956 and the relevant provisions thereof.

##### (B) Fixed Assets :

- (a) (i) Fixed Assets are carried at cost less depreciation except as stated in (ii) below. Cost includes financing cost relating to borrowed funds attributable to the construction or acquisition of qualifying fixed assets upto the date the assets are ready for use. Where the acquisition of fixed assets are financed through long term foreign currency loans (having a term of 12 months or more at the time of their origination) the exchange differences on such loans are added to or subtracted from the cost of such fixed assets.

When an asset is scrapped or otherwise disposed off, the cost and related depreciation are removed from the books of account and resultant profit (including capital profit) or loss, if any, is reflected in the Profit and Loss Account.

- (ii) Land and Buildings, had been revalued as at 31<sup>st</sup> October, 1984 at depreciated replacement values on the basis of a valuation made by a firm of Chartered Surveyors and Valuers. The indices, if any, used are not stated in the valuation.
- (b) (i) Leasehold land is amortised over the period of the lease.
- (ii) Depreciation on assets is calculated on Straight Line Method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956, except for :
- (1) certain items of Plant and Machinery individually costing more than Rs. 5,000 - over their useful lives (2 years, 3 years, 5 years or 7 years, as the case may be) as determined by the Company.
  - (2) Cars and Vehicles - at 15% of cost.
- (iii) Depreciation charge for each year is after deducting the amount representing the depreciation on the increase due to revaluation of Land and Buildings, transferred from the Revaluation Reserve.

##### (C) Intangible Assets :

Intangible Assets are initially measured at cost and amortised so as to reflect the pattern in which the asset's economic benefits are consumed.

##### (a) Technical Knowhow :

The expenditure incurred is amortised over the estimated period of benefit, not exceeding six years commencing with the year of purchase of the technology.

##### (b) Development Expenditure :

The expenditure incurred on technical services and other project/product related expenses are amortised over the estimated period of benefit, not exceeding five years.

##### (c) Software Expenditure :

The expenditure incurred is amortised over three financial years equally commencing from the year in which the expenditure is incurred.

##### (D) Investments :

Long term investments are valued at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of investments. Current investments are valued at the lower of cost and fair value, determined by category of investment.

##### (E) Inventories :

Inventories comprise all costs of purchase, conversion and other costs incurred in bringing the inventories to their present location and condition.

Raw materials and bought out components are valued at the lower of cost or net realisable value. Cost is determined on the basis of the weighted average method.

Finished goods produced and purchased for sale, manufactured components and work in progress are carried at cost or net realisable value whichever is lower. Excise duty is included in the value of finished goods inventory.

Stores, spares and tools other than obsolete and slow moving items are carried at cost. Obsolete and slow moving items are valued at cost or estimated realisable value, whichever is lower.

Long term contracts in progress are valued at cost.

## (F) Foreign Exchange Transactions :

Transactions in foreign currencies (other than firm commitments and highly probable forecast transactions) are recorded at the exchange rates prevailing on the date of transaction. Monetary items are translated at the year-end rates. The exchange difference between the rate prevailing on the date of transaction and on the date of settlement as also on translation of monetary items at the end of the year (other than those relating to long term foreign currency monetary items) is recognised as income or expense, as the case may be.

Exchange differences relating to long term foreign currency monetary items, to the extent they are used for financing the acquisition of fixed assets are added to or subtracted from the cost of such fixed assets and the balance accumulated in 'Foreign Currency Monetary Item Translation Difference Account' and amortised over the balance term of the long term monetary item or 31<sup>st</sup> March, 2011 whichever was earlier.

Any premium or discount arising at the inception of a forward exchange contract is recognised as income or expense over the life of the contract, except in the case where the contract is designated as a cash flow hedge.

## (G) Derivative Instruments and Hedge Accounting :

The Company uses foreign currency forward contracts and currency options to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and highly probable forecast transactions. The Company does not hold derivative financial instruments for speculative purposes. The Company has applied to such contracts the hedge accounting principles set out in Accounting Standard 30 'Financial Instruments : Recognition and Measurement' (AS 30) by marking them to market.

Changes in the fair value of the contracts that are designated and effective as hedges of future cash flows are recognised directly in Hedging Reserve Account and the ineffective portion is recognised immediately in the Profit and Loss Account.

## (H) Revenue Recognition :

Sales of products and services are recognised when the products are shipped or services rendered including export benefits thereon.

Dividend from investments are recognised in the Profit and Loss Account when the right to receive payment is established.

## (I) Government Grants :

The Company, directly or indirectly through a consortium of Mahindra Group Companies, is entitled to various incentives from government authorities in respect of manufacturing units located in developing regions. The Company accounts for its entitlement on accrual basis.

## (J) Employee Benefits :

Defined Contribution Plan/Defined Benefit Plan/Long term Compensated Absences :

Company's contributions paid/payable during the year to Superannuation Fund, ESIC and Labour Welfare Fund are recognised in the Profit and Loss Account.

Contributions to Provident Fund are made to a Trust administered by the Company and are charged to Profit and Loss Account as incurred. The Company is liable for the contribution and any shortfall in interest between the amount of interest realised by the investment and the interest payable to members at the rate declared by the Government of India.

Company's liability towards gratuity, long term compensated absences, post retirement medical benefit and post retirement housing allowance schemes are determined by independent actuaries, using the projected unit credit method. Past services are recognised on a straight line basis over the average period until the benefits become vested. Actuarial gains and losses are recognised immediately in the statement of Profit and Loss Account as income or expense. Obligation is measured at the present value of estimated future cash flows using a discounted rate that is determined by reference to the market yields at the Balance Sheet date on Government Bonds where the currency and terms of the Government Bonds are consistent with the currency and estimated terms of the defined benefit obligation.

## (K) Borrowing Costs :

All borrowing costs are charged to the Profit and Loss Account except :

- (a) Borrowing costs that are attributable to the acquisition or construction of assets that necessarily take a substantial period of time to get ready for their intended use, which are capitalised as part of the cost of such assets.
- (b) Expenses incurred on raising long term borrowings are amortised over the period of borrowings. On early buyback, conversion or repayment of borrowings, any unamortised expenditure is fully written off in that year.

## (L) Redemption Premium :

Premium payable on redemption of Bonds/Debentures is fully provided and charged to Securities Premium Account (Net of Tax) in the year of issue.

## (M) Product Warranty :

In respect of warranties given by the Company on sale of certain products, the estimated costs of these warranties are accrued at the time of sale. The estimates for accounting of warranties are reviewed and revisions are made as required.

(N) Leases :

The Company's significant leasing arrangements are in respect of operating leases for premises (residential, office, stores, godowns, computer hardware etc.). The leasing arrangements, which are not non-cancellable, range between eleven months and five years generally, and are usually renewable by mutual consent on agreed terms. The aggregate lease rentals payable are charged as rent.

(O) Taxes on Income :

Current tax is determined as the amount of tax payable in respect of taxable income for the year. Deferred tax is recognised, subject to consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets arising on account of unabsorbed depreciation or carry forward of tax losses are recognised only to the extent that there is virtual certainty supported by convincing evidence that sufficient future tax income will be available against which such deferred tax assets can be realised.

(P) Excise duty recovered on sales is included in "Sales – Traded and Manufactured Goods". Excise duty in respect of Finished Goods manufactured is shown separately as an item of expense and included in valuation of finished goods produced.

2. Share Capital :

Issued and Subscribed Capital include :

- (a) 7,39,24,782 Ordinary (Equity) Shares of Rs. 5 each allotted as fully paid-up pursuant to a contract without payment having been received in cash.
- (b) 34,12,15,008 Ordinary (Equity) Shares of Rs. 5 each allotted as fully paid-up by way of Bonus Shares, by capitalisation of Securities Premium Account and Reserves.

3. Reserves and Surplus :

|  | Rupees crores |               |
|--|---------------|---------------|
|  | 2011          | 2010          |
| (a) Movements during the year :  |               |               |
| (i) Securities Premium Account :   |               |               |
| Additions, arising out of exercise of options .....  | 3.43          | 2.07          |
| Additions, arising out of issue of Ordinary (Equity) Shares to M&M ESOP Trust .....  | —             | 71.40         |
| Additions, consequent to the Scheme of Arrangement with Mahindra Shubhlabh Services Limited [Note 23(e)] .....   | 2.77          | —             |
| Premium on conversion of Debentures and Bonds .....  | 827.80        | 690.60        |
| Reversal/Reduction of provision for premium on conversion/redemption of Zero Coupon Convertible Bonds [Net of Tax of Rs. 78.81 crores (2010 : Rs. 10.30 crores)] ..... | 158.45        | 20.72         |
|  | <u>992.45</u> | <u>784.79</u> |
| Applied, in accordance with Section 78 of the Companies Act, 1956, towards :   |               |               |
| Writing-off of share and bonds/debenture issue expenses [Net of Tax of Rs. 0.47 crores (2010 : Rs. 0.47 crores)] .....   | 1.13          | 5.88          |
| Effect of tax rate change on amounts debited to Securities Premium Account .....   | —             | 0.71          |
|  | <u>1.13</u>   | <u>6.59</u>   |
| (ii) Revaluation Reserve :   |               |               |
| Adjusted against depreciation for the year [Note 1 (B)(b)(iii)] .....  | 0.25          | 0.41          |
| Adjusted in respect of revalued Land and Buildings sold/demolished .....   | 0.24          | 0.01          |
|  | <u>0.49</u>   | <u>0.42</u>   |

(b) The Guidance Note on Accounting for Employee Share-based Payments issued by The Institute of Chartered Accountants of India requires that shares allotted to a trust but not transferred to employees be reduced from Share Capital and Reserves. Accordingly, the Company has reduced the Share Capital by Rs. 11.51 crores (2010 : Rs. 3.63 crores), Securities Premium Account by Rs. 80.39 crores (2010 : Rs. 84.29 crores) for the 2,30,23,013 shares of Rs. 5 each (2010 : 72,63,296 shares of Rs. 5 each) held by the trust pending transfer to the eligible employees.

The Share Capital of the Company has also been reduced and the General Reserve increased by Rs. 1.84 crores (2010 : Rs. 2.63 crores) for the 36,69,979 bonus shares of Rs. 5 each (2010 : 52,63,296 bonus shares of Rs. 5 each) issued by the Company in September, 2005 to the trust but not yet transferred by the trust to the employees. The above monies which are treated as advance received from it, is included under current liabilities.

(c) Consequent to the announcement issued by The Institute of Chartered Accountants of India dated 29<sup>th</sup> March, 2008 in respect of forward exchange contracts and currency and interest rate swaps, the Company has applied the Hedge Accounting principles set out in the Accounting Standard (AS) 30 'Financial Instruments : Recognition and Measurement'. Accordingly, such contracts are marked to market and the loss aggregating Rs. 3.58 crores (Net of Tax of Rs. 1.71 crores) [2010 : Rs. 0.91 crores (Net of Tax of Rs. 0.45 crores)] arising consequently on contracts that were designated and effective as hedges of future cash flows has been recognised directly in the Hedging Reserve Account.

**4. Loans :**

- (a) Debentures are redeemable as follows :
- (i) Rs. 400.00 crores in three equal instalments from 12<sup>th</sup> December, 2013.
  - (ii) Rs. 0.01 crores of 12.50% Debentures and Zero Interest Bonds on receipt of balance amount due on allotment.
- (b) (i) Debentures of **Rs. 400.01 crores** are secured by a *pari-passu* charge on immovable properties of the Company, both present and future, subject to certain exclusions and are also secured by a *pari-passu* charge on the movable properties of the Company including movable machinery, machinery spares, tools and accessories, both present and future.
- (ii) Loans and Advances on cash credit accounts from the Company's bankers are secured by a first charge on a *pari-passu* basis on the whole of the current assets of the Company namely inventories, book debts, outstanding monies, receivables, claims etc. both present and future.
- (c) The following amounts are repayable by 31<sup>st</sup> March, 2012 :
- |  |   |  |
|--|---|--|
| (i) Debenture holders .....                  | : | <b>Rs. Nil</b> (2010 : Rs. 200.00 crores)          |
| (ii) Foreign currency loans from Banks ..... | : | <b>Rs. 50.58 crores</b> (2010 : Rs. 175.86 crores) |
| (iii) Fixed Deposit holders .....            | : | <b>Rs. 26.64 crores</b> (2010 : Rs. 78.15 crores)  |
| (iv) Rupee Loans :                           |   |  |
| (a) from financial institutions .....        | : | <b>Rs. Nil</b> (2010 : Rs. 2.60 crores)            |
| (b) from others .....                        | : | <b>Rs. 8.08 crores</b> (2010 : Rs. 10.13 crores)   |

The Company had issued during the year ended 31<sup>st</sup> March, 2007, Zero Coupon Foreign Currency Convertible Bonds (Bonds 2011) aggregating US \$ 200 million, at par. The bond holders had an option to convert these bonds into Equity Shares with full voting rights or Global Depository Receipts (GDRs) determined at an initial conversion price of Rs. 461.02 per share of Rs. 5 each with fixed exchange rate of conversion of Rs. 44.42 = US \$ 1, at any time on or after 7<sup>th</sup> May, 2006 upto 7<sup>th</sup> March, 2011.

The Bonds 2011 could have been redeemed, in whole but not in part, at the option of the Company at any time on or after 13<sup>th</sup> April, 2008 subject to satisfaction of certain conditions. Unless previously converted, redeemed or purchased and cancelled, the bonds fell due for redemption on 14<sup>th</sup> April, 2011 at 128.03 percent of their principal amount.

Out of the Bonds 2011 aggregating US \$ 200 million, bonds of face value US \$ 10.50 million were bought back and cancelled in the previous years. In the current year bonds aggregating **US \$ 188.40 million** have been converted into **1,81,52,597** equity shares/GDRs. Consequent to the conversion, the Share Capital and Securities Premium Account of the Company has been increased by **Rs. 9.08 crores** and **Rs. 827.80 crores** respectively.

Premium payable on redemption of Bonds 2011 had been fully provided in a previous year by debiting the same to Securities Premium Account. Consequent to the conversion/redemption, premium aggregating **Rs. 158.45 crores** (net of tax of Rs. 78.81 crores) no longer payable has been credited back to Securities Premium Account during the year.

The balance Bonds 2011 of US \$ 1.10 million were redeemed inclusive of the accreted premium.

5. (a) Buildings include **Rs. \* crores** (2010 : Rs. \* crores) being the value of shares in co-operative housing societies.
- (b) Additions to fixed assets and capital work-in-progress include :
- (i) Interest capitalised during the year **Rs. 28.73 crores** (2010 : Rs. 26.56 crores).
  - (ii) Foreign exchange fluctuation capitalised during the year **Rs. 9.33 crores credit (Net)** [2010 : Rs. 117.79 crores credit (Net)].
- (c) (i) The depreciation charge for the year excludes an amount of **Rs. 0.25 crores** (2010 : Rs. 0.41 crores), representing depreciation on the increase due to revaluation of Land and Buildings transferred from the Revaluation Reserve.
- (ii) The Revaluation Reserve is also adjusted for an amount of **Rs. 0.24 crores** (2010 : Rs. 0.01 crores) in respect of revalued Land and Buildings sold/demolished during the year.
- (iii) The net credit to the Profit and Loss Account consequent to the above adjustments to the Revaluation Reserve is **Rs. 0.49 crores** (2010 : Rs. 0.42 crores).

\* denotes amounts less than Rs. 50,000

(d) Addition to Fixed Assets and Depreciation/Amortisation for the year includes following assets transferred as per Scheme of Arrangement :

Rupees crores

| Description of Assets       | Cost        | Accumulated Depreciation |
|-----------------------------|-------------|--------------------------|
| Land – Freehold .....       | 0.18        | -                        |
| Building .....              | 0.90        | 0.14                     |
| Plant & Machinery .....     | 0.60        | 0.29                     |
| Furniture & Fittings .....  | 0.05        | 0.02                     |
| Vehicles, Cycles, etc. .... | 0.25        | 0.15                     |
| Total .....                 | <u>1.98</u> | <u>0.60</u>              |

6. Cash and Bank Balances include balances lying with non-scheduled banks :

**In Current Account**

Rupees crores

|   | Bank Tejarat,<br>Tehran | Bank of Australia | Bank of China | The Municipal Co-<br>op. Bank Ltd. | The Ahmednagar<br>Merchant's Co-op.<br>Bank Ltd. |
|---|-------------------------|-------------------|---------------|------------------------------------|--|
| Balance as at 31 <sup>st</sup> March, 2011..... | —                       | 2.45              | *             | 3.16                               | *  |
| Balance as at 31 <sup>st</sup> March, 2010..... | *                       | 6.39              | *             | 5.14                               | *  |
| Maximum balance during the year.....            | *                       | 8.77              | *             | 8.18                               | *  |
| Maximum balance during the previous year .....  | *                       | 11.91             | 0.59          | 5.68                               | *  |

7. Loans and Advances include :

- Fixed/Call deposits with/loans to limited companies **Rs. 460.53 crores** (2010 : Rs. 525.72 crores) including **Rs. 454.04 crores** (2010 : Rs. 519.23 crores) with/ to subsidiaries.
- Share Application Money pending allotment **Rs. 15.70 crores** (2010 : Rs. Nil) to subsidiaries.
- Amount held in escrow account towards acquisition of shares in a company **Rs. 23.50 crores** (2010 : Rs. Nil).

8. Micro, Small and Medium enterprises have been identified by the Company on the basis of the information available. Total outstanding dues of Micro and Small enterprises, which are outstanding for more than the stipulated period are given below :

Rupees crores

|  | 2011  | 2010 |
|--|-------|------|
| (a) Dues remaining unpaid as at 31 <sup>st</sup> March   |       |      |
| Principal .....  | 5.51  | 0.89 |
| Interest on the above .....  | 0.12  | 0.07 |
| (b) Interest paid in terms of Section 16 of the Act, along with the amount of payment made to the supplier beyond the appointed day during the year                |       |      |
| Principal paid beyond the appointed date .....   | 24.57 | 7.39 |
| Interest paid in terms of Section 16 of the Act .....  | 0.04  | —    |
| (c) Amount of interest due and payable for the period of delay on payments made beyond the appointed day during the year .....                                     | 0.19  | 0.11 |
| (d) Further interest due and payable even in the succeeding years, until such date when the interest due as above are actually paid to the small enterprises ..... | 0.44  | 0.32 |
| (e) Amount of interest accrued and remaining unpaid as at 31 <sup>st</sup> March .....   | 0.75  | 0.50 |

9. (a) Provision - Others **Rs. 257.00 crores** (2010 : Rs. 219.66 crores) includes provision for contingencies **Rs. Nil** (2010 : Rs. 3.58 crores), provision for warranty **Rs. 210.90 crores** (2010 : Rs. 179.61 crores), provision for post retirement benefits **Rs. 30.27 crores** (2010 : Rs. 20.64 crores) and provision for diminution in value of certain assets substantially retired from active use **Rs. 15.83 crores** (2010 : Rs. 15.83 crores). Provision for contingencies is in respect of labour demands under negotiations at certain locations of the Company. Provision for warranties relates to warranty provision made in respect of sale of certain products, the estimated cost of which is accrued at the time of sale. The products are generally covered under a free warranty period ranging from 6 months to 3 years.

(b) The movement in provisions for warranty, contingency and retired assets is as follows :

Rupees crores

|  | Warranty |        | Contingency |      | Retired assets |       |
|--|----------|--------|-------------|------|----------------|-------|
|  | 2011     | 2010   | 2011        | 2010 | 2011           | 2010  |
| Balance as at 1 <sup>st</sup> April .....  | 179.61   | 137.45 | 3.58        | 8.25 | 15.83          | 16.89 |
| Add : Provision made during the year.....  | 131.20   | 105.59 | 0.51        | 3.58 | —              | —     |
| Less : Utilisation during the year .....   | 99.91    | 63.43  | 4.09        | 8.25 | —              | 1.06  |
| Balance as at 31 <sup>st</sup> March ..... | 210.90   | 179.61 | —           | 3.58 | 15.83          | 15.83 |

\* denotes amounts less than Rs. 50,000

10. (a) Dividends on other investments include **Rs. 52.23 crores** (2010 : Rs. 45.56 crores) in respect of current investments and **Rs. 4.08 crores** (2010 : Rs. 2.60 crores) in respect of long term investments.
- (b) Profit on sale of investments (Net) includes profit on disposal of current investments (Net) **Rs. 24.33 crores** (2010 : Rs. 1.53 crores), and profit on disposal of long term investments (Net) **Rs. 3.32 crores** (2010 : Rs. 8.87 crores).
- (c) Interest on Government Securities, Debentures and Bonds includes tax deducted at source **Rs. 0.11 crores** (2010 : Rs. 0.05 crores) and comprise **Rs. 4.55 crores** (2010 : Rs. 0.50 crores) and **Rs. 6.29 crores** (2010 : Rs. 4.18 crores) in respect of long term and current investments respectively.
- (d) Interest received - others includes tax deducted at source **Rs. 7.07 crores** (2010 : Rs. 12.21 crores).
11. Repairs and Maintenance includes machinery spares consumed **Rs. 36.05 crores** (2010 : Rs. 33.85 crores) but does not include items included under Consumption of Raw Materials and Bought-out Components and amounts charged to salaries and wages (amounts not ascertained).
12. **Miscellaneous Expenses include :**
- (a) Amounts paid/payable to Auditors (net of service tax where applicable) :

|                                | Rupees crores             |                      |
|--------------------------------|---------------------------|----------------------|
|                                | <b>Statutory Auditors</b> | <b>Cost Auditors</b> |
| (i) Audit Fees                 | 1.43                      | 0.04                 |
|                                | 1.24                      | 0.03                 |
| (ii) Company Law matters       | *                         | -                    |
|                                | *                         | -                    |
| (iii) Other Services           | 0.90                      | -                    |
|                                | 0.66                      | -                    |
| (iv) Reimbursement of expenses | *                         | *                    |
|                                | 0.01                      | -                    |
|                                | <u>2.33</u>               | <u>0.04</u>          |
|                                | <u>1.91</u>               | <u>0.03</u>          |

- (b) An amount of **Rs. 1.56 crores** (2010 : Rs. 1.44 crores) payable as commission to non-whole-time Directors – Note 13 and Schedule XIV.
13. Managerial remuneration for Directors included in the Profit and Loss Account is **Rs. 7.50 crores** (2010 : Rs. 8.13 crores) including Directors' fees of **Rs. 0.37 crores** (2010 : Rs. 0.14 crores), perquisites **Rs. 1.23 crores** (2010 : Rs. 1.62 crores) and commission **Rs. 4.33 crores** (2010 : Rs. 4.53 crores) (See Schedule XIV) and excluding charge for gratuity, provision for leave encashment and post retirement medical benefit as separate actuarial valuation figures are not available. The above perquisites exclude amortisation of Employee Stock Options.
14. **Employee Benefits :**

General description of defined benefit plans :

#### Gratuity

The Company operates a gratuity plan covering qualifying employees. The benefit payable is the greater of the amount calculated as per the Payment of Gratuity Act or the Company scheme applicable to the employee. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting. The Company makes annual contribution to the group gratuity scheme administered by the Life Insurance Corporation of India through its Gratuity Trust Fund.

#### Post retirement medical

The Company provides post retirement medical cover to select grade of employees to cover the retiring employee and their spouse upto a specified age through mediclaim policy on which the premiums are paid by the Company. The eligibility of the employee for the benefit as well as the amount of medical cover purchased is determined by the grade of the employee at the time of retirement.

#### Post retirement housing allowance

The Company operates a post retirement benefit scheme for a certain cadre of employees in which a monthly allowance determined on the basis of the last drawn basic salary at the time of retirement, is paid to the retiring employee in lieu of housing.

\* denotes amounts less than Rs. 50,000



Defined benefit plans – as per actuarial valuation on 31<sup>st</sup> March, 2011

Rupees Crores

|   | Funded Plan |         | Unfunded Plans          |        |                                   |         |
|---|-------------|---------|-------------------------|--------|-----------------------------------|---------|
|   | Gratuity    |         | Post retirement medical |        | Post retirement housing allowance |         |
|   | 2011        | 2010    | 2011                    | 2010   | 2011                              | 2010    |
| <b>I. Expense recognised in the Statement of Profit and Loss Account for the year ended 31<sup>st</sup> March</b> |             |         |                         |        |                                   |         |
| 1. Current service cost   | 20.83       | 19.17   | 0.62                    | 0.37   | 1.37                              | 1.50    |
| 2. Interest cost  | 28.34       | 23.91   | 0.85                    | 0.40   | 1.02                              | 0.84    |
| 3. Expected return on plan assets   | (20.66)     | (16.23) | —                       | —      | —                                 | —       |
| 4. Actuarial (Gain)/Loss  | 19.24       | (7.69)  | 3.26                    | 4.32   | 3.24                              | (1.77)  |
| 5. Past service cost  | (0.25)      | 12.15   | —                       | —      | —                                 | —       |
| 6. Total expense included in Personnel (Schedule X)   | 47.50       | 31.31   | 4.73                    | 5.09   | 5.63                              | 0.57    |
| 7. Actual return on plan assets   | 25.17       | 20.75   | —                       | —      | —                                 | —       |
| <b>II. Net Asset/(Liability) recognised in the Balance Sheet as at 31<sup>st</sup> March</b>                      |             |         |                         |        |                                   |         |
| 1. Present value of defined benefit obligation as at 31 <sup>st</sup> March                                       | 383.18      | 334.20  | 14.09                   | 9.65   | 16.18                             | 10.99   |
| 2. Fair value of plan assets as at 31 <sup>st</sup> March   | 293.80      | 266.10  | —                       | —      | —                                 | —       |
| 3. Net Asset/(Liability) as at 31 <sup>st</sup> March   | (89.38)     | (68.10) | (14.09)                 | (9.65) | (16.18)                           | (10.99) |
| <b>III. Change in the obligation during the year ended 31<sup>st</sup> March</b>                                  |             |         |                         |        |                                   |         |
| 1. Present value of defined benefit obligation at the beginning of the year                                       | 334.20      | 300.61  | 9.65                    | 4.84   | 10.99                             | 10.42   |
| 2. Current service cost   | 20.83       | 19.17   | 0.62                    | 0.37   | 1.37                              | 1.50    |
| 3. Interest cost  | 28.34       | 23.91   | 0.85                    | 0.40   | 1.02                              | 0.84    |
| 4. Actuarial (Gain)/Loss  | 23.75       | (3.17)  | 3.26                    | 4.32   | 3.24                              | (1.77)  |
| 5. Past service cost  | (0.25)      | 12.15   | —                       | —      | —                                 | —       |
| 6. Benefit payments   | (23.69)     | (18.47) | (0.29)                  | (0.28) | (0.44)                            | —       |
| 7. Present value of defined benefit obligation at the end of the year   | 383.18      | 334.20  | 14.09                   | 9.65   | 16.18                             | 10.99   |
| <b>IV. Change in fair value of assets during the year ended 31<sup>st</sup> March</b>                             |             |         |                         |        |                                   |         |
| 1. Fair value of plan assets at the beginning of the year   | 266.10      | 206.14  | —                       | —      | —                                 | —       |
| 2. Expected return on plan assets   | 20.66       | 16.23   | —                       | —      | —                                 | —       |
| 3. Actuarial Gain/(Loss)  | 4.51        | 4.52    | —                       | —      | —                                 | —       |
| 4. Contributions by employer (including benefit payments recoverable)   | 26.22       | 57.68   | 0.29                    | 0.28   | 0.44                              | —       |
| 5. Benefit payments   | (23.69)     | (18.47) | (0.29)                  | (0.28) | (0.44)                            | —       |
| 6. Fair value of plan assets at the end of the year   | 293.80      | 266.10  | —                       | —      | —                                 | —       |
| 7. Actual return on plan assets   | 25.17       | 20.75   | —                       | —      | —                                 | —       |
| <b>V. The major categories of plan assets as a percentage of total plan</b>                                       |             |         |                         |        |                                   |         |
| Insurer managed funds   | 100.00%     | 100.00% | —                       | —      | —                                 | —       |
| <b>VI. Actuarial assumptions</b>  |             |         |                         |        |                                   |         |
| 1. Discount rate  | 8.20%       | 8.45%   | 8.20%                   | 8.45%  | 8.20%                             | 8.45%   |
| 2. Expected rate of return on plan assets   | 7.50%       | 7.50%   | —                       | —      | —                                 | —       |
| 3. Attrition rate   | 5.00%       | 5.00%   | 5.00%                   | 5.00%  | —                                 | —       |
| 4. Medical premium inflation  | —           | —       | 7.00%                   | 5.00%  | —                                 | —       |

Rupees crores

| VII. Effect of one percentage point change in the assumed medical inflation rate         | One percentage point increase in medical inflation rates |         | One percentage point decrease in medical inflation rates |         |         |
|--|--|---------|--|---------|---------|
|  | 2011   | 2010    | 2011   | 2010    |         |
| 1. Effect on the aggregate service and interest cost of post employment medical benefits | 0.42   | 0.25    | (0.34)   | (0.20)  |         |
| 2. Effect on the accumulated post employment medical benefits obligations                | 2.17   | 1.36    | (1.80)   | (1.10)  |         |
| <b>VIII. Experience Adjustments</b>  |  |         |  |         |         |
|  | <b>Period ended</b>                                      |         |  |         |         |
|  | 2011   | 2010    | 2009   | 2008    | 2007    |
|  | <b>Gratuity</b>  |         |  |         |         |
| 1. Defined Benefit Obligation  | 383.18   | 334.20  | 300.61   | 201.76  | 184.43  |
| 2. Fair value of plan assets   | 293.80   | 266.10  | 206.14   | 163.58  | 127.04  |
| 3. Surplus/(Deficit)   | (89.38)  | (68.10) | (94.47)  | (38.18) | (57.39) |
| 4. Experience adjustment on plan liabilities [(Gain)/Loss]                               | 16.23  | 7.93    | 5.87   | 4.55    | —       |
| 5. Experience adjustment on plan assets [Gain/(Loss)]                                    | 4.43   | 4.44    | —  | —       | —       |
|  | <b>Post retirement medical</b>                           |         |  |         |         |
| 1. Defined Benefit Obligation  | 14.09  | 9.65    | 4.84   | 2.79    | 3.22    |
| 2. Plan assets   | —  | —       | —  | —       | —       |
| 3. Surplus/(Deficit)   | (14.09)  | (9.65)  | (4.84)   | (2.79)  | (3.22)  |
| 4. Experience adjustment on plan liabilities [(Gain)/Loss]                               | (0.36)   | 5.21    | 1.24   | (0.55)  | 0.07    |
|  | <b>Post retirement housing allowance</b>                 |         |  |         |         |
| 1. Defined Benefit Obligation  | 16.18  | 10.99   | —  | —       | —       |
| 2. Plan assets   | —  | —       | —  | —       | —       |
| 3. Surplus/(Deficit)   | (16.18)  | (10.99) | —  | —       | —       |
| 4. Experience adjustment on plan liabilities [(Gain)/Loss]                               | (1.41)   | 0.15    | —  | —       | —       |

On account of defined contribution plans the Company's contribution to Provident Fund and Superannuation Fund aggregating Rs. 86.19 crores (2010 : Rs. 66.15 crores) has been recognised in the statement of Profit and Loss Account under the head personnel.

The expected rate of return on plan assets is based on the average long term rate of return expected on investments of the fund during the estimated term of obligation.

The estimate of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

15. The Company has allotted 55,24,219 Ordinary (Equity) Shares of Rs. 10 each, 10,00,000 Ordinary (Equity) Shares of Rs. 10 each & 1,73,53,034 Ordinary (Equity) Shares of Rs. 5 each in the years ended 31<sup>st</sup> March, 2002, 31<sup>st</sup> March, 2010 and 31<sup>st</sup> March, 2011 respectively to the Mahindra & Mahindra Employees' Stock Option Trust set up by the Company. The trust holds these shares for the benefit of the employees and issues them to the eligible employees as per the recommendation of the Compensation Committee.

In respect of options granted prior to 29<sup>th</sup> September, 2006, the equity settled options vest one year from the date of the grant and are exercisable on specified dates in 3 tranches within a period of 5 years from the date of vesting. The number of options exercisable in each tranche is between a minimum of 100 and a maximum of 1/3<sup>rd</sup> of the options vested, except in case of the last date of exercise, where the employee can exercise all the options vested but not exercised till that date.

Options granted on or after 29<sup>th</sup> September, 2006 but prior to 28<sup>th</sup> January, 2011 vest in 4 equal instalments on the expiry of 12 Months, 24 Months, 36 Months and 48 Months from the date of grant. The options may be exercised on any day over a period of five years from the date of vesting. Number of vested options exercisable is subject to a minimum of 50 or number of options vested whichever is lower.

Options granted on 28<sup>th</sup> January, 2011 vest in 5 equal instalments on the expiry of 12 Months, 24 Months, 36 Months, 48 Months and 60 Months from the date of grant. The options may be exercised on any day over a period of 6 Months from the date of vesting. Number of vested options exercisable is subject to a minimum of 50 or number of options vested whichever is lower.

The compensation costs of stock options granted to employees are accounted by the Company using the intrinsic value method.

#### Summary of Stock Options

|  | <u>No. of stock options</u> | <u>Weighted average exercise price (Rs.)</u> |
|--|-----------------------------|--|
| Options outstanding on 1 <sup>st</sup> April, 2010               | 98,35,030                   | 298.33                                       |
| Options granted during the year                                  | 32,16,758                   | 5.00   |
| Options forfeited/lapsed during the year                         | 3,35,490                    | 294.25                                       |
| Options exercised during the year                                | 31,86,634                   | 301.73                                       |
| Options outstanding on 31 <sup>st</sup> March, 2011              | 95,29,664                   | 198.32                                       |
| Options vested but not exercised on 31 <sup>st</sup> March, 2011 | 27,77,380                   | 303.43                                       |

#### Average share price on the date of exercise of the options are as under

| <u>Date of exercise</u>                                       | <u>Average share price (Rs.)</u> |
|---|----------------------------------|
| 11 <sup>th</sup> June, 2010                                   | 608.23                           |
| 14 <sup>th</sup> June, 2010                                   | 610.38                           |
| 31 <sup>st</sup> July, 2010                                   | 652.45                           |
| 13 <sup>th</sup> August, 2010                                 | 630.73                           |
| 29 <sup>th</sup> September, 2010                              | 708.25                           |
| 21 <sup>st</sup> October, 2010 – 26 <sup>th</sup> March, 2011 | 732.00                           |

#### Information in respect of options outstanding as at 31<sup>st</sup> March, 2011

| <u>Range of exercise price</u> | <u>Number of options</u> | <u>Weighted average remaining life</u> |
|--------------------------------|--------------------------|--|
| Rs. 5.00                       | 32,12,870                | 3.33 yrs                               |
| Rs. 107.50 – Rs. 113.50        | 3,24,153                 | 0.20 yrs                               |
| Rs. 180.50                     | 22,744                   | 0.57 yrs                               |
| Rs. 250.00                     | 29,50,079                | 5.56 yrs                               |
| Rs. 308.00 – Rs. 310.00        | 6,02,590                 | 2.68 yrs                               |
| Rs. 381.00                     | 18,04,494                | 4.05 yrs                               |
| Rs. 362.00                     | 6,12,734                 | 6.23 yrs                               |

The fair value of options granted during the year on 28<sup>th</sup> January, 2011 is Rs. 649.70 per share.

The fair value has been calculated using the Black Scholes Options Pricing Model and the significant assumptions made in this regard are as follows :

|                         | <u>Grant dated 28<sup>th</sup> January, 2011</u> |
|-------------------------|--|
| Risk free interest rate | 7.92%  |
| Expected life           | 1.25 Years                                       |
| Expected volatility     | 45.73%   |
| Expected dividend yield | 2.03%  |
| Exercise price (Rs.)    | 5.00   |
| Stock Price (Rs.)       | 697.90   |

In respect of Options granted under the Employee Stock Option Plan, in accordance with guidelines issued by SEBI, the accounting value of the options is accounted as deferred employee compensation, which is amortised on a straight line basis over the period between the date of grant of options and eligible dates for conversion into equity shares. Consequently, salaries, wages, bonus, etc. includes **Rs. 29.37 crores** (2010 : Rs. 3.54 crores) being the amortisation of deferred employee compensation, after adjusting for reversals on account of options lapsed.

Had the Company adopted fair value method in respect of options granted on or after 1<sup>st</sup> April, 2005, the employee compensation cost would have been higher by **Rs. 11.43 crores**, Profit after tax lower by **Rs. 11.43 crores** and the basic and diluted earning per share would have been lower by **Rs. 0.20 & Rs. 0.19** respectively.

16. The estimated amount of contracts remaining to be executed on capital account and not provided for as at 31<sup>st</sup> March, 2011 is **Rs. 746.29 crores** (2010 : Rs. 781.83 crores).
17. The Customs, Excise and Service Tax Appellate Tribunal (CESTAT) by its order dated 7<sup>th</sup> December, 2009 has rejected the Company's appeal against the order dated 30<sup>th</sup> March, 2005 passed by the Commissioner of Central Excise (Adjudication), Navi Mumbai confirming the demand made on the Company for payment of differential excise duty (including penalty) of Rs. 304.11 crores in connection with the classification of Company's Commander range of vehicles, during the years 1991 to 1996. Whilst the Company had classified the Commander range of vehicles as 10-seater attracting a lower rate of excise duty, the Commissioner of Central Excise (Adjudication), Navi Mumbai, has held that these vehicles could not be classified as 10-seater as they did not fulfil the requirement of 10-seater vehicles, as provided under the Motor Vehicles Act, 1988 (MVA) and Maharashtra Motor Vehicles Rules, 1989 (MMVR) and as such attracted a higher rate of excise duty.

In earlier collateral proceedings on this issue, the CESTAT had by an Order dated 19<sup>th</sup> July, 2005 settled the controversy in the Company's favour. The CESTAT had accepted the Company's submission that MVA and MMVR could not be referred to for determining the classification for the purpose of levy of excise duty and rejected the Department's appeal against the Order of the Collector, Central Excise classifying the Commander range of vehicles as 10-seater. The Department's appeal against the CESTAT Order dated 19<sup>th</sup> July, 2005 is pending before the Supreme Court of India but the operation of the Order has not been stayed.

The Company has filed an appeal against the aforesaid order dated 7<sup>th</sup> December, 2009 *inter alia*, on the grounds that the MVA and MMVR cannot be referred to for the purpose of determining the excise classification, as has been repeatedly held by various judicial fora, including the Supreme Court and particularly by CESTAT vide its order dated 19<sup>th</sup> July, 2005 in the Company's own case referred to above.

Without prejudice to the grounds raised in the appeal, the Company has paid an amount of Rs. 40.00 crores in January, 2010. Pending admission of the Company's appeal, the Supreme Court has passed an interim order staying the recovery of the balance amount till further orders.

In another case relating to Armada range of vehicles manufactured during the years 1992 to 1996, by the Company at its Nashik facility, the Commissioner of Central Excise, Nashik passed an order dated 20<sup>th</sup> March, 2006 confirming a demand of Rs. 24.75 crores, on the same grounds as adopted for Commander range of vehicles. The CESTAT has given an unconditional stay against this order, which is yet to be finally heard by the Tribunal.

The Company strongly believes, based on legal advice it has received, that the CESTAT order dated 7<sup>th</sup> December, 2009 which is under appeal in the Supreme Court is not sustainable in law and hence the Company has a very good chance of succeeding in the matter. As such, the Company does not expect any liability on this account. However, in view of the CESTAT order, the Company has reflected the above amount aggregating **Rs. 328.86 crores** (2010 : Rs. 328.86 crores) and the interest of **Rs. 204.13 crores** (2010 : Rs. 168.05 crores) accrued on the same upto 31<sup>st</sup> March, 2011, as a Contingent Liability in the Accounts and the same is included in the amounts disclosed under Note 18 (b)(i).

**18. Contingent Liability :**

- (a) Guarantees given by the Company :

|                     | Rupees crores        |        |  |        |
|---------------------|----------------------|--------|--|--------|
|                     | Amount of guarantees |        | Outstanding amounts against the guarantees |        |
|                     | 2011                 | 2010   | 2011                                       | 2010   |
| For employees       | —                    | 1.05   | —  | *      |
| For other companies | <b>367.63</b>        | 327.61 | <b>316.62</b>                              | 286.91 |

\* denotes amounts less than Rs. 50,000

- (b) Claims against the Company not acknowledged as debts comprise of:
- (i) Excise Duty, Sales Tax and Service Tax claims disputed by the Company relating to issues of applicability and classification aggregating **Rs. 1,212.45 crores** (Net of Tax : Rs. 874.23 crores) [2010 : Rs. 968.22 crores (Net of Tax : Rs. 698.04 crores)].
  - (ii) Other matters (excluding claims where amounts are not ascertainable) : **Rs. 17.86 crores** (Net of Tax : Rs. 13.58 crores) [2010 : Rs. 17.78 crores (Net of Tax : Rs. 12.41 crores)].
  - (iii) Claims on capital account : **Rs. 1.18 crores** (2010 : Rs. 1.18 crores).
- (c) Uncalled liability on equity shares partly paid **Rs. 10.50 crores** (2010 : Rs. 10.50 crores).
- (d) Taxation matters :
- (i) Demands against the Company not acknowledged as debts and not provided for, relating to issues of deductibility and taxability in respect of which the Company is in appeal and exclusive of the effect of similar matters in respect of assessments remaining to be completed :
    - Income-tax : **Rs. 215.99 crores** (2010 : Rs. 181.07 crores).
  - (ii) Items in respect of which the Company has succeeded in appeal, but the Income-tax Department is pursuing/likely to pursue in appeal/reference and exclusive of the effect of similar matters in respect of assessments remaining to be completed :
    - Income-tax matters : **Rs. 71.61 crores** (2010 : Rs. 70.58 crores).
    - Surtax matters : **Rs. 0.13 crores** (2010 : Rs. 0.13 crores).
- (e) Bills discounted not matured **Rs. 49.97 crores** (2010 : Rs. Nil).

**19. Research and Development expenditure :**

- (a) In recognised Research and Development units :
- (i) Debited to the Profit and Loss Account, including certain expenditure based on allocations made by the Company, aggregate **Rs. 376.85 crores** (2010 : Rs. 248.25 crores) [excluding depreciation and amortisation of **Rs. 76.54 crores** (2010 : Rs. 81.03 crores)].
  - (ii) Development Expenditure incurred during the year **Rs. 127.41 crores** (2010 : Rs. 131.28 crores).
  - (iii) Capitalisation of assets **Rs. 323.33 crores** (2010 : Rs. 41.64 crores).
- (b) In other units :
- (i) Debited to the Profit and Loss Account, including certain expenditure based on allocations made by the Company, aggregate **Rs. 12.72 crores** (2010 : Rs. 25.89 crores) [excluding depreciation and amortisation of **Rs. 1.24 crores** (2010 : Rs. 2.25 crores)].
  - (ii) Development Expenditure incurred during the year **Rs. 44.20 crores** (2010 : Rs. 38.59 crores).
  - (iii) Capitalisation of assets **Rs. 3.35 crores** (2010 : Rs. 4.34 crores).

20. The net difference in foreign exchange gain credited to the Profit and Loss Account is **Rs. 26.69 crores** (2010 : loss of Rs. 113.48 crores).

21. Exceptional items comprise of Profit on sale of certain long term investments **Rs. 117.48 crores** (2010 : Rs. 90.75 crores).

**22. The components of Deferred Tax Liability and Assets as at 31<sup>st</sup> March, 2011 are as under :**

|   | Rupees crores |               |
|---|---------------|---------------|
|   | 2011          | 2010          |
| Deferred Tax Liability :  |               |               |
| (i) On fiscal allowances on fixed assets                        | 360.60        | 296.12        |
| (ii) Others   | 167.39        | 126.38        |
|   | <u>527.99</u> | <u>422.50</u> |
| Deferred Tax Assets :   |               |               |
| (i) On Provision for compensated absences                       | 97.41         | 86.41         |
| (ii) On Provision for doubtful debts/advances                   | 27.63         | 36.54         |
| (iii) On Premium on redemption of Zero Coupon Convertible Bonds | —             | 18.10         |
| (iv) On Provision for employee benefits                         | 12.60         | 13.69         |
| (v) Loss on mark to market of forward contracts                 | 1.71          | 0.45          |
| (vi) Others   | 34.26         | 26.98         |
|   | <u>173.61</u> | <u>182.17</u> |
| Net Deferred Tax Liability                                      | <u>354.38</u> | <u>240.33</u> |

**23. Scheme of Arrangement :**

Pursuant to the Scheme of Arrangement ("The Scheme") between Mahindra Shubhlabh Services Limited (MSSL), a subsidiary of the Company, and the Company, as sanctioned by Honourable High Court of Bombay vide its order dated 25<sup>th</sup> March, 2011, the entire assets and liabilities, duties and obligations of the Non Fruit Business of MSSL was transferred to and vested in the Company, from 1<sup>st</sup> January, 2010 (the appointed date). The scheme became effective on 15<sup>th</sup> April, 2011.

The accounting of this arrangement was done as per the scheme approved by Honourable High Court of Bombay and the same has been given effect to in the financial statements as under :

- MSSL reorganised its Share Capital and Securities Premium Account by writing off the accumulated losses first against Securities Premium Account and the balance against the Share Capital. Consequent to this reorganisation the Company's investment in MSSL reduced by 1,55,91,982 shares and the resulting loss on such reduction amounting to Rs. 2.60 crores has been debited to the existing Investment Fluctuation Reserve Account.
- The assets and liabilities of the Non Fruit Business of MSSL were recorded in the books of the Company at their book values.
- In consideration for the above, the Company was required to issue one equity share of Rs. 5 each for every 190 equity shares of Rs. 10 each originally held in MSSL, to the shareholders of MSSL. The Company issued 34,730 equity shares of Rs. 5 each to the external shareholders of MSSL on 21<sup>st</sup> April, 2011, (disclosed as Share Capital Suspense Account in the Balance Sheet), as under the scheme, the Company's shares to be issued to itself and its subsidiary in lieu of its own and the subsidiary's holding in MSSL stand cancelled.
- MSSL due to the transfer of its Non Fruit Business further reduced its Share Capital by cancelling shares, resulting in a further reduction of the Company's investment by 52,13,465 shares amounting to Rs. 5.43 crores.
- The excess of the value of the net assets of the Non Fruit Business of MSSL over the face value of the shares allotted and the value of the investment in MSSL cancelled (as per (d) above), amounting to Rs. 2.77 crores was credited to the Securities Premium Account.
- The profit for the year is after considering Rs. 3.00 crores loss for the period 1<sup>st</sup> January, 2010 to 31<sup>st</sup> March, 2011 for the Non Fruit Business of MSSL.

**24. Earnings per Share :**

|  | 2011         | 2010         |
|--|--------------|--------------|
| Amount used as the numerator – Balance of profit (Rupees crores).....                      | 2,662.10     | 2,087.75     |
| Effect on earnings of convertible bonds/debentures (Gain)/Loss (Rupees crores).....        | (3.42)       | 32.64        |
| Amount used as the numerator for diluted earnings per share (Rupees crores).....           | 2,658.68     | 2,120.39     |
| Weighted average number of equity shares used in computing basic earnings per share.....   | 57,61,03,489 | 54,98,38,769 |
| Effect of potential Ordinary (Equity) Shares on conversion of bonds/debentures.....        | 2,36,71,375  | 4,56,31,897  |
| Weighted average number of equity shares used in computing diluted earnings per share..... | 59,97,74,864 | 59,54,70,666 |
| Basic Earnings per share (Rs.) (Face value of Rs. 5 per share).....                        | 46.21        | 37.97        |
| Diluted Earnings per share (Rs.).....  | 44.33        | 35.61        |

**25. Provision for diminution in the value of long term investments and other assets for the year comprises :**

|  | Rupees crores |       |
|--|---------------|-------|
|  | 2011          | 2010  |
| Provision for diminution in value of certain long term investments and assets related to a product development project, made during the year pursuant to the schemes of arrangement/amalgamation approved by the Hon'ble High Courts ..... | 402.60        | 70.00 |
| Less: Transfer from Investment Fluctuation Reserve pursuant to the above schemes of arrangement/ amalgamation .....  | 402.60        | 70.00 |
| Total.....   | —             | —     |

**26. Donations and contributions include contributions to :**

- |                                       |   |                                  |
|---------------------------------------|---|----------------------------------|
| (a) Indian National Congress          | : | Rs. Nil (2010 : Rs. 1.00 crore)  |
| (b) Bhartiya Janata Party             | : | Rs. Nil (2010 : Rs. 1.00 crore)  |
| (c) Shiv Sena                         | : | Rs. Nil (2010 : Rs. 0.50 crores) |
| (d) Nationalist Congress Party        | : | Rs. Nil (2010 : Rs. 0.50 crores) |
| (e) Bihar Pradesh Janata Dal (United) | : | Rs. Nil (2010 : Rs. 0.25 crores) |

**27. The outstanding derivative instruments and unhedged foreign currency exposures as on 31<sup>st</sup> March, 2011 :**

The Company has taken foreign exchange contracts amounting to **US \$ 9.90 crores** (2010 : US \$ 54.80 crores) comprising Forward Contracts **US \$ 4.50 crores** (2010 : US \$ 32.10 crores), Range Forwards **US \$ 3.60 crores** (2010 : US \$ 7.20 crores) and **US \$ 1.80 crores** (2010 : US \$ 15.50 crores) of derivative structures in the form of 'strips'.

The foreign currency exposures not hedged by derivative instrument or otherwise as on 31<sup>st</sup> March, 2011 are – Receivables of **KRW 93.31 crores, US \$ 4.12 crores, ZAR 3.50 crores, EUR 0.38 crores, GBP 0.29 crores, AUD 0.26 crores, NZD 0.01 crores, CHF \* crores, RMB \* crores**, Investments of **KRW 9,540.48 crores** and Payables of **JPY 3.80 crores, SEK 0.04 crores, SGD \* crores** (2010 : Receivables of ZAR 4.67 crores, EUR 0.58 crores, AUD 0.39 crores, GBP 0.27 crores, NZD 0.02 crores, CHF \* crores and Payables of JPY 2.20 crores, US \$ 1.33 crores, SEK 0.03 crores, SAR 0.01 crores, SGD \* crores).

The Company has outstanding foreign currency borrowings of **JPY 676.20 crores** and **US \$ 15.00 crores** (2010 : JPY 1,126.44 crores and US \$ Nil). The borrowing of **JPY 676.20 crores** (2010 : JPY 676.20 crores) has been fixed to a US \$ liability using a cross currency swap. During the year, the Company raised ECB amounting to **US \$ 15.00 crores**. The interest rate risk has been hedged using an interest rate swap.

During the year, Foreign Currency Convertible Bonds amounting to US \$ 18.95 crores were redeemed/converted.

\* denotes amounts less than 50,000 of respective currency.

**28. Related Party Disclosures :**

(a) Related parties where control exists :

(i) Subsidiaries :

| Sl. No. | Name of the Company  | Sl. No. | Name of the Company   |
|---------|--|---------|---|
| 1.      | Mahindra Engineering and Chemical Products Limited   | 34.     | Stokes Forgings Dudley Limited  |
| 2.      | Mahindra First Choice Wheels Limited   | 35.     | Mahindra Engineering Services (Europe) Limited                                    |
| 3.      | Mahindra USA Inc.  | 36.     | Mahindra Engineering GmbH   |
| 4.      | Mahindra Gujarat Tractor Limited   | 37.     | Mahindra Lifespace Developers Limited   |
| 5.      | Mahindra (China) Tractor Company Limited   | 38.     | Mahindra World City (Jaipur) Limited  |
| 6.      | Mahindra Shubhlabh Services Limited  | 39.     | Mahindra World City Developers Limited  |
| 7.      | Mahindra & Mahindra South Africa (Proprietary) Limited   | 40.     | Mahindra Infrastructure Developers Limited  |
| 8.      | Mahindra Europe S.r.l.   | 41.     | Mahindra Integrated Township Limited  |
| 9.      | Mahindra Engineering Services Limited  | 42.     | Mahindra World City (Maharashtra) Limited   |
| 10.     | Mahindra Gears & Transmissions Private Limited   | 43.     | Mahindra Forgings International Limited   |
| 11.     | Mahindra Overseas Investment Company (Mauritius) Limited   | 44.     | Mahindra Forgings Europe AG   |
| 12.     | Mahindra-BT Investment Company (Mauritius) Limited   | 45.     | Gesensschmiede Schneider GmbH   |
| 13.     | Mahindra Intertrade Limited  | 46.     | JECO-Jellinghaus GmbH   |
| 14.     | Mahindra Steel Service Centre Limited  | 47.     | Falkenroth Umformtechnik GmbH   |
| 15.     | Mahindra Middleeast Electrical Steel Service Centre (FZC)  | 48.     | Mahindra Vehicle Manufacturers Limited  |
| 16.     | Mahindra Consulting Engineers Limited  | 49.     | Schöneweiss & Co. GmbH  |
| 17.     | Mahindra Holidays & Resorts India Limited  | 50.     | MHR Hotel Management GmbH   |
| 18.     | Mahindra Holidays and Resorts USA Inc.   | 51.     | Mahindra Forgings Limited   |
| 19.     | NBS International Limited  | 52.     | Mahindra Rural Housing Finance Limited  |
| 20.     | Mahindra Ugine Steel Company Limited   | 53.     | Mahindra Hotels and Residences India Limited                                      |
| 21.     | Mahindra & Mahindra Financial Services Limited   | 54.     | Mahindra Forgings Global Limited  |
| 22.     | Mahindra Insurance Brokers Limited   | 55.     | Bristlecone (Malaysia) SDN.BHD  |
| 23.     | Bristlecone Limited  | 56.     | Mahindra Hinoday Industries Limited (formerly known as Mahindra Castings Limited) |
| 24.     | Bristlecone Inc.   | 57.     | Knowledge Township Limited  |
| 25.     | Bristlecone UK Limited   | 58.     | Mahindra Holdings Limited   |
| 26.     | Bristlecone India Limited  | 59.     | Mahindra Logistics Limited  |
| 27.     | Bristlecone (Singapore) Pte. Limited   | 60.     | Mahindra Navistar Engines Private Limited   |
| 28.     | Bristlecone GmbH   | 61.     | Mahindra Residential Developers Limited   |
| 29.     | Mahindra Automobile Distributor Private Limited (formerly known as Mahindra Renault Private Limited) | 62.     | Mahindra Graphic Research Design S.r.l.   |
| 30.     | Mahindra Navistar Automotives Limited  | 63.     | Mahindra Aerospace Private Limited  |
| 31.     | Stokes Group Limited   | 64.     | Heritage Bird (M) SDN.BHD   |
| 32.     | Jensand Limited  | 65.     | Mahindra First Choice Services Limited  |
| 33.     | Stokes Forgings Limited  | 66.     | Mahindra Bebanco Developers Limited   |

| Sl. No. | Name of the Company   | Sl. No. | Name of the Company   |
|---------|---|---------|---|
| 67.     | Mahindra Gears Global Limited   | 90.     | BAH Hotelanlagen AG   |
| 68.     | Mahindra Gears Cyprus Limited   | 91.     | Mahindra Aerospace Australia Pty. Limited (w.e.f. 13 <sup>th</sup> April, 2010)   |
| 69.     | Mahindra Gears International Limited  | 92.     | Aerostaff Australia Pty. Limited (w.e.f. 10 <sup>th</sup> May, 2010)  |
| 70.     | Metalcastello S.p.A.  | 93.     | Mahindra Reva Electric Vehicles Private Limited (formerly known as Reva Electric Car Company Private Limited) (w.e.f. 26 <sup>th</sup> May, 2010) |
| 71.     | Industrial Township (Maharashtra) Limited   | 94.     | Bristlecone Consulting Limited (w.e.f. 1 <sup>st</sup> June, 2010)  |
| 72.     | Crest Geartech Private Limited  | 95.     | Anthurium Developers Limited (w.e.f. 3 <sup>rd</sup> June, 2010)  |
| 73.     | Engines Engineering S.r.l.  | 96.     | Watsonia Developers Limited (w.e.f. 3 <sup>rd</sup> June, 2010)   |
| 74.     | EFF Engineering S.r.l.  | 97.     | Gipp Aero Investments Pty. Limited (w.e.f. 28 <sup>th</sup> June, 2010)   |
| 75.     | ID-EE S.r.l. (upto 3 <sup>rd</sup> August, 2010)  | 98.     | Gippsaero Pty. Limited (w.e.f. 28 <sup>th</sup> June, 2010)   |
| 76.     | Mahindra Business & Consulting Services Private Limited   | 99.     | GA8 Airvan Pty. Limited (w.e.f. 28 <sup>th</sup> June, 2010)  |
| 77.     | Mahindra Automotive Australia Pty. Limited  | 100.    | GA200 Pty. Limited (w.e.f. 28 <sup>th</sup> June, 2010)   |
| 78.     | Mahindra Two Wheelers Limited   | 101.    | Airvan Flight Services Pty. Limited (w.e.f. 28 <sup>th</sup> June, 2010)  |
| 79.     | Mahindra United Football Club Private Limited   | 102.    | Gipp Aero International Pty. Limited (w.e.f. 28 <sup>th</sup> June, 2010)   |
| 80.     | Defence Land Systems India Private Limited  | 103.    | Nomad TC Pty. Limited (w.e.f. 28 <sup>th</sup> June, 2010)  |
| 81.     | Mahindra Yeuda (Yancheng) Tractor Company Limited   | 104.    | Mahindra Emirates Vehicle Armouring FZ-LLC (w.e.f. 5 <sup>th</sup> August, 2010)  |
| 82.     | Mahindra Electrical Steel Limited (formerly known as Mahindra Metal One Steel Service Centre Limited) | 105.    | Mahindra BPO Services Private Limited (w.e.f. 18 <sup>th</sup> January, 2011)   |
| 83.     | Raigad Industrial & Business Park Limited   | 106.    | Mahindra Aerostructures Private Limited (w.e.f. 27 <sup>th</sup> January, 2011)   |
| 84.     | Retail Initiative Holdings Limited  | 107.    | Ssangyong Motor Company Limited (w.e.f. 15 <sup>th</sup> March, 2011)   |
| 85.     | Mahindra Retail Private Limited   | 108.    | Ssangyong European Parts Center B.V. (w.e.f. 15 <sup>th</sup> March, 2011)  |
| 86.     | Mahindra Technologies Services Inc.   | 109.    | Ssangyong Motor (Shanghai) Company Limited (w.e.f. 15 <sup>th</sup> March, 2011)  |
| 87.     | Mahindra Punjab Tractors Private Limited  | 110.    | Ssangyong (Yizheng) Auto Parts Manufacturing Company Limited (w.e.f. 15 <sup>th</sup> March, 2011)  |
| 88.     | Mahindra EcoNova Private Limited  | 111.    | Mahindra EPC Services Private Limited (w.e.f. 4 <sup>th</sup> March, 2011)  |
| 89.     | Mahindra Conveyor Systems Private Limited   |         |   |

(b) Other parties with whom transactions have taken place during the year.

(i) Associates :

| Sl. No. | Name of the Company         | Sl. No. | Name of the Company  |
|---------|-----------------------------|---------|--|
| 1.      | Mahindra Composites Limited | 4.      | Mahindra & Mahindra Contech Limited  |
| 2.      | Swaraj Automotives Limited  | 5.      | Vayugrid Marketplace Services Private Limited (w.e.f. 3 <sup>rd</sup> September, 2010) |
| 3.      | Swaraj Engines Limited      |         |  |

(ii) Joint Venture :

| Sl. No. | Name of the Company   |
|---------|-----------------------|
| 1.      | Mahindra Sona Limited |
| 2.      | Tech Mahindra Limited |

(iii) Key Management Personnel :

|   |                    |
|---|--------------------|
| Vice Chairman and Managing Director ..... | Mr. Anand Mahindra |
| Executive Director .....                  | Mr. B.N. Doshi     |

(iv) Welfare Funds :

| Sl. No. | Name of the Fund   |
|---------|--|
| 1.      | M&M Benefit Trust  |
| 2.      | M&M Employees' Welfare Fund                                  |
| 3.      | M&M Employees' Farm Equipment Sector Employees' Welfare Fund |



(c) The related party transactions are as under :

Rupees crores

| Sl. No. | Nature of Transactions                                    | Subsidiaries    | Associate Companies | Joint Ventures | Key Management Personnel | Welfare Funds |
|---------|---|-----------------|---------------------|----------------|--------------------------|---------------|
| 1.      | Purchases :   |                 |                     |                |                          |               |
|         | Goods .....   | <b>2,143.10</b> | <b>413.04</b>       | <b>106.25</b>  | —                        | —             |
|         |   | (965.63)        | (308.90)            | (84.60)        | (—)                      | (—)           |
|         | Fixed Assets .....  | <b>12.53</b>    | —                   | —              | —                        | —             |
|         |   | (14.34)         | (—)                 | (—)            | (—)                      | (—)           |
|         | Services .....  | <b>807.14</b>   | <b>3.83</b>         | <b>5.38</b>    | —                        | —             |
|         |   | (625.67)        | (0.04)              | (—)            | (—)                      | (—)           |
| 2.      | Sales :   |                 |                     |                |                          |               |
|         | Goods .....   | <b>675.86</b>   | <b>1.86</b>         | —              | —                        | —             |
|         |   | (541.53)        | (1.31)              | (—)            | (—)                      | (—)           |
|         | Fixed Assets .....  | <b>18.99</b>    | —                   | —              | —                        | —             |
|         |   | (2.10)          | (—)                 | (—)            | (—)                      | (—)           |
|         | Services .....  | <b>99.60</b>    | <b>0.03</b>         | <b>0.06</b>    | —                        | —             |
|         |   | (103.93)        | (0.55)              | (0.05)         | (—)                      | (—)           |
| 3.      | Investments :   |                 |                     |                |                          |               |
|         | Purchases/Subscribed .....                                | <b>567.37</b>   | —                   | —              | —                        | —             |
|         |   | (434.66)        | (—)                 | (—)            | (—)                      | (—)           |
|         | Sales/Redemption/Conversion .....                         | <b>37.72</b>    | —                   | —              | —                        | —             |
|         |   | (39.99)         | (—)                 | (—)            | (—)                      | (—)           |
| 4.      | Deputation of Personnel :                                 |                 |                     |                |                          |               |
|         | From Related Parties .....                                | <b>0.71</b>     | <b>0.62</b>         | —              | —                        | —             |
|         |   | (0.23)          | (—)                 | (—)            | (—)                      | (—)           |
|         | To Related Parties .....                                  | <b>7.61</b>     | <b>5.00</b>         | <b>0.21</b>    | —                        | —             |
|         |   | (10.98)         | (4.15)              | (—)            | (—)                      | (—)           |
| 5.      | Write off of Receivables .....                            | —               | —                   | —              | —                        | —             |
|         |   | (2.20)          | (—)                 | (—)            | (—)                      | (—)           |
| 6.      | Write Back of Provision for doubtful debts/advances ..... | —               | —                   | —              | —                        | —             |
|         |   | (19.52)         | (—)                 | (—)            | (—)                      | (—)           |
| 7.      | Provision for doubtful debts/advances .....               | —               | —                   | —              | —                        | —             |
|         |   | (—)             | (—)                 | (—)            | (—)                      | (10.00)       |
| 8.      | Managerial Remuneration .....                             | —               | —                   | —              | <b>5.57</b>              | —             |
|         |   | (—)             | (—)                 | (—)            | (6.56)                   | (—)           |
| 9.      | Stock Options .....                                       | —               | —                   | —              | #                        | —             |
|         |   | (—)             | (—)                 | (—)            | (#)                      | (—)           |
| 10.     | Finance :   |                 |                     |                |                          |               |
|         | Inter Corporate Deposits given .....                      | <b>403.37</b>   | —                   | —              | —                        | —             |
|         |   | (422.24)        | (—)                 | (—)            | (—)                      | (—)           |
|         | Inter Corporate Deposits refunded by parties .....        | <b>463.60</b>   | —                   | —              | —                        | —             |
|         |   | (288.41)        | (—)                 | (—)            | (—)                      | (—)           |
|         | Debenture issued by Related Parties .....                 | —               | <b>8.00</b>         | —              | —                        | —             |
|         |   | (—)             | (—)                 | (—)            | (—)                      | (—)           |

# Refer Annexure I to the Directors' Report.

Rupees crores

| Sl. No. | Nature of Transactions                          | Subsidiaries              | Associate Companies   | Joint Ventures         | Key Management Personnel | Welfare Funds           |
|---------|---|---------------------------|-----------------------|------------------------|--------------------------|-------------------------|
|         | Interest received .....                         | <b>45.86</b><br>(54.31)   | <b>4.57</b><br>(0.46) | —<br>(—)               | —<br>(—)                 | —<br>(—)                |
|         | Interest Paid .....                             | —<br>(0.44)               | —<br>(—)              | —<br>(—)               | —<br>(—)                 | —<br>(—)                |
|         | Dividend received .....                         | <b>103.65</b><br>(83.29)  | <b>3.99</b><br>(2.60) | <b>20.26</b><br>(1.31) | —<br>(—)                 | —<br>(—)                |
|         | Security Deposits Paid .....                    | —<br>(0.81)               | —<br>(—)              | —<br>(—)               | —<br>(—)                 | —<br>(—)                |
|         | Security Deposits Refunded to parties .....     | <b>1.28</b><br>(0.66)     | —<br>(—)              | —<br>(—)               | —<br>(—)                 | —<br>(—)                |
|         | Share Application Money Given (Net) .....       | <b>15.70</b><br>(—)       | —<br>(—)              | —<br>(—)               | —<br>(—)                 | —<br>(—)                |
| 11.     | Dividends Distributed .....                     | —<br>(—)                  | —<br>(—)              | —<br>(—)               | <b>0.49</b><br>(0.45)    | <b>51.03</b><br>(26.86) |
| 12.     | Guarantees & Collaterals given                  | <b>234.47</b><br>(167.99) | —<br>(—)              | —<br>(—)               | —<br>(—)                 | —<br>(—)                |
| 13.     | Other Transactions :                            |                           |                       |                        |                          |                         |
|         | Other Income .....                              | <b>11.10</b><br>(9.64)    | <b>0.32</b><br>(0.29) | <b>0.24</b><br>(—)     | —<br>(—)                 | <b>49.24</b><br>(25.91) |
|         | Other Expenses .....                            | <b>18.57</b><br>(20.60)   | <b>0.02</b><br>(—)    | —<br>(—)               | —<br>(—)                 | —<br>(—)                |
|         | Reimbursements received from parties .....      | <b>175.00</b><br>(110.16) | <b>0.75</b><br>(1.04) | <b>0.78</b><br>(0.03)  | —<br>(—)                 | —<br>(—)                |
|         | Reimbursements made to parties .....            | <b>181.50</b><br>(87.44)  | <b>0.01</b><br>(0.02) | <b>0.10</b><br>(—)     | —<br>(—)                 | —<br>(—)                |
|         | Advance Given .....                             | <b>1.80</b><br>(8.49)     | —<br>(—)              | —<br>(—)               | —<br>(—)                 | —<br>(7.00)             |
|         | Advances Refunded/Converted .....               | <b>6.50</b><br>(—)        | —<br>(—)              | —<br>(—)               | —<br>(—)                 | —<br>(—)                |
|         | Advance Received .....                          | <b>19.00</b><br>(1.00)    | —<br>(—)              | —<br>(—)               | —<br>(—)                 | —<br>(—)                |
| 14.     | Outstandings :                                  |                           |                       |                        |                          |                         |
|         | Payable .....                                   | <b>228.21</b><br>(173.25) | <b>7.25</b><br>(1.36) | <b>9.60</b><br>(7.61)  | <b>2.78</b><br>(3.10)    | —<br>(—)                |
|         | Receivable .....                                | <b>247.50</b><br>(353.07) | <b>3.38</b><br>(2.72) | <b>0.20</b><br>(0.01)  | —<br>(—)                 | <b>22.00</b><br>(22.00) |
|         | Debenture/Bonds issued by parties .....         | <b>412.01</b><br>(50.00)  | <b>8.00</b><br>(—)    | —<br>(—)               | —<br>(—)                 | —<br>(—)                |
|         | Inter Corporate Deposits given .....            | <b>454.04</b><br>(514.72) | <b>4.59</b><br>(4.59) | —<br>(—)               | —<br>(—)                 | —<br>(—)                |
|         | Guarantees & Collaterals given .....            | <b>316.62</b><br>(286.91) | —<br>(—)              | —<br>(—)               | —<br>(—)                 | —<br>(—)                |
| 15.     | Share Application Money Outstanding (Net) ..... | <b>15.70</b><br>(—)       | —<br>(—)              | —<br>(—)               | —<br>(—)                 | —<br>(—)                |
| 16.     | Provision for doubtful debts/advances .....     | <b>5.99</b><br>(5.99)     | <b>7.17</b><br>(6.69) | —<br>(—)               | —<br>(—)                 | <b>10.00</b><br>(10.00) |

Previous year's figures are given in brackets.

The significant related party transactions are as under :

Rupees crores

| Sl. No. | Nature of Transactions  | Subsidiaries   | Amount                      | Associate Companies                 | Amount                    | Joint Ventures        | Amount                   |
|---------|-------------------------|--|-----------------------------|-------------------------------------|---------------------------|-----------------------|--------------------------|
| 1.      | Purchases – Goods       | Mahindra Intertrade Limited                              | <b>218.28</b><br>(160.19)   | Swaraj Engines Limited              | <b>390.89</b><br>(294.63) | Mahindra Sona Limited | <b>106.25</b><br>(84.60) |
|         |                         | Mahindra Ugine Steel Company Limited                     | <b>451.82</b><br>(384.61)   |                                     |                           |                       |                          |
|         |                         | Mahindra Forgings Limited                                | @<br>(111.14)               |                                     |                           |                       |                          |
|         |                         | Mahindra Vehicle Manufacturers Limited                   | <b>1,153.38</b><br>(108.60) |                                     |                           |                       |                          |
| 2.      | Purchases – Services    | Mahindra Logistics Limited                               | <b>680.12</b><br>(513.81)   | Mahindra & Mahindra Contech Limited | <b>3.83</b><br>(—)        | Tech Mahindra Limited | <b>5.38</b><br>(@)       |
|         |                         |  |                             | Satyam Computer Services Limited    | —<br>(0.04)               |                       |                          |
| 3.      | Sales – Goods           | Mahindra USA Inc.  | <b>201.47</b><br>(135.45)   | Swaraj Engines Limited              | <b>1.86</b><br>(1.31)     |                       |                          |
|         |                         | Mahindra Navistar Automotives Limited                    | <b>123.79</b><br>(148.28)   |                                     |                           |                       |                          |
|         |                         | Mahindra & Mahindra South Africa (Proprietary) Limited   | <b>80.84</b><br>(65.76)     |                                     |                           |                       |                          |
|         |                         | NBS International Limited                                | <b>108.00</b><br>(79.12)    |                                     |                           |                       |                          |
|         |                         | Mahindra Vehicle Manufacturers Limited                   | <b>75.73</b><br>(@)         |                                     |                           |                       |                          |
| 4.      | Sales – Services        | Mahindra Navistar Automotives Limited                    | <b>41.94</b><br>(43.90)     | Mahindra Composites Limited         | <b>0.01</b><br>(@)        | Mahindra Sona Limited | <b>0.04</b><br>(0.05)    |
|         |                         | Mahindra Automobile Distributor Private Limited          | <b>38.08</b><br>(44.38)     | Swaraj Engines Limited              | *<br>(—)                  | Tech Mahindra Limited | <b>0.02</b><br>(—)       |
|         |                         |  |                             | Mahindra & Mahindra Contech Limited | <b>0.01</b><br>(—)        |                       |                          |
|         |                         |  |                             | Owens Corning (India) Limited       | —<br>(0.47)               |                       |                          |
|         |                         |  |                             | Satyam Computer Services Limited    | —<br>(0.07)               |                       |                          |
| 5.      | Investments – Purchases | Mahindra Vehicle Manufacturers Limited                   | <b>377.25</b><br>(100.00)   |                                     |                           |                       |                          |
|         |                         | Mahindra Navistar Automotives Limited                    | @<br>(43.69)                |                                     |                           |                       |                          |
|         |                         | Mahindra Overseas Investment Company (Mauritius) Limited | @<br>(65.82)                |                                     |                           |                       |                          |
|         |                         | Mahindra Forgings Limited                                | —<br>(55.83)                |                                     |                           |                       |                          |
|         |                         | Mahindra Navistar Engines Private Limited                | —<br>(62.98)                |                                     |                           |                       |                          |

\* denotes amounts less than Rs. 50,000

| Sl. No. | Nature of Transactions                       | Subsidiaries   | Amount   | Associate Companies | Amount | Joint Ventures | Amount |
|---------|--|--|----------|---------------------|--------|----------------|--------|
| 6.      | Investments – Sales                          | Mahindra Holdings Limited                                | 2.72     |                     |        |                |        |
|         |  |  | (—)      |                     |        |                |        |
|         |  | Tech Mahindra Limited                                    | —        |                     |        |                |        |
|         |  |  | (5.71)   |                     |        |                |        |
|         |  | Mahindra Intertrade Limited                              | —        |                     |        |                |        |
|         |  |  | (14.27)  |                     |        |                |        |
| 7.      | Investments – Redemption/ Conversion         | Mahindra Lifespace Developers Limited                    | 10.00    |                     |        |                |        |
|         |  |  | (—)      |                     |        |                |        |
|         |  | Mahindra Holdings Limited                                | 25.00    |                     |        |                |        |
|         |  |  | (—)      |                     |        |                |        |
|         |  | Mahindra & Mahindra Financial Services Limited           | —        |                     |        |                |        |
|         |  |  | (20.00)  |                     |        |                |        |
| 8.      | Advances Given                               | Mahindra Automotive Australia Pty. Limited               | 1.66     |                     |        |                |        |
|         |  |  | (—)      |                     |        |                |        |
|         |  | Mahindra Integrated Township Limited                     | —        |                     |        |                |        |
|         |  |  | (5.39)   |                     |        |                |        |
|         |  | Defence Land Systems India Private Limited               | —        |                     |        |                |        |
|         |  |  | (2.73)   |                     |        |                |        |
| 9.      | Inter Corporate Deposits given               | Mahindra Engineering & Chemical Products Limited         | 72.00    |                     |        |                |        |
|         |  |  | (@)      |                     |        |                |        |
|         |  | Mahindra & Mahindra Financial Services Limited           | 200.00   |                     |        |                |        |
|         |  |  | (—)      |                     |        |                |        |
|         |  | Mahindra Two Wheelers Limited                            | 107.00   |                     |        |                |        |
|         |  |  | (@)      |                     |        |                |        |
|         |  | Mahindra Overseas Investment Company (Mauritius) Limited | @        |                     |        |                |        |
|         |  |  | (62.38)  |                     |        |                |        |
|         |  | Mahindra Forgings Limited                                | —        |                     |        |                |        |
|         |  |  | (56.50)  |                     |        |                |        |
|         |  | Mahindra Vehicle Manufacturers Limited                   | —        |                     |        |                |        |
|         |  |  | (205.00) |                     |        |                |        |
| 10.     | Inter Corporate Deposits refunded by parties | Mahindra & Mahindra Financial Services Limited           | 200.00   |                     |        |                |        |
|         |  |  | (@)      |                     |        |                |        |
|         |  | Mahindra Vehicle Manufacturers Limited                   | 230.00   |                     |        |                |        |
|         |  |  | (75.00)  |                     |        |                |        |
|         |  | Mahindra Forgings Limited                                | —        |                     |        |                |        |
|         |  |  | (100.50) |                     |        |                |        |
|         |  | Mahindra Hinoday Industries Limited                      | —        |                     |        |                |        |
|         |  |  | (38.00)  |                     |        |                |        |
| 11.     | Guarantees given                             | Mahindra Automobile Distributor Private Limited          | 234.47   |                     |        |                |        |
|         |  |  | (—)      |                     |        |                |        |
|         |  | Mahindra USA Inc.  | —        |                     |        |                |        |
|         |  |  | (94.42)  |                     |        |                |        |
|         |  | Mahindra Forgings Limited                                | —        |                     |        |                |        |
|         |  |  | (73.57)  |                     |        |                |        |

@ Transactions are not significant.

Previous year's figures are in brackets.

29. Joint Venture Disclosure :

(i) Jointly Controlled Entities by the Company :

| Name of the Entity   | Country of Incorporation | % Holding |
|--|--------------------------|-----------|
| a) Tech Mahindra Limited.....  | India                    | 48.17 %   |
| b) Mahindra Sona Limited.....  | India                    | 29.77 %   |
| c) PSL Media & Communications Limited (formerly known as PSL Erickson Limited) (upto 28 <sup>th</sup> May, 2010) | India                    | 18.06 %   |

(ii) Interests in the Assets, Liabilities, Income and Expenses with respect to Jointly Controlled Entities :

Rupees crores

|  | 2011     | 2010     |
|--|----------|----------|
| <b>I ASSETS</b>  |          |          |
| 1 Fixed Assets.....  | 359.51   | 415.17   |
| 2 Investments.....   | 1,400.86 | 1,326.13 |
| 3 Current Assets, Loans and Advances.....                          |          |          |
| (a) Inventories.....   | 8.98     | 7.26     |
| (b) Sundry Debtors.....  | 615.09   | 469.43   |
| (c) Cash and Bank Balances.....                                    | 134.96   | 100.83   |
| (d) Loans and Advances.....  | 401.88   | 297.02   |
| 4 Deferred Tax – Net.....  | 30.50    | 12.14    |
| <b>II LIABILITIES</b>  |          |          |
| 1 Loan Funds   |          |          |
| (a) Secured Loans.....   | 289.23   | 330.24   |
| (b) Unsecured Loans.....   | 299.95   | 271.51   |
| 2 Current Liabilities and Provisions                               |          |          |
| (a) Liabilities.....   | 282.90   | 267.61   |
| (b) Provisions.....  | 153.14   | 124.78   |
| 3 Deferred Revenue   | 281.18   | 337.71   |
| <b>III INCOME</b>  |          |          |
| 1 Sales.....   | 2,547.29 | 109.61   |
| 2 Other Income.....  | 57.84    | 4.60     |
| <b>IV EXPENSES</b>   |          |          |
| 1 Raw Materials, Finished and Semi Finished Products.....          | 46.94    | 34.65    |
| 2 Excise Duties.....   | 0.08     | 3.83     |
| 3 Manufacturing, Selling Expenses, Interest & Finance Charges..... | 2,056.43 | 54.11    |
| 4 Depreciation/Amortisation.....                                   | 70.15    | 2.69     |
| 5 Provision for Taxation.....                                      | 66.39    | 4.85     |
| <b>V OTHER MATTERS</b>   |          |          |
| 1 Contingent Liabilities.....                                      | 108.94   | 59.50    |
| 2 Capital Commitments.....   | 67.30    | 118.01   |

30. Additional information pursuant to the provisions of paragraphs 3(i)(a) and (ii), 4C and 4D of Part II of Schedule VI to the Companies Act, 1956 - See Schedule XV. Previous year's figures are indicated below the current year's figures.

31. Additional information pursuant to the provisions of Part IV of Schedule VI to the Companies Act, 1956 - See Schedule XVI.

32. Previous year's figures have been regrouped/restated wherever necessary.

## SCHEDULE XIV

Computation of Net Profit in accordance with Section 309(5) of the Companies Act, 1956 for the year ended 31<sup>st</sup> March, 2011

Rupees crores

|   |         | 2011            | 2010            |
|---|---------|-----------------|-----------------|
| Profit before Taxation as per Profit and Loss Account.....                        |         | 3,519.61        | 2,846.75        |
| Add : Depreciation/Amortisation charged in the Accounts.....                      | 413.86  |                 | 370.78          |
| : Directors' Remuneration including Directors' fees.....                          | 7.49    |                 | 8.13            |
| : Provision for doubtful debts and advances (Net).....                            | (24.85) |                 | 51.02           |
| : Loss on sale, etc. of Fixed Assets (Net).....                                   | —       |                 | 20.83           |
| : Net reduction in the fair value of current investments.....                     | 1.90    |                 | (0.26)          |
|   |         | <u>398.40</u>   | <u>450.50</u>   |
|   |         | 3,918.01        | 3,297.25        |
| Less : Depreciation under Section 350 of the Companies Act, 1956.....             | 306.05  |                 | 290.09          |
| : Amortisation of Intangibles.....  | 76.47   |                 | 49.23           |
| : Profit on sale of Investments (Net).....  | 145.13  |                 | 101.15          |
| : Profit on sale, etc. of Fixed Assets (Net).....                                 | 20.54   |                 | —               |
| : Loss on sale of Assets as per Section 349 of the Companies Act, 1956 (Net)..... | 2.89    |                 | 2.80            |
|   |         | <u>551.08</u>   | <u>443.27</u>   |
| Total.....  |         | <u>3,366.93</u> | <u>2,853.98</u> |
| Commission payable to the wholetime Directors restricted to .....                 |         | <u>2.77</u>     | <u>3.09</u>     |
| Commission payable to the non-wholetime Directors restricted to.....              |         | <u>1.56</u>     | <u>1.44</u>     |

## SCHEDULE XV

Additional Information pursuant to the Provisions of Paragraphs 3 (i)(a) and (ii), 4C and 4D, of Part II of Schedule VI to the Companies Act, 1956.

### (A) PARTICULARS IN RESPECT OF GOODS MANUFACTURED :

| Sl. No | Class of Goods  | Unit of Measurement | Licenced Capacity per annum<br>[Note (i)] | Installed Capacity per annum<br>[Note (i)]                      | Actual Production<br>[Notes (ii) & (iii)(a)] | Opening Stock  |                        | Closing Stock  |                        | Sales                |                                      |
|--------|---|---------------------|---|---|--|----------------|------------------------|----------------|------------------------|----------------------|--------------------------------------|
|        |   |                     |   |   |  | Quantity       | Value<br>Rupees crores | Quantity       | Value<br>Rupees crores | Quantity             | Value<br>Rupees crores               |
| 1.     | a. On Road Automobiles having four or more wheels such as light, medium and heavy commercial vehicles, jeep type vehicles and passenger cars covered under sub heading (5) of Heading (7) of First Schedule | Nos.                | 3,72,000<br>3,60,000                      | 3,04,000<br>3,04,000  | 2,50,906<br>2,33,533                         | 4,365<br>2,937 | 155.98<br>108.11       | 4,326<br>4,365 | 145.86<br>155.98       | 2,50,520<br>2,31,703 | 12,541.49<br>10,721.10               |
|        | b. Three Wheelers   | Nos.                | 84,000<br>66,000                          | 72,000<br>60,000  | 65,203<br>45,717                             | 1,525<br>1,205 | 15.14<br>13.89         | 1,972<br>1,525 | 22.89<br>15.14         | 64,740<br>45,360     | 804.52<br>530.15                     |
| 2.     | Agricultural Tractors   | Nos.                | 2,55,300<br>2,29,000                      | 2,56,000<br>2,33,000  | 2,16,388<br>1,73,276                         | 7,061<br>8,694 | 195.38<br>234.43       | 9,466<br>7,061 | 288.89<br>195.38       | 2,13,938<br>1,74,864 | 8,472.21<br>6,500.67                 |
| 3.     | Manufactured and Purchased Parts and Accessories for sale [Notes (iii)(a) and (b) below]  | Nos.                |   | These are manufactured against spare capacity under 1 & 2 above | 7,64,299<br>4,91,260                         | —<br>—         | 90.01<br>91.53         | —<br>—         | 103.23<br>90.01        | —<br>—               | 1,063.58<br>888.16                   |
| 4.     | Internal Combustion Piston Engines  | Nos.                | 2,25,000<br>1,75,000                      | 2,25,000<br>1,75,000  | 1,96,630<br>1,68,683                         | 1,225<br>1,361 | 9.49<br>10.08          | 1,617<br>1,225 | 13.30<br>9.49          | 14,000<br>11,179     | 151.87<br>106.66                     |
| 5.     | Diesel Genset   | Nos.                | 24,000<br>24,000                          | Assembly at 3 <sup>rd</sup> Party Locations                     | 11,786<br>21,751                             | 114<br>159     | 1.83<br>2.96           | 644<br>114     | 11.28<br>1.83          | 11,249<br>21,796     | 250.94<br>451.78                     |
| 6.     | Engines   | Nos.                |   | These are manufactured against spare capacity under 2           | 15,559<br>26,144                             | 903<br>385     | 3.43<br>2.17           | 658<br>903     | 4.52<br>3.43           | 15,784<br>25,626     | 168.39<br>246.15                     |
| 7.     | Forklifts   | Nos.                | 300<br>300                                | 180<br>300  | 118<br>110                                   | 2<br>6         | 0.13<br>0.41           | —<br>2         | —<br>0.13              | 115<br>113           | 8.83<br>8.24                         |
| 8.     | Harvester Combines  | Nos.                | 300<br>300                                | 540<br>300  | 267<br>324                                   | 23<br>1        | 2.73<br>0.11           | 30<br>23       | 3.51<br>2.73           | 260<br>302           | 37.81<br>42.41                       |
| 9.     | Others  |                     |   |   |  |                | 0.17<br>0.03           |                | 1.59<br>0.17           |                      | 20.64<br>10.04                       |
| 10.    | Export benefits   |                     |   |   |  |                |                        |                |                        |                      | 55.20<br>18.97                       |
|        |   |                     |   |   |  |                |                        |                |                        | <b>Total.....</b>    | <b>23,575.48</b><br><b>19,524.33</b> |

#### Notes :

- (i) (a) The installed capacity has been certified by President/Chief Executives, which the auditors have relied on without verification as this is a technical matter.
- (b) The licensed capacities include/represent, as the case may be, registrations granted and Industrial Entrepreneur Memorandum filed with, and duly acknowledged by, the Government pursuant to the schemes of de-licensing.
- (c) Within the overall licensed capacity in item 1 above, the Company is permitted to manufacture for outside sale 10,000 petrol/diesel engines and 4,000 tonnes grey iron castings.
- (d) The installed capacity mentioned against item no. (A) 1(a) above includes 48,000 (2010 : 48,000) for production of vehicles for third parties.
- (ii) Actual Production includes production for captive consumption.
- (iii) (a) The actual production disclosed against manufactured components/sub-assemblies/steel blanks is the number of such components transferred during the year to the Marketing Unit/Spare Parts Stores for sale or sold otherwise.
- (b) The Opening and Closing Stocks and Sales of goods shown under item 3 above consist of manufactured and purchased parts. The bifurcation of stocks/sales into manufactured and bought-out parts is not practicable.

**SCHEDULE XV (Contd.)****(B) PARTICULARS IN RESPECT OF GOODS TRADED/PROCESSED :**

| Sl. No. | Class of Goods   | Unit of Measurement | Purchases |                     | Opening Stock |                     | Closing Stock |                     | Sales    |                     |
|---------|--|---------------------|-----------|---------------------|---------------|---------------------|---------------|---------------------|----------|---------------------|
|         |  |                     | Quantity  | Value Rupees crores | Quantity      | Value Rupees crores | Quantity      | Value Rupees crores | Quantity | Value Rupees crores |
| 1.      | Tractors .....   | Nos.                | 387       | 10.61               | 35            | 1.24                | 35            | 1.49                | 387      | 12.88               |
|         |  |                     | 317       | 9.00                | 50            | 1.75                | 35            | 1.24                | 332      | 12.47               |
| 2.      | Agricultural Implements .....                                      | Nos.                | 15,451    | 82.34               | 865           | 9.41                | 4,205         | 23.30               | 12,111   | 87.29               |
|         |  |                     | 10,168    | 57.35               | 436           | 5.98                | 865           | 9.41                | 9,739    | 69.34               |
| 3.      | Four Wheelers .....  | Nos.                | 39,391    | 1,016.05            | 211           | 5.01                | 702           | 21.64               | 38,813   | 1,030.15            |
|         |  |                     | 5,272     | 151.40              | —             | —                   | 211           | 5.01                | 5,056    | 149.16              |
| 4.      | Bought-out Spares for Resale<br>[Note (iii) (b) to item "A"] ..... |                     |           | 517.72              |               | —                   |               | —                   |          | —                   |
|         |  |                     |           | 375.64              |               | —                   |               | —                   |          | —                   |
| 5.      | Diesel Genset & Genset<br>Engines .....                            | Nos.                | 810       | 28.78               | 166           | 1.33                | 223           | 5.29                | 715      | 22.53               |
|         |  |                     | 1,523     | 18.61               | 68            | 0.34                | 166           | 1.33                | 589      | 17.93               |
| 6.      | Others .....   |                     |           | 101.73              |               | 9.17*               |               | 12.46               |          | 121.89              |
|         |  |                     |           | 49.05               |               | 0.02                |               | 0.10                |          | 58.83               |
|         | Total .....  |                     | 1,757.23  |                     | 26.16         |                     | 64.18         |                     | 1,274.74 |                     |
|         |  |                     |           | 661.05              |               | 8.09                |               | 17.09               |          | 307.73              |

\* Includes Stock taken over as per Scheme of Arrangement Rs. 9.07 crores.

**(C) PARTICULARS OF RAW MATERIALS AND COMPONENTS CONSUMED :**

| Sl. No.   | Description  | Unit of Measurement | Quantity  | Value Rupees crores |
|-----------|--|---------------------|-----------|---------------------|
| 1.        | Steel Items (Sheets, Tubes, etc.) .....            | Nos.                | 73,455    | 338.72              |
|           |  |                     | 1,13,459  |                     |
|           |  | Metric Tonnes       | 60,326    | 274.13              |
|           |  |                     | 48,042    |                     |
| 2.        | Aluminium Sections and Other Aluminium Items ..... | Kgs.                | —         | —                   |
| 3.        | Other Metals (Steel Shots, Lead, Tin, etc.) .....  | Metric Tonnes       | 38,801    | 0.47                |
|           |  |                     | 177       | 0.77                |
| 4.        | Paints .....                                       | Nos.                | 120       | 0.45                |
|           |  |                     | 1,74,486  | 109.58              |
|           |  | Metres              | 8,75,017  |                     |
|           |  |                     | 2,05,178  |                     |
|           |  | Kgs.                | 2,58,903  |                     |
| 30,96,020 |  |                     |           |                     |
| Litres    | 26,35,185  | 22.11               |           |                     |
|           | 61,19,445  |                     |           |                     |
| 5.        | Steel Scrap .....                                  | Metric Tonnes       | 47,30,889 | 17.24               |
|           |  |                     | 9,670     |                     |
| 6.        | Pig Iron .....                                     | Metric Tonnes       | 8,891     | 34.79               |
|           |  |                     | 13,051    |                     |
|           |  |                     | 11,157    | 23.64               |



**SCHEDULE XV** (Contd.)

**(C) PARTICULARS OF RAW MATERIALS AND COMPONENTS CONSUMED (Contd.) :**

| Sl. No. | Description   | Unit of Measurement                          | Quantity   | Value<br>Rupees crores   |
|---------|---|--|------------|--------------------------|
| 7.      | Miscellaneous Foundry Materials .....   | Nos.   | 22,01,793  | 21.89<br>16.59           |
|         |   |  | 19,28,687  |                          |
|         |   | Metric Tonnes                                | 15,235     |                          |
|         |   |  | 14,396     |                          |
|         |   | Litres                                       | 4,35,509   |                          |
|         |   |  | 4,42,660   |                          |
| 8.      | Other Materials (Direct Stores, Patterns, Oils, etc.) .....   | Not practicable to give quantitative details |            | *138.95<br>*102.76       |
| 9.      | Tyres and Tubes .....   | Nos.   | *41,97,859 | *997.46                  |
|         |   |  | *35,45,832 | *664.70                  |
| 10.     | Components other than Tyres and Tubes (including processing charges) .....                                    |  |            | *12,517.63<br>*10,091.32 |
| 11.     | Material handling and transportation charges, etc. incurred on the above items not separately allocable ..... |  |            | 527.04                   |
|         |   |  |            | 408.15                   |
|         | Total .....   |  |            | 14,708.94                |
|         |   |  |            | 11,695.56                |

\* Includes items used for other than production, amounts not ascertained.

**Notes :**

- The consumption in value has been ascertained on the basis of opening stock plus purchases less closing stock and includes the adjustment of excesses and shortages as ascertained on physical count and write-off of obsolete and unserviceable raw materials and components.
- The consumption in value shown against item 10 is a balancing figure based on the total consumption shown in the Profit and Loss Account.

**(D) VALUE OF IMPORTS ON C.I.F. BASIS ACCOUNTED FOR DURING THE YEAR :**

|    |                                    | Rupees crores |        |
|----|------------------------------------|---------------|--------|
|    |                                    | 2011          | 2010   |
| 1. | Raw Materials .....                | 1.66          | 1.17   |
| 2. | Components, Spare Parts, etc ..... | 368.30        | 225.86 |
| 3. | Capital Goods .....                | 275.12        | 98.61  |
| 4. | Items imported for Resale .....    | 24.12         | 27.01  |
|    | Total.....                         | 669.20        | 352.65 |

**Notes :**

- Credits, if any, recoverable in respect of short landings, etc. are not considered.
- The value of imports shown above includes :
  - Imports on C&F basis as per suppliers' invoices **Rs. 8.58 crores** (2010 : Rs. 12.55 crores).
  - Imports on 'cost' basis **Rs. 249.71 crores** (2010 : Rs. 203.09 crores).

**SCHEDULE XV (Contd.)**

**(E) EXPENDITURE IN FOREIGN CURRENCIES (SUBJECT TO DEDUCTION OF TAX WHERE APPLICABLE) :**

|   | Rupees crores |               |
|---|---------------|---------------|
|   | 2011          | 2010          |
| 1. Professional and Consultancy Fees [including Rs. 2.73 crores (2010 : Rs. 0.89 crores) capitalised] ..... | 46.40         | 34.82         |
| 2. Commission on Exports .....  | 0.75          | 1.21          |
| 3. Royalty .....  | 0.29          | —             |
| 4. Interest & Commitment charges .....  | 22.48         | 42.85         |
| 5. Others .....   | 90.81         | 69.68         |
| Total .....   | <u>160.73</u> | <u>148.56</u> |

**Notes :**

- (1) Fee for use of technology, development expenditure and software expenditure [refer Note 1 (C) of Schedule XIII] :
- (a) written off during the year Rs. 12.67 crores (2010 : Rs. 9.17 crores); and
- (b) amount remitted during the year Rs. 61.25 crores (2010 : Rs. 76.18 crores) net of tax deducted at source of Rs. 3.50 crores (2010 : Rs. 5.92 crores) are not included in the above figures.

**(F) REMITTANCE IN FOREIGN CURRENCY ON ACCOUNT OF DIVIDENDS TO NON-RESIDENT SHAREHOLDERS :**

| Number of    |               | Amount remitted | Dividend relating to                    |
|--------------|---------------|-----------------|---|
| Shareholders | Equity shares | Rupees crores   |   |
| 2011 : 1     | 2,99,36,811   | 28.44           | Year ended 31 <sup>st</sup> March, 2010 |
| 2010 : 2     | 1,61,84,665   | 16.18           | Year ended 31 <sup>st</sup> March, 2009 |

**(G) EARNINGS IN FOREIGN EXCHANGE :**

|  | Rupees crores   |               |
|--|-----------------|---------------|
|  | 2011            | 2010          |
| 1. Export of goods on F.O.B. basis ..... | 1,052.06        | 719.37        |
| 2. Interest .....                        | 9.72            | 9.60          |
| 3. Others (freight, etc.) .....          | 38.12           | 32.47         |
| Total .....                              | <u>1,099.90</u> | <u>761.44</u> |

**Notes :**

F.O.B. value of exports includes local sales which qualify for export benefits and for which payment is receivable in foreign currency and local/export sales under rupee credit which qualify for export benefits.

**(H) VALUE OF IMPORTED AND INDIGENOUS CONSUMPTION :**

|                                | ^Raw Materials and Components |               |
|--------------------------------|-------------------------------|---------------|
|                                | Rupees crores                 | %             |
| 1. Imported .....              | 263.68                        | 1.79          |
|                                | 177.61                        | 1.52          |
| 2. Indigenously obtained ..... | 14,445.26                     | 98.21         |
|                                | 11,517.95                     | 98.48         |
| Total.....                     | <u>14,708.94</u>              | <u>100.00</u> |
|                                | 11,695.56                     | 100.00        |

^ Includes items used for other than production, amount not ascertained.

**Notes :**

- (1) Items purchased through canalising agencies have been considered as imported.
- (2) See Note (i) to item (C) above.
- (3) In giving the above information the Company has taken the view that spares and components as referred to in paragraph 4 (D)(c) of Part II of Schedule VI covers only such items as go directly into production.



## SCHEDULE XVI (Contd.)

## V. Generic Names of Three Principal Products/Services of Company (as per monetary terms) :

|                          |   |
|--------------------------|---|
| Item Code No. (ITC Code) | <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> 8 7 0 1 |
| Product Description      | Tractors  |
| Item Code No. (ITC Code) | <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> 8 7 0 2 |
| Product Description      | Motor Vehicles for the transport of more than six persons, excluding the driver   |
| Item Code No. (ITC Code) | <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> 8 7 0 3 |
| Product Description      | Other motor vehicles principally designed for the transport of persons  |

★ after considering interest income and exceptional item.

▲ computed on the basis of, the weighted average number of shares outstanding during the year.

---

**Signatures to Schedules I to XVI**


---

|                  |             |                   |                                   |
|------------------|-------------|-------------------|-----------------------------------|
| M. M. Murugappan | } Directors | Keshub Mahindra   | Chairman                          |
| N. Vaghul        |             | Anand G. Mahindra | Vice Chairman & Managing Director |
| R. K. Kulkarni   |             | Bharat Doshi      | Executive Director                |
| A. S. Ganguly    |             |                   |                                   |
| A. P. Puri       |             |                   |                                   |
| N. B. Godrej     |             |                   |                                   |
| A. K. Dasgupta   |             |                   |                                   |
| Deepak S. Parekh |             | Narayan Shankar   | Company Secretary                 |
| A. K. Nanda      |             |                   |                                   |

Mumbai, 30<sup>th</sup> May, 2011

Statement pursuant to Section 212 of the Companies Act, 1956, relating to subsidiary companies

| Name of the Subsidiary Companies  | Number of Shares in the Subsidiary Company held by Mahindra & Mahindra Limited at the financial year ending date |                   | The net aggregate of profits/(losses) of the Subsidiary Companies so far as they concern the members of Mahindra & Mahindra Limited |   |   |   |
|---|--|-------------------|---|---|---|---|
|   |  |                   | For Current Financial Year  |   | For Previous Financial Years  |   |
|   | Equity   | Extent of holding | Dealt with in the accounts of Mahindra & Mahindra Limited for the year ended 31 <sup>st</sup> March, 2011                           | Not dealt with in the accounts of Mahindra & Mahindra Limited for the year ended 31 <sup>st</sup> March, 2011 | Dealt with in the accounts of Mahindra & Mahindra Limited for the year ended 31 <sup>st</sup> March, 2011 | Not dealt with in the accounts of Mahindra & Mahindra Limited for the year ended 31 <sup>st</sup> March, 2011 |
|   | Nos.   | %                 | Rupees crores   | Rupees crores   | Rupees crores   | Rupees crores   |
| <b>Mahindra Engineering and Chemical Products Limited</b> .....   | 53,98,462  | 100.00%           | —   | (8.52)  | —   | 78.96   |
| * Retail Initiative Holdings Limited .....  | —  | 100.00%           | —   | *   | —   | (0.02)  |
| ♣ Mahindra Retail Private Limited .....   | —  | 89.51%            | —   | (53.90)   | —   | (25.43)   |
| * Mahindra Conveyor Systems Private Limited .....   | —  | 91.50%            | —   | 7.04  | —   | *   |
| <b>Mahindra Intertrade Limited</b> .....  | 2,71,00,006  | 100.00%           | —   | 55.08   | 12.45   | 152.49  |
| @ Mahindra Middleeast Electrical Steel Service Centre (FZC) .....   | —  | 90.00%            | —   | 3.84  | —   | 18.68   |
| @ Mahindra Steel Service Centre Limited .....   | —  | 61.00%            | —   | 1.08  | —   | 11.71   |
| @ Mahindra Electrical Steel Limited (formerly known as Mahindra Metal One Steel Service Centre Limited) ..... | —  | 100.00%           | —   | (0.02)  | —   | (0.12)  |
| <b>Mahindra Consulting Engineers Limited</b> .....  | 11,51,000  | 54.16%            | —   | 0.90  | 0.18  | 1.43  |
| <b>Mahindra Holidays and Resorts India Limited</b> .....  | 6,99,85,642  | #83.09%           | —   | 85.39   | 27.99   | 205.89  |
| + MHR Hotel Management GmbH .....   | —  | #62.32%           | —   | 0.04  | —   | 0.05  |
| + Mahindra Holidays & Resorts USA Inc. ....   | —  | #83.09%           | —   | (0.15)  | —   | 0.43  |
| + Mahindra Hotels and Residences India Limited ....   | —  | #83.09%           | —   | *   | —   | (0.01)  |
| + Heritage Bird (M) SDN.BHD .....   | —  | #83.09%           | —   | (0.17)  | —   | (0.21)  |
| + BAH Hotelanlagen AG .....   | —  | #82.20%           | —   | (0.82)  | —   | 0.69  |
| <b>NBS International Limited</b> .....  | 50,490   | 100.00%           | —   | 0.35  | —   | 0.45  |
| <b>Mahindra Ugine Steel Company Limited</b> .....   | 1,64,66,789  | 50.69%            | —   | (3.02)  | 1.65  | 84.85   |
| <b>Mahindra Holdings Limited</b> .....  | 4,75,49,999  | 100.00%           | —   | 2.86  | —   | 4.90  |
| ⊕ Mahindra United Football Club Private Limited ....  | —  | 100.00%           | —   | 0.17  | —   | *   |
| ⊕ Mahindra Punjab Tractors Private Limited .....  | —  | 100.00%           | —   | *   | —   | *   |
| ⊕ Mahindra EPC Services Private Limited .....   | —  | 100.00%           | —   | (0.22)  | —   | —   |
| ⊕ Mahindra BPO Services Private Limited .....   | —  | 100.00%           | —   | —   | —   | —   |
| <b>Mahindra Lifespace Developers Limited</b> .....  | 2,08,46,126  | 51.05%            | —   | 52.03   | 7.30  | 87.78   |
| ⊕ Mahindra Infrastructure Developers Limited .....  | —  | 51.05%            | —   | 0.09  | —   | 0.32  |
| ⊕ Mahindra World City Developers Limited .....  | —  | 42.18%            | —   | 7.69  | —   | 19.18   |
| ⊕ Mahindra World City (Jaipur) Limited .....  | —  | 37.78%            | —   | 0.36  | —   | 3.79  |
| ⊕ Mahindra Integrated Township Limited .....  | —  | 48.42%            | —   | (2.76)  | —   | (2.25)  |
| ✂ Mahindra Residential Developers Limited .....   | —  | 24.69%            | —   | 0.48  | —   | (1.10)  |
| ⊕ Mahindra World City (Maharashtra) Limited .....   | —  | 51.05%            | —   | (0.53)  | —   | (0.04)  |

\* denotes amounts less than Rs. 50,000

## Statement pursuant to Section 212 of the Companies Act, 1956, relating to subsidiary companies

| Name of the Subsidiary Companies  | Number of Shares in the Subsidiary Company held by Mahindra & Mahindra Limited at the financial year ending date |                   | The net aggregate of profits/(losses) of the Subsidiary Companies so far as they concern the members of Mahindra & Mahindra Limited |   |   |   |
|---|--|-------------------|---|---|---|---|
|   |  |                   | For Current Financial Year  |   | For Previous Financial Years  |   |
|   | Equity   | Extent of holding | Dealt with in the accounts of Mahindra & Mahindra Limited for the year ended 31 <sup>st</sup> March, 2011                           | Not dealt with in the accounts of Mahindra & Mahindra Limited for the year ended 31 <sup>st</sup> March, 2011 | Dealt with in the accounts of Mahindra & Mahindra Limited for the year ended 31 <sup>st</sup> March, 2011 | Not dealt with in the accounts of Mahindra & Mahindra Limited for the year ended 31 <sup>st</sup> March, 2011 |
|   | Nos.   | %                 | Rupees crores   | Rupees crores   | Rupees crores   | Rupees crores   |
| ⊕ Knowledge Township Limited .....                                      | —  | 51.05%            | —   | (0.01)  | —   | (0.20)  |
| ⊕ Mahindra Bebanco Developers Limited .....                             | —  | 35.73%            | —   | (0.02)  | —   | (0.12)  |
| ⊕ Raigad Industrial & Business Park Limited .....                       | —  | 51.05%            | —   | *   | —   | (0.03)  |
| ⊕ Industrial Township (Maharashtra) Limited .....                       | —  | 51.05%            | —   | *   | —   | (0.05)  |
| ⊕ Anthurium Developers Limited .....                                    | —  | 51.05%            | —   | (0.01)  | —   | —   |
| ⊕ Watsonia Developers Limited .....                                     | —  | 51.05%            | —   | (0.01)  | —   | —   |
| <b>Mahindra &amp; Mahindra Financial Services Limited ....</b>          | 5,82,41,532  | #56.00%           | —   | 259.34  | 43.68   | 479.49  |
| ◆ Mahindra Insurance Brokers Limited .....                              | —  | #56.00%           | —   | 12.19   | —   | 11.69   |
| ◆ Mahindra Rural Housing Finance Limited .....                          | —  | #49.00%           | —   | 4.34  | —   | 0.39  |
| ◆ Mahindra Business & Consulting Services Private Limited .....         | —  | #56.00%           | —   | 0.30  | —   | 0.07  |
| <b>Bristlecone Limited .....</b>  | 42,22,250  | 79.94%            | —   | (5.68)  | —   | (16.08)   |
| ⊙ Bristlecone Inc. ....   | —  | 79.94%            | —   | (6.53)  | —   | (38.37)   |
| ⊙ Bristlecone India Limited .....                                       | —  | 79.94%            | —   | 1.27  | —   | 12.50   |
| ● Bristlecone (Singapore) Pte. Limited .....                            | —  | 79.94%            | —   | (0.27)  | —   | (3.60)  |
| ● Bristlecone GmbH .....  | —  | 79.94%            | —   | 0.72  | —   | (0.01)  |
| ⊙ Bristlecone UK Limited .....  | —  | 79.94%            | —   | 0.14  | —   | (13.58)   |
| ⊙ Bristlecone (Malaysia) SDN.BHD .....                                  | —  | 79.94%            | —   | 0.14  | —   | 0.48  |
| ⊙ Bristlecone Consulting Limited .....                                  | —  | 79.94%            | —   | (0.02)  | —   | —   |
| <b>Mahindra First Choice Wheels Limited .....</b>                       | 3,47,77,255  | #52.15%           | —   | (3.20)  | —   | (38.40)   |
| <b>Mahindra USA Inc. ....</b>   | 14,00,00,000   | 100.00%           | —   | 0.69  | —   | (47.06)   |
| <b>Mahindra Gujarat Tractor Limited .....</b>                           | 16,83,218  | 60.00%            | —   | 2.34  | —   | (15.06)   |
| <b>Mahindra Shubhlabh Services Limited .....</b>                        | 38,75,990  | 83.05%            | —   | (6.77)  | —   | 0.16  |
| <b>Mahindra &amp; Mahindra South Africa (Proprietary) Limited .....</b> | 5,20,00,000  | 100.00%           | —   | 11.90   | —   | (13.88)   |
| <b>Mahindra Overseas Investment Company (Mauritius) Limited .....</b>   | 6,32,54,000  | 100.00%           | —   | 14.13   | —   | (8.04)  |
| ⊗ Mahindra (China) Tractor Company Limited .....                        | —  | 85.90%            | —   | (12.57)   | —   | (67.69)   |
| ⊗ Mahindra-BT Investment Company (Mauritius) Limited .....              | —  | 57.00%            | —   | 0.09  | —   | 50.08   |
| ⊗ Mahindra Europe S.r.l. ....   | —  | 80.00%            | —   | 0.12  | —   | 2.78  |
| ⊗ Mahindra Graphic Research Design S.r.l. ....                          | —  | 100.00%           | —   | (4.32)  | —   | (7.53)  |
| ⊗ Mahindra Yeuda (Yancheng) Tractor Company Limited .....               | —  | 51.00%            | —   | (1.07)  | —   | (7.09)  |
| ⊗ Mahindra Emirates Vehicle Armouring FZ-LLC .....                      | —  | 51.00%            | —   | (1.08)  | —   | —   |

\* denotes amounts less than Rs. 50,000

Statement pursuant to Section 212 of the Companies Act, 1956, relating to subsidiary companies

| Name of the Subsidiary Companies  | Number of Shares in the Subsidiary Company held by Mahindra & Mahindra Limited at the financial year ending date |                   | The net aggregate of profits/(losses) of the Subsidiary Companies so far as they concern the members of Mahindra & Mahindra Limited |   |   |   |
|---|--|-------------------|---|---|---|---|
|   | Equity   | Extent of holding | For Current Financial Year  |   | For Previous Financial Years  |   |
|   |  |                   | Dealt with in the accounts of Mahindra & Mahindra Limited for the year ended 31 <sup>st</sup> March, 2011                           | Not dealt with in the accounts of Mahindra & Mahindra Limited for the year ended 31 <sup>st</sup> March, 2011 | Dealt with in the accounts of Mahindra & Mahindra Limited for the year ended 31 <sup>st</sup> March, 2011 | Not dealt with in the accounts of Mahindra & Mahindra Limited for the year ended 31 <sup>st</sup> March, 2011 |
|   | Nos.   | %                 | Rupees crores   | Rupees crores   | Rupees crores   | Rupees crores   |
| <b>Mahindra Gears &amp; Transmissions Private Limited</b> ....  | 40,30,806  | 53.34%            | —   | 0.38  | 0.20  | 1.71  |
| <b>Mahindra Engineering Services Limited</b> .....  | 81,26,218  | #87.39%           | —   | 9.12  | 8.13  | 63.44   |
| ++ Mahindra Engineering Services (Europe) Limited .....   | —  | #87.39%           | —   | 0.76  | —   | 5.87  |
| ++ Mahindra Engineering GmbH .....  | —  | #87.39%           | —   | (2.64)  | —   | (0.93)  |
| ++ Mahindra Technologies Services Inc. ....   | —  | #87.39%           | —   | (0.70)  | —   | 0.30  |
| ++ Engines Engineering S.r.l. ....  | —  | #87.39%           | —   | (2.32)  | —   | (3.53)  |
| ¥ EFF Engineering S.r.l. ....   | —  | #44.57%           | —   | (0.07)  | —   | 0.02  |
| <b>Mahindra Forgings Limited</b> .....  | 4,45,26,339  | 50.67%            | —   | (1.59)  | —   | (76.17)   |
| £ Stokes Group Limited .....  | —  | 50.63%            | —   | (4.13)  | —   | (43.68)   |
| Φ Stokes Forgings Dudley Limited .....  | —  | 50.63%            | —   | —   | —   | 0.62  |
| Φ Jensand Limited .....   | —  | 50.63%            | —   | —   | —   | (0.27)  |
| Φ Stokes Forgings Limited .....   | —  | 50.63%            | —   | —   | —   | (4.14)  |
| £ Mahindra Forgings Global Limited .....  | —  | 50.67%            | —   | (0.07)  | —   | (1.94)  |
| £ Mahindra Forgings International Limited .....   | —  | 50.67%            | —   | (2.11)  | —   | (20.92)   |
| > Mahindra Forgings Europe AG .....   | —  | 50.67%            | —   | (13.61)   | —   | 20.54   |
| ● Gesenkschmiede Schneider GmbH .....   | —  | 50.67%            | —   | 19.69   | —   | (26.13)   |
| ● JECO-Jellinghaus GmbH .....   | —  | 50.67%            | —   | 2.58  | —   | (3.96)  |
| ● Falkenroth Umformtechnik GmbH .....   | —  | 50.67%            | —   | (1.29)  | —   | (5.61)  |
| ● Schöneweiss & Co. GmbH .....  | —  | 50.67%            | —   | (1.31)  | —   | (8.81)  |
| <b>Mahindra Automobile Distributor Private Limited (formerly known as Mahindra Renault Private Limited)</b> ..... | 27,68,80,768   | 100.00%           | —   | (20.84)   | —   | (337.69)  |
| <b>Mahindra Navistar Automotives Limited</b> .....  | 25,24,22,300   | 51.00%            | —   | (95.01)   | —   | (29.99)   |
| <b>Mahindra Hinoday Industries Limited (formerly known as Mahindra Castings Limited)</b> .....                    | 2,79,40,052  | 64.95%            | —   | (4.83)  | —   | (37.65)   |
| <b>Mahindra Vehicle Manufacturers Limited</b> .....   | 96,22,50,000   | 100.00%           | —   | 26.42   | —   | (28.32)   |
| <b>Mahindra Logistics Limited</b> .....   | 5,76,99,900  | 100.00%           | —   | (7.05)  | —   | 0.05  |
| <b>Mahindra Navistar Engines Private Limited</b> .....  | 8,41,50,000  | 51.00%            | —   | (25.69)   | —   | (10.88)   |
| <b>Mahindra Aerospace Private Limited</b> .....   | 3,40,04,150  | 66.67%            | —   | (2.37)  | —   | (0.85)  |
| ▲ Mahindra Aerospace Australia Pty. Limited .....   | —  | 66.67%            | —   | (0.05)  | —   | —   |
| α Aerostaff Australia Pty. Limited .....  | —  | 66.67%            | —   | (2.64)  | —   | —   |
| α Gipp Aero Investments Pty. Limited .....  | —  | 50.07%            | —   | (0.04)  | —   | —   |
| Σ Gippsaero Pty. Limited .....  | —  | 50.07%            | —   | (2.95)  | —   | —   |
| Σ GA8 Airvan Pty. Limited .....   | —  | 50.07%            | —   | —   | —   | —   |

Statement pursuant to Section 212 of the Companies Act, 1956, relating to subsidiary companies

| Name of the Subsidiary Companies   | Number of Shares in the Subsidiary Company held by Mahindra & Mahindra Limited at the financial year ending date |                   | The net aggregate of profits/(losses) of the Subsidiary Companies so far as they concern the members of Mahindra & Mahindra Limited |   |   |   |
|--|--|-------------------|---|---|---|---|
|  |  |                   | For Current Financial Year  |   | For Previous Financial Years  |   |
|  | Equity   | Extent of holding | Dealt with in the accounts of Mahindra & Mahindra Limited for the year ended 31 <sup>st</sup> March, 2011                           | Not dealt with in the accounts of Mahindra & Mahindra Limited for the year ended 31 <sup>st</sup> March, 2011 | Dealt with in the accounts of Mahindra & Mahindra Limited for the year ended 31 <sup>st</sup> March, 2011 | Not dealt with in the accounts of Mahindra & Mahindra Limited for the year ended 31 <sup>st</sup> March, 2011 |
|  | Nos.   | %                 | Rupees crores   | Rupees crores   | Rupees crores   | Rupees crores   |
| Σ GA200 Pty. Limited .....   | —  | 50.07%            | —   | —   | —   | —   |
| Σ Airvan Flight Services Pty. Limited .....  | —  | 50.07%            | —   | —   | —   | —   |
| Σ Gipp Aero International Pty. Limited .....   | —  | 50.07%            | —   | —   | —   | —   |
| Σ Nomad TC Pty. Limited .....  | —  | 50.07%            | —   | —   | —   | —   |
| ▲ Mahindra Aerostructures Private Limited .....  | —  | 66.67%            | —   | (1.27)  | —   | —   |
| <b>Mahindra First Choice Services Limited</b> .....  | 3,00,00,000  | 100.00%           | —   | (10.58)   | —   | (12.04)   |
| <b>Mahindra Gears International Limited</b> .....  | 2,07,00,001  | 100.00%           | —   | (0.09)  | —   | (0.22)  |
| ★ Mahindra Gears Global Limited .....  | —  | 53.34%            | —   | (0.52)  | —   | (0.16)  |
| ✂ Mahindra Gears Cyprus Limited .....  | —  | 53.34%            | —   | (0.03)  | —   | (0.48)  |
| ∞ Metalcastello S.p.A. ....  | —  | 51.00%            | —   | (19.63)   | —   | (22.00)   |
| ■ Crest Geartech Private Limited .....   | —  | 51.00%            | —   | 0.36  | —   | 0.29  |
| <b>Mahindra Automotive Australia Pty. Limited</b> .....  | 22,00,000  | 92.63%            | —   | (3.45)  | —   | (5.11)  |
| <b>Mahindra Two Wheelers Limited</b> .....   | 11,80,00,000   | 80.00%            | —   | (135.37)  | —   | (95.53)   |
| <b>Defence Land Systems India Private Limited</b> .....  | 3,42,62,000  | 74.00%            | —   | (0.48)  | —   | (0.05)  |
| <b>Mahindra EcoNova Private Limited</b> .....  | 10,000   | 100.00%           | —   | *   | —   | *   |
| <b>Mahindra Reva Electric Vehicles Private Limited (formerly known as Reva Electric Car Company Private Limited)</b> ..... | 1,12,68,471  | 56.33%            | —   | (14.04)   | —   | —   |
| <b>Ssangyong Motor Company Limited</b> .....   | 8,54,19,047  | 70.04%            | —   | —   | —   | —   |
| ⊕ Ssangyong European Parts Center B.V. ....  | —  | 70.04%            | —   | —   | —   | —   |
| ⊕ Ssangyong Motor (Shanghai) Company Limited ...   | —  | 70.04%            | —   | —   | —   | —   |
| ⊕ Ssangyong (Yizheng) Auto Parts Manufacturing Company Limited .....   | —  | 70.04%            | —   | —   | —   | —   |

\* denotes amounts less than Rs. 50,000

# after considering shares issued to its ESOP Trust but not allotted to its employees.

\* a subsidiary of Mahindra Engineering and Chemical Products Limited

♣ a subsidiary of Retail Initiative Holdings Limited

@ a subsidiary of Mahindra Intertrade Limited

+ a subsidiary of Mahindra Holidays & Resorts India Limited

⊙ a subsidiary of Mahindra Holdings Limited

⊕ a subsidiary of Mahindra Lifespace Developers Limited

✂ a subsidiary of Mahindra Integrated Township Limited

◆ a subsidiary of Mahindra & Mahindra Financial Services Limited

⊙ a subsidiary of Bristlecone Limited

● a subsidiary of Bristlecone India Limited



## Statement pursuant to Section 212 of the Companies Act, 1956, relating to subsidiary companies

- ✖ a subsidiary of Mahindra Overseas Investment Company (Mauritius) Limited
- ++ a subsidiary of Mahindra Engineering Services Limited
- ¥ a subsidiary of Engines Engineering S.r.l.
- £ a subsidiary of Mahindra Forgings Limited
- Φ a subsidiary of Stokes Group Limited
- a subsidiary of Mahindra Forgings International Limited
- a subsidiary of Mahindra Forgings Europe AG
- ▲ a subsidiary of Mahindra Aerospace Private Limited
- α a subsidiary of Mahindra Aerospace Australia Pty. Limited
- Σ a subsidiary of Gipp Aero Investments Pty. Limited
- ★ a subsidiary of Mahindra Gears International Limited
- ⚡ a subsidiary of Mahindra Gears Global Limited
- ∞ a subsidiary of Mahindra Gears Cyprus Limited
- a subsidiary of Metalcastello S.p.A.
- ⊕ a subsidiary of Ssangyong Motor Company Limited

### Note :

The financial year of all subsidiaries ended on 31<sup>st</sup> March, 2011, except for Mahindra Yueda (Yancheng) Tractor Company Limited, Ssangyong Motor Company Limited, Ssangyong European Parts Center B.V., Ssangyong Motor (Shanghai) Co. Limited and Ssangyong (Yizheng) Auto Parts Manufacturing Co. Limited whose financial years are 1<sup>st</sup> January, 2010 to 31<sup>st</sup> December, 2010 and Mahindra BPO Services Private Limited whose first financial year would be from 18<sup>th</sup> January, 2011 to 31<sup>st</sup> March, 2012.

|   |   |           |  |   |
|---|---|-----------|--|---|
| <p><b>M. M. Murugappan</b><br/> <b>N. Vaghul</b><br/> <b>R. K. Kulkarni</b><br/> <b>A. S. Ganguly</b><br/> <b>A. P. Puri</b><br/> <b>N. B. Godrej</b><br/> <b>A. K. Dasgupta</b><br/> <b>Deepak S. Parekh</b><br/> <b>A. K. Nanda</b></p> | } | Directors | <p><b>Keshub Mahindra</b></p> <p><b>Anand G. Mahindra</b></p> <p><b>Bharat Doshi</b></p> <p><b>Narayan Shankar</b></p> | <p>Chairman</p> <p>Vice Chairman &amp; Managing Director</p> <p>Executive Director</p> <p>Company Secretary</p> |
|   |   |           | Mumbai, 30 <sup>th</sup> May, 2011   |   |

# CONSOLIDATED ACCOUNTS





## Auditors' Report to the Board of Directors of Mahindra & Mahindra Limited

1. We have audited the attached Consolidated Balance Sheet of Mahindra & Mahindra Limited, its subsidiaries and jointly controlled entities (the Group) as at 31<sup>st</sup> March, 2011, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement of the Group for the year ended on that date, both annexed thereto. The Consolidated Financial Statements include investments in associates accounted on the equity method in accordance with Accounting Standard 23 (Accounting for Investments in Associates in Consolidated Financial Statements) and the jointly controlled entities accounted in accordance with Accounting Standard 27 (Financial Reporting of Interests in Joint Ventures) as notified under the Companies (Accounting Standards) Rules, 2006. These financial statements are the responsibility of the Company's Management and have been prepared on the basis of the separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of certain subsidiaries and joint ventures, whose financial statements reflect total assets of Rs. 18,742.44 crores as at 31<sup>st</sup> March, 2011, total revenues of Rs. 7,068.88 crores and net cash inflows amounting to Rs. 311.70 crores for the year ended on that date as considered in the Consolidated Financial Statements. These financial statements have been audited by other auditors whose reports have been furnished to us and our opinion in so far as it relates to the amounts included in respect of these subsidiaries and joint ventures is based solely on the reports of the other auditors.
4. We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21 (Consolidated Financial Statements), Accounting Standard 23 (Accounting for Investment in Associates in Consolidated Financial Statements) and Accounting Standard 27 (Financial Reporting of Interests in Joint Ventures) as notified under the Companies (Accounting Standards) Rules, 2006.
5. Without qualifying our opinion, we invite attention to Note 18 (b) of Schedule XIV, which refers to the auditors of TML having drawn attention to certain matters including accounting policies of TML (Group) not being aligned with the group and adjustments required, if any, not having been made to the financial statements.
6. As stated in Note 18 (a) of Schedule XIV to the Consolidated Financial Statements, the auditors of Tech Mahindra Limited Group (TML) a joint venture, based on the audit report on the accounts of its associate Satyam Computer Services Limited (SCSL) for the years ended 31<sup>st</sup> March, 2010 and 31<sup>st</sup> March, 2011, have issued a qualified opinion on the Consolidated Financial Statements of TML for the year ended 31<sup>st</sup> March, 2011 on certain matters, expressing their inability to comment whether adjustments would be necessary in the financial statements of TML as a result of a number of items in the SCSL accounts for the years ended 31<sup>st</sup> March, 2010 and 31<sup>st</sup> March, 2011, including ongoing investigations and legal proceedings by various regulators and investors in respect of financial irregularities in SCSL and net debit amounts aggregating Rs. 1,139.40 crores booked to 'Unexplained Differences Suspense Account' and fully provided for on the grounds of prudence in the previous year in its accounts by SCSL.  
  
As a consequence of the above, we are unable to comment on the impact of the same on the Company's, Share of Profit/ (Loss) of Associates, Share of Investments and Reserves and Surplus of Joint Ventures, in the Consolidated Financial Statements of the group.
7. Further to our comments in paragraph 5 above and subject to the matter referred to in paragraph 6 above, based on our audit and on consideration of the separate audit reports on individual financial statements of the Company, its aforesaid subsidiaries, joint ventures and associates and to the best of our information and according to the explanations given to us, in our opinion, the Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India :
  - (i) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31<sup>st</sup> March, 2011;
  - (ii) in the case of the Consolidated Profit and Loss Account, of the profit of the Group for the year ended on that date; and
  - (iii) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For Deloitte Haskins & Sells  
Chartered Accountants  
(Registration No. 117364W)

**B.P. Shroff**  
(Partner)

Membership Number: 34382

Mumbai, 30<sup>th</sup> May, 2011

# Consolidated Balance Sheet as at 31<sup>st</sup> March, 2011

Rupees crores

|   | Schedule | 2011             | 2010             |
|---|----------|------------------|------------------|
| <b>I. SOURCES OF FUNDS :</b>  |          |                  |                  |
| <b>SHAREHOLDERS' FUNDS :</b>  |          |                  |                  |
| Share Capital .....   | I        | 293.62           | 282.95           |
| Share Capital Suspense Account .....                                |          | 0.02             | —                |
| Employee Stock Options Outstanding .....                            |          | 33.95            | 8.01             |
| Reserves and Surplus .....  | II       | 13,956.49        | 9,864.92         |
|   |          | <b>14,284.08</b> | <b>10,155.88</b> |
| MINORITY INTEREST .....   |          | 4,336.64         | 2,462.35         |
| <b>LOAN FUNDS :</b>   |          |                  |                  |
| (a) Secured Loans .....   | III A    | 13,012.87        | 8,972.45         |
| (b) Unsecured Loans .....   | III B    | 4,055.21         | 4,513.40         |
|   |          | <b>17,068.08</b> | <b>13,485.85</b> |
| DEFERRED TAX LIABILITY (Net) [Note 19] .....                        |          | 137.08           | 48.21            |
| FOREIGN CURRENCY MONETARY ITEM TRANSLATION DIFFERENCE ACCOUNT ..... |          | —                | 3.34             |
| DEFERRED INCOME [Note 12] .....                                     |          | 1,237.39         | 1,141.91         |
| Total .....   |          | <b>37,063.27</b> | <b>27,297.54</b> |
| <b>II. APPLICATION OF FUNDS :</b>                                   |          |                  |                  |
| <b>FIXED ASSETS :</b>   |          |                  |                  |
| Gross Block .....   | IV       | 29,818.01        | 14,204.00        |
| Less : Depreciation .....   |          | 12,672.82        | 5,333.76         |
| Net Block .....   |          | 17,145.19        | 8,870.24         |
| CAPITAL WORK-IN-PROGRESS (INCLUDING CAPITAL ADVANCES) .....         |          | 1,769.29         | 1,967.69         |
|   |          | <b>18,914.48</b> | <b>10,837.93</b> |
| Less : Provision for Impairment .....                               |          | 2,163.27         | 317.60           |
|   |          | <b>16,751.21</b> | <b>10,520.33</b> |
| INVESTMENTS .....   | V        | 4,816.97         | 4,773.62         |
| <b>CURRENT ASSETS, LOANS AND ADVANCES :</b>                         |          |                  |                  |
| (a) Inventories .....   | VI A     | 5,449.15         | 3,548.99         |
| (b) Sundry Debtors .....  | VI B     | 4,704.69         | 3,207.17         |
| (c) Cash and Bank Balances .....                                    | VI C     | 2,220.57         | 2,737.12         |
| (d) Other Current Assets .....                                      | VI D     | 119.85           | 51.94            |
| (e) Loans and Advances .....  | VI E     | 16,099.74        | 10,775.56        |
|   |          | <b>28,594.00</b> | <b>20,320.78</b> |
| <b>CURRENT LIABILITIES AND PROVISIONS :</b>                         |          |                  |                  |
| (a) Current Liabilities .....                                       | VII A    | 9,969.55         | 6,424.52         |
| (b) Provisions .....  | VII B    | 3,129.36         | 1,892.67         |
|   |          | <b>13,098.91</b> | <b>8,317.19</b>  |
| NET CURRENT ASSETS .....  |          | <b>15,495.09</b> | <b>12,003.59</b> |
| Total .....   |          | <b>37,063.27</b> | <b>27,297.54</b> |
| NOTES ON ACCOUNTS .....   | XIV      |                  |                  |

In terms of our report attached

For **Deloitte Haskins & Sells**  
Chartered Accountants

**B. P. Shroff**  
Partner

**M. M. Murugappan**  
**N. Vaghul**  
**R. K. Kulkarni**  
**A. S. Ganguly**  
**A. P. Puri**  
**N. B. Godrej**  
**A. K. Dasgupta**  
**Deepak S. Parekh**  
**A. K. Nanda** } Directors

**Keshub Mahindra**

**Anand G. Mahindra**

**Bharat Doshi**

**Narayan Shankar**

Chairman

Vice Chairman & Managing Director

Executive Director

Company Secretary  
Mumbai, 30<sup>th</sup> May, 2011

Mumbai, 30<sup>th</sup> May, 2011

## Consolidated Profit and Loss Account for the year ended 31<sup>st</sup> March, 2011

Rupees crores

|   | Schedule | 2011             | 2010      |
|---|----------|------------------|-----------|
| <b>SALES</b> .....  |          | <b>32,389.99</b> | 25,300.78 |
| Less : Excise Duty on Sales.....  |          | <b>2,682.29</b>  | 2,102.13  |
| Net Sales.....  |          | <b>29,707.70</b> | 23,198.65 |
| Income from Operations.....   | VIII     | <b>7,134.66</b>  | 8,369.89  |
| Other Income.....   | IX       | <b>184.01</b>    | 119.43    |
|   |          | <b>37,026.37</b> | 31,687.97 |
| <b>EXPENDITURE :</b>  |          |                  |           |
| Raw Materials, Finished and Semi-finished Products.....   | X        | <b>19,997.00</b> | 15,267.91 |
| Personnel.....  | XI       | <b>4,218.27</b>  | 4,582.55  |
| Interest, Commitment and Finance Charges (Net).....   | XII      | <b>974.21</b>    | 979.83    |
| Depreciation/Amortisation [Note 7 (a) & 7 (c)].....   |          | <b>972.40</b>    | 873.52    |
| Other Expenses.....   | XIII     | <b>6,678.29</b>  | 6,334.16  |
|   |          | <b>32,840.17</b> | 28,037.97 |
| Less : Cost of Manufactured/Purchased Products capitalised.....   |          | <b>124.64</b>    | 132.59    |
|   |          | <b>32,715.53</b> | 27,905.38 |
| Profit before exceptional item and taxation.....  |          | <b>4,310.84</b>  | 3,782.59  |
| <b>Add</b> : Exceptional Items [Note 20].....   |          | <b>204.03</b>    | 250.23    |
| Profit before taxation.....   |          | <b>4,514.87</b>  | 4,032.82  |
| <b>(Add)/Less</b> : Provision for Tax - Current Tax.....  |          | <b>1,243.80</b>  | 1,245.71  |
| - Deferred Tax (Net).....   |          | <b>73.28</b>     | (84.38)   |
| Balance of profit for 2010-2011 before share of Profit/(Loss) of Associates and Minority Interests..... |          | <b>3,197.79</b>  | 2,871.49  |
| <b>Add/(Less)</b> : Share of Profit/(Loss) of Associates for the year                                   |          |                  |           |
| - From Ordinary Activities.....   |          | <b>124.51</b>    | 19.63     |
| - Exceptional Item.....   |          | <b>(131.83)</b>  | —         |
| <b>Add/(Less)</b> : Share of Profit/(Loss) of Associates - Earlier period items                         |          |                  |           |
| - From Ordinary Activities.....   |          | <b>45.62</b>     | —         |
| - Exceptional Item.....   |          | <b>(61.33)</b>   | —         |
| Profit before Minority Interest.....  |          | <b>3,174.76</b>  | 2,891.12  |
| Minority Share in Profits for 2010-2011.....  |          | <b>95.03</b>     | 412.56    |
| Net Profit.....   |          | <b>3,079.73</b>  | 2,478.56  |
| Balance of profit for earlier years.....  |          | <b>6,036.06</b>  | 4,642.70  |
| <b>Add/(Less)</b> : Transfer from/(to) Debenture Redemption Reserve (Net).....                          |          | <b>1.88</b>      | (116.10)  |
| <b>Deduct</b> : Statutory Reserve.....  |          | <b>54.62</b>     | 43.09     |
| General Reserve (Net).....  |          | <b>371.97</b>    | 286.88    |
| Income Tax on Dividends.....  |          | <b>22.12</b>     | 15.38     |
| Proposed Dividend on Equity Shares.....   |          | <b>706.08</b>    | 549.52    |
| Income Tax on Proposed Dividend.....  |          | <b>96.56</b>     | 74.23     |
| Balance for 2010-2011 and earlier years carried to Balance Sheet.....                                   |          | <b>7,866.32</b>  | 6,036.06  |
| <b>EARNINGS PER SHARE</b> : [Note 22]   |          |                  |           |
| (Face value Rs. 5/- per share) (Rupees)   |          |                  |           |
| Basic.....  |          | <b>53.46</b>     | 45.08     |
| Diluted.....  |          | <b>51.29</b>     | 42.17     |
| <b>NOTES ON ACCOUNTS</b> .....  | XIV      |                  |           |

In terms of our report attached

For Deloitte Haskins & Sells  
Chartered Accountants

|                  |             |
|------------------|-------------|
| M. M. Murugappan | } Directors |
| N. Vaghul        |             |
| R. K. Kulkarni   |             |
| A. S. Ganguly    |             |
| A. P. Puri       |             |
| N. B. Godrej     |             |
| A. K. Dasgupta   |             |
| Deepak S. Parekh |             |
| A. K. Nanda      |             |

B. P. Shroff  
PartnerMumbai, 30<sup>th</sup> May, 2011

Keshub Mahindra

Chairman

Anand G. Mahindra

Vice Chairman &amp; Managing Director

Bharat Doshi

Executive Director

Narayan Shankar

Company Secretary  
Mumbai, 30<sup>th</sup> May, 2011

## Consolidated Cash Flow Statement for the year ended 31<sup>st</sup> March, 2011

Rupees crores

|   | 2011              | 2010              |
|---|-------------------|-------------------|
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>   |                   |                   |
| Profit before exceptional items and taxation .....  | 4,310.84          | 3,782.59          |
| Adjustments for :   |                   |                   |
| Depreciation/Amortisation/Impairment .....  | 973.19            | 873.52            |
| Profit on Exchange (Net).....   | (38.52)           | (32.30)           |
| Investment and Interest Income [Excluding Rs. 19.11 crores<br>(2010 : Rs. 25.91 crores) in respect of financial enterprises consolidated] .....             | (201.03)          | (183.70)          |
| Interest, Commitment and Finance charges [Excluding Rs. 660.17 crores<br>(2010 : Rs. 500.34 crores) in respect of financial enterprises consolidated] ..... | 465.72            | 620.23            |
| Amortisation of Expenses .....  | 36.28             | 9.93              |
| Profit on sale of Investments (Net) .....   | (35.89)           | (13.98)           |
| (Profit)/Loss on fixed assets sold/scrapped/written off (Net) .....   | (8.22)            | 17.83             |
| Provision for diminution in value of long term investments (Net) .....  | 6.56              | 8.75              |
| (Increase)/Decrease of cost over fair value of current investments (Net) .....  | 1.89              | (0.25)            |
|   | <b>1,199.98</b>   | <b>1,300.03</b>   |
| Operating Profit before Working Capital changes .....   | <b>5,510.82</b>   | <b>5,082.62</b>   |
| Changes in : Deferred income .....  | 95.48             | 506.02            |
| Trade and other receivables .....   | (1,749.62)        | (1,452.88)        |
| Loans against Assets *.....   | (3,751.45)        | (1,351.38)        |
| Inventories .....   | (947.74)          | (278.34)          |
| Trade and other payables .....  | (238.55)          | 1,429.00          |
|   | <b>(6,591.88)</b> | <b>(1,147.58)</b> |
| Exceptional Items .....   | 112.72            | (2.19)            |
| Cash generated/(used) from operations .....   | (968.34)          | 3,932.85          |
| Income Taxes paid (Net of refunds including for prior years) .....  | (1,357.76)        | (1,163.67)        |
| <b>NET CASH (USED IN)/FROM OPERATING ACTIVITIES .....</b>   | <b>(2,326.10)</b> | <b>2,769.18</b>   |
| * In respect of financial enterprises consolidated.   |                   |                   |
| <b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>   |                   |                   |
| Purchase of fixed assets .....  | (807.75)          | (2,702.87)        |
| Sale of fixed assets .....  | 361.34            | 145.57            |
| Purchase of investments .....   | (27,412.78)       | (23,823.11)       |
| Sale of investments .....   | 27,580.44         | 20,901.60         |
| Interest received .....   | 138.22            | 160.17            |
| Dividends received .....  | 15.29             | 8.30              |
| Inter corporate deposits (Net) .....  | 84.49             | (35.54)           |
| Purchase consideration paid on acquisition of interest in subsidiaries .....  | (677.19)          | (32.16)           |
| Sale proceeds/subsorption (Net) received on divesture of interest in subsidiaries .....   | 720.41            | 681.65            |
| <b>NET CASH FROM/(USED IN) INVESTING ACTIVITIES .....</b>   | <b>2.47</b>       | <b>(4,696.39)</b> |

## Consolidated Cash Flow Statement (contd.)

Rupees crores

|  | 2011            | 2010            |
|--|-----------------|-----------------|
| <b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>                    |                 |                 |
| Proceeds from the issue of Share Capital .....                     | 8.68            | 72.40           |
| Proceeds from borrowings .....                                     | 39,200.23       | 61,183.93       |
| Repayments of borrowings (including premium on repayment) .....    | (36,533.53)     | (58,322.46)     |
| Dividends paid .....   | (739.90)        | (367.13)        |
| Interest, Commitment and Finance charges paid .....                | (498.43)        | (715.98)        |
| Stamp duty paid on shares issued to PTL Shareholders .....         | —               | (7.77)          |
| <b>NET CASH FROM FINANCING ACTIVITIES .....</b>                    | <b>1,437.05</b> | <b>1,842.99</b> |
| <b>NET DECREASE IN CASH AND CASH EQUIVALENTS (A + B + C) .....</b> | <b>(886.58)</b> | <b>(84.22)</b>  |
| <b>CASH AND CASH EQUIVALENTS [Note (a)]</b>                        |                 |                 |
| Opening Balance .....  | 2,747.36        | 2,953.07        |
| Cash & Bank Balance Acquired on Acquisition of Subsidiaries .....  | 358.41          | 1.43            |
| Cash & Bank Balance on Disposal of Subsidiaries .....              | (0.01)          | (122.92)        |
| <b>Closing Balance .....</b>                                       | <b>2,219.18</b> | <b>2,747.36</b> |

In terms of our report attached

For Deloitte Haskins & Sells  
Chartered Accountants

M. M. Murugappan  
N. Vaghul  
R. K. Kulkarni  
A. S. Ganguly  
A. P. Puri  
N. B. Godrej  
A. K. Dasgupta  
Deepak S. Parekh  
A. K. Nanda

} Directors

B. P. Shroff  
Partner

Keshub Mahindra Chairman  
Anand G. Mahindra Vice Chairman & Managing Director  
Bharat Doshi Executive Director  
Narayan Shankar Company Secretary

Mumbai, 30<sup>th</sup> May, 2011Mumbai, 30<sup>th</sup> May, 2011

### Notes to the Consolidated Cash Flow Statement for the year ended 31<sup>st</sup> March, 2011

Rupees crores

|   | 2011            | 2010            |
|---|-----------------|-----------------|
| (a) Cash and Bank Balances.....   | 2,220.57        | 2,737.12        |
| Unrealised (Net) translation (gain)/loss on foreign currency cash and cash equivalents.....   | (1.39)          | 10.24           |
| <b>Total cash and cash equivalents .....</b>  | <b>2,219.18</b> | <b>2,747.36</b> |
| Cash and cash equivalents above includes balances in restricted accounts .....  | 8.33            | 6.89            |
| (b) The following non cash transactions do not form part of Cash Flow :   |                 |                 |
| Arising out of the scheme of arrangement, the Non Fruit Business of Mahindra Shubhlabh Services Limited (MSSL) was transferred and merged with the Company. |                 |                 |
| (c) Previous year's figures have been regrouped/restated wherever necessary.  |                 |                 |



## SCHEDULE I

Rupees crores

|  | 2011   | 2010   |
|--|--------|--------|
| <b>Share Capital :</b>   |        |        |
| <b>Authorised :</b>  |        |        |
| 1,20,00,00,000 Ordinary (Equity) Shares of Rs. 5 each .....  | 600.00 | 600.00 |
| 25,00,00,000 Unclassified Shares of Rs.100 each .....  | 25.00  | 25.00  |
| Total .....  | 625.00 | 625.00 |
| <b>Issued and Subscribed :</b>   |        |        |
| 61,39,40,109 (2010 : 57,84,34,478) Ordinary (Equity) Shares of Rs. 5 each fully paid up .....  | 306.97 | 289.21 |
|  | 306.97 | 289.21 |
| <b>Less :</b>  |        |        |
| 2,66,92,992 (2010 : 1,25,26,592) Ordinary (Equity) Shares of Rs. 5 each fully paid up issued to ESOP Trust but not allotted to employees ..... | 13.35  | 6.26   |
| Adjusted : Issued and Subscribed Share Capital .....   | 293.62 | 282.95 |

## SCHEDULE II

Rupees crores

|  | 2010     | Additions /<br>Adjustments | Deductions | 2011       |
|--|----------|----------------------------|------------|------------|
| <b>Reserves and Surplus :</b>  |          |                            |            |            |
| 1 Capital Reserve .....  | 23.54    | —                          | —          | 23.54      |
|  | 23.54    | —                          | —          | 23.54      |
| 2 Capital Reserve on consolidation .....   | 139.32   | 1,137.07                   | 0.19       | 1,276.20   |
|  | 139.01   | 0.31                       | —          | 139.32     |
| 3 Securities Premium Account .....   | 1,323.86 | 989.68                     | 1.13       | 2,312.41   |
|  | 545.66   | 784.79                     | 6.59       | 1,323.86   |
| Less : Premium on shares issued to ESOP Trust but not allotted to employees [Note 4] ..... | 84.29    | —                          | 3.90       | 80.39      |
|  | 15.20    | 71.40                      | 2.31       | 84.29      |
|  | 1,239.57 | 989.68                     | (2.77)     | 2,232.02   |
|  | 530.46   | 713.39                     | 4.28       | 1,239.57   |
| 4 Revaluation Reserve .....  | 11.67    | —                          | 0.49       | 11.18      |
|  | 12.09    | —                          | 0.42       | 11.67      |
| 5 General Reserve .....  | 1,377.97 | 574.57 #                   | 8.71 ●     | 1,943.83   |
|  | 1,047.71 | 336.38 #                   | 6.12 ●     | 1,377.97   |
| Add : Bonus shares issued to ESOP Trust but not allotted to employees [Note 4] .....       | 2.63     | —                          | 0.79       | 1.84       |
|  | 3.10     | —                          | 0.47       | 2.63       |
|  | 1,380.60 | 574.57                     | 9.50       | 1,945.67   |
|  | 1,050.81 | 336.38                     | 6.59       | 1,380.60   |
| 6 Debenture Redemption Reserve .....   | 163.85   | —                          | 1.88 ■     | 161.97     |
|  | 47.86    | 116.10 ■                   | 0.11       | 163.85     |
| 7 Investment Fluctuation Reserve .....   | 617.36   | 2.73 ❖                     | 402.60 ◆   | 217.49     |
|  | 682.84   | 4.52                       | 70.00      | 617.36     |
| 8 Capital Redemption Reserve .....   | 68.75    | 5.11 ***                   | —          | 73.86      |
|  | 68.75    | —                          | —          | 68.75      |
| 9 Special Reserve (As per Section 45 IC of the RBI Act) .....                              | 172.91   | 54.62                      | —          | 227.53     |
|  | 129.91   | 43.09                      | 0.09       | 172.91     |
| 10 Hedging Reserve Account [Note 5] .....  | 80.02    | —                          | 70.75      | 9.27       |
|  | (479.90) | 559.92                     | —          | 80.02      |
| 11 Foreign Exchange Fluctuation Reserve .....  | (68.73)  | —                          | 19.83      | (88.56)    |
|  | (57.31)  | —                          | 11.42      | (68.73)    |
|  | 3,828.86 | 2,763.78                   | 502.47     | 6,090.17 † |
|  | 2,148.06 | 1,773.71                   | 92.91      | 3,828.86 † |

† [including Group Share in Joint Ventures Rs. 416.41 crores (2010 : Rs. 401.02 crores)]

**SCHEDULE II (contd.)**

Rupees crores

|    |  | 2011                         |
|----|--|------------------------------|
| 12 | Balance for 2010-2011 and earlier years as per Profit and Loss Account ..... | 6,695.78<br>5,060.66         |
|    | Group Share in Joint Ventures .....  | 1,170.54<br>975.40           |
|    | Total .....  | <b>13,956.49</b><br>9,864.92 |

- # Transfer from Profit and Loss Account **Rs. 371.97 crores** (2010 : Rs. 286.88 crores).  
Transfer of **Rs. 202.60 crores** (2010 : Rs. Nil) from Investment Fluctuation Reserve per contra pursuant to schemes of arrangement/amalgamation approved by the Honourable High Courts.  
Adjustments pertaining to earlier periods in respect of Minority Interest amounting to **Rs. Nil** (2010 : Rs. 49.39 crores).
- Transfer to Investment Fluctuation Reserve Account **Rs. 2.73 crores** (2010 : Rs. Nil), Transfer to Capital Redemption Reserve **Rs. 5.11 crores** (2010 : Rs. Nil), impact of tax rate change on net debit to General Reserve **Rs. 0.87 crores** (2010 : Rs. 0.94 crores).  
Amount utilised for expenses incurred on amalgamation of previous year **Rs. Nil** (2010 : Rs. 5.18 crores).
- Transfer to Profit and Loss Account (Net) **Rs. 1.88 crores** (2010 : Transfer from Profit and Loss Account Rs. 116.10 crores).
- ❖ Provision no longer required transferred back from General Reserve **Rs. 2.73 crores** (2010 : Rs. Nil).
- ◆ Includes transfer of **Rs. 202.60 crores** (2010 : Rs. Nil) to General Reserve per contra pursuant to the above schemes of arrangement/amalgamation.
- \*\*\* Transfer of **Rs. 5.11 crores** (2010 : Rs. Nil) from General Reserve.

**SCHEDULE III**

Rupees crores

|                               |  | 2011             | 2010      |
|-------------------------------|--|------------------|-----------|
| <b>Loan Funds :</b>           |  |                  |           |
| <b>(A) Secured : [Note 6]</b> |  |                  |           |
| (1)                           | Debentures/Bonds .....                                     | 2,104.01         | 2,330.20  |
| (2)                           | Foreign Currency Loans from Banks .....                    | 1,325.30         | 1,047.27  |
| (3)                           | Rupee Loans :  |                  |           |
| (a)                           | From Financial Institutions .....                          | 276.75           | 192.25    |
| (b)                           | From Banks .....   | 7,906.31         | 4,483.59  |
| (c)                           | From Others .....  | 0.34             | —         |
| (4)                           | Loans and Advances on cash credit account from Banks ..... | 8,183.40         | 4,675.84  |
|                               |  | 1,110.75         | 588.89    |
|                               |  | 12,723.46        | 8,642.20  |
|                               | Group Share in Joint Ventures .....                        | 289.41           | 330.25    |
|                               | Total .....  | <b>13,012.87</b> | 8,972.45  |
| <b>(B) Unsecured :</b>        |  |                  |           |
| (1)                           | Fixed Deposits .....                                       | 951.68           | 671.68    |
| (2)                           | Short-term Loans :   |                  |           |
| (a)                           | From Banks .....   | 175.38           | 456.91    |
| (b)                           | From Others .....  | 36.87            | 331.20    |
|                               |  | 212.25           | 788.11    |
| (3)                           | Other Loans :  |                  |           |
| (a)                           | From Financial Institutions .....                          | 873.75           | 751.23    |
| (b)                           | Foreign Currency Loans from Banks .....                    | 1,033.16         | 501.35    |
| (c)                           | Zero Coupon Convertible Bonds .....                        | —                | 850.85    |
| (d)                           | Debentures/Bonds .....                                     | 491.00           | 290.00    |
| (e)                           | From Government of Gujarat .....                           | 10.77            | 10.31     |
| (f)                           | From Banks .....   | 110.10           | 318.38    |
| (g)                           | From Others .....  | 72.31            | 59.97     |
|                               |  | 2,591.09         | 2,782.09  |
|                               |  | 3,755.02         | 4,241.88  |
|                               | Group Share in Joint Ventures .....                        | 300.19           | 271.52    |
|                               | Total .....  | <b>4,055.21</b>  | 4,513.40  |
|                               | Total .....  | <b>17,068.08</b> | 13,485.85 |

## SCHEDULE IV

### Fixed Assets : [Note 7]

Rupees crores

| Description of Assets  | Cost/<br>Professional<br>valuation<br>as at 31st<br>March, 2010 | Additions<br>and<br>adjustments<br>during the<br>year # | Deductions<br>and<br>adjustments<br>during the<br>year | Cost/<br>Professional<br>valuation<br>as at 31st<br>March, 2011 | Depreciation/<br>Amortisation<br>to 31st<br>March, 2010 | Depreciation /<br>Amortisation<br>for 2010-<br>2011 # | Deductions<br>and<br>Adjustments<br>of<br>Depreciation/<br>Amortisation | Depreciation/<br>Amortisation<br>to 31st<br>March, 2011 | Net Balance<br>before<br>Impairment<br>as at 31st<br>March, 2011 | Impairment<br>as at 31st<br>March,<br>2011 # | Net Balance<br>after<br>Impairment<br>as at 31st<br>March, 2011 | Net Balance<br>after<br>Impairment<br>as at 31st<br>March, 2010 |
|--|---|---|--|---|---|---|---|---|--|--|---|---|
| <b>A: Assets on Lease</b>  |   |   |  |   |   |   |   |   |  |  |   |   |
| Plant and Machinery .....  | 74.37   | 1.25  | (2.65)   | 78.27   | 42.02   | 5.61  | (1.70)  | 49.33   | 28.94  | —  | 28.94   | 32.35   |
| Vehicles .....   | 1.71  | —   | 0.36   | 1.35  | 0.41  | 0.01  | 0.27  | 0.15  | 1.20   | —  | 1.20  | 1.30  |
| <b>Sub Total A .....</b>   | <b>76.08</b>  | <b>1.25</b>   | <b>(2.29)</b>  | <b>79.62</b>  | <b>42.43</b>  | <b>5.62</b>   | <b>(1.43)</b>   | <b>49.48</b>  | <b>30.14</b>   | <b>—</b>                                     | <b>30.14</b>  | <b>33.65</b>  |
| <b>B: Owned Assets</b>   |   |   |  |   |   |   |   |   |  |  |   |   |
| Land - Freehold .....  | 221.41  | 1,880.62  | 6.75   | 2,095.28  | —   | —   | —   | —   | 2,095.28   | —  | 2,095.28  | 221.41  |
| Land - Leasehold .....   | 457.88  | 42.98   | (2.73)   | 503.59  | 12.37   | 6.93  | (3.30)  | 22.60   | 480.99   | —  | 480.99  | 445.51  |
| Buildings - Freehold .....   | 1,917.28  | 3,233.32  | (12.07)  | 5,162.67  | 399.72  | 947.95  | (5.83)  | 1,353.50  | 3,809.17   | 753.21                                       | 3,055.96  | 1,517.56  |
| Buildings - Leasehold .....  | 29.11   | 16.22   | 1.09   | 44.24   | 8.80  | 5.64  | 0.99  | 13.45   | 30.79  | 0.83   | 29.96   | 20.31   |
| Plant and Machinery .....  | 7,763.13  | 9,001.60  | 7.45   | 16,757.28   | 3,990.16  | 5,954.49  | 17.43   | 9,927.22  | 6,830.06   | 1,318.69                                     | 5,511.37  | 3,514.14  |
| Furniture and Fittings .....   | 493.62  | 315.53  | 15.55  | 793.60  | 267.94  | 228.34  | 17.42   | 478.86  | 314.74   | 26.45  | 288.29  | 223.96  |
| Vehicles, Cycles, etc. ....  | 215.25  | 102.60  | 19.11  | 298.74  | 99.03   | 64.22   | 13.84   | 149.41  | 149.33   | 7.04   | 142.29  | 116.22  |
| Aircraft .....   | —   | 56.82   | —  | 56.82   | —   | 0.45  | —   | 0.45  | 56.37  | —  | 56.37   | —   |
| Technical Knowhow .....  | 168.16  | 5.04  | —  | 173.20  | 50.37   | 15.39   | 0.01  | 65.75   | 107.45   | 55.57  | 51.88   | 62.22   |
| Development Expenditure .....  | 602.71  | 571.01  | 206.22   | 967.50  | 84.04   | 77.19   | 42.44   | 118.79  | 848.71   | 0.75   | 847.96  | 517.92  |
| Software Expenditure .....   | 217.20  | 41.29   | 44.64  | 213.85  | 114.66  | 54.27   | 44.77   | 124.16  | 89.69  | 0.73   | 88.96   | 101.81  |
| Websites .....   | 3.74  | 0.36  | —  | 4.10  | 3.48  | 0.12  | —   | 3.60  | 0.50   | —  | 0.50  | 0.26  |
| Non-Compete Fees .....   | 3.73  | —   | —  | 3.73  | 0.64  | 0.40  | —   | 1.04  | 2.69   | —  | 2.69  | 3.09  |
| Time Share Weeks .....   | 0.62  | —   | —  | 0.62  | 0.49  | 0.06  | (0.01)  | 0.56  | 0.06   | —  | 0.06  | 0.13  |
| Trademarks .....   | 16.46   | 2.50  | (0.21)   | 19.17   | 8.44  | 0.74  | (0.04)  | 9.22  | 9.95   | —  | 9.95  | 8.02  |
| Other Intangible .....   | 28.88   | 32.34   | 0.06   | 61.16   | 10.50   | 20.56   | 1.02  | 30.04   | 31.12  | —  | 31.12   | 18.38   |
| Goodwill + .....   | 1,476.88  | 479.97  | 2.05   | 1,954.80  | —   | —   | —   | —   | 1,954.80   | —  | 1,954.80  | 1,476.88  |
| <b>Sub Total B .....</b>   | <b>13,616.06</b>  | <b>15,782.20</b>  | <b>287.91</b>  | <b>29,110.35</b>  | <b>5,050.64</b>   | <b>7,376.75</b>                                       | <b>128.74</b>   | <b>12,298.65</b>  | <b>16,811.70</b>   | <b>2,163.27</b>                              | <b>14,648.43</b>  | <b>8,247.82</b>   |
| <b>C: Group Share in<br/>Joint Ventures .....</b>  | <b>511.86</b>   | <b>464.35</b>   | <b>348.17</b>  | <b>628.04</b>   | <b>240.69</b>   | <b>66.70</b>  | <b>(17.30)</b>  | <b>324.69</b>   | <b>303.35</b>  | <b>—</b>                                     | <b>303.35</b>   | <b>271.17</b>   |
| <b>TOTAL (A+B+C) .....</b>   | <b>14,204.00</b>  | <b>16,247.80</b>  | <b>633.79</b>  | <b>29,818.01</b>  | <b>5,333.76</b>   | <b>7,449.07</b>                                       | <b>110.01</b>   | <b>12,672.82</b>  | <b>17,145.19</b>   | <b>2,163.27</b>                              | <b>14,981.92</b>  | <b>8,552.64</b>   |
| <b>D: Capital Work-in-Progress<br/>and Advances [including<br/>Rs. 51.60 crores towards<br/>Group share in Joint Ventures<br/>(2010: Rs. 141.41 crores)]. ....</b> |   |   |  |   |   |   |   |   | <b>1,769.29</b>  | <b>—</b>                                     | <b>1,769.29</b>   | <b>1,967.69</b>   |
| <b>Grand Total (A+B+C+D) .....</b>   | <b>14,204.00</b>  | <b>16,247.80</b>  | <b>633.79</b>  | <b>29,818.01</b>  | <b>5,333.76</b>   | <b>7,449.07</b>                                       | <b>110.01</b>   | <b>12,672.82</b>  | <b>18,914.48</b>   | <b>2,163.27</b>                              | <b>16,751.21</b>  |   |
|  | 13,042.35   | 3,133.62  | 1,971.97   | 14,204.00   | 5,341.02  | 1,116.76  | 1,124.02  | 5,333.76  | 10,837.93  | 317.60                                       |   | 10,520.33   |

+ Goodwill arising on consolidation.

# Refer Note 7 (c)

■ Includes current charge of impairment Rs. 0.79 crores (net of reversal of Rs. 0.15 crores) in Plant &amp; Machinery, Furniture &amp; Fittings and Building - Leasehold and addition of Rs.1,844.88 crores on account of acquisition of Ssangyong Motor Company Limited.

## SCHEDULE V

Rupees crores

|   | 2011<br>Long Term | 2011<br>Current | 2010<br>Long Term | 2010<br>Current |
|---|-------------------|-----------------|-------------------|-----------------|
| <b>Investments (At Cost unless otherwise specified) :</b>                       |                   |                 |                   |                 |
| <b>Shares (Non-trade and fully paid-up) :</b>                                   |                   |                 |                   |                 |
| <b>Unquoted :</b>   |                   |                 |                   |                 |
| (a) Equity Shares .....   | 48.45             | —               | 28.91             | 0.01            |
| (b) Equity Shares - Associates [Note 1(c) & Note 23] .....                      | 1.36              | —               | 54.85             | —               |
| (c) Preference Shares .....   | 48.67             | —               | 43.18             | —               |
|   | <u>98.48</u>      | <u>—</u>        | <u>126.94</u>     | <u>0.01</u>     |
| <b>Quoted :</b>   |                   |                 |                   |                 |
| (a) Equity Shares .....   | 5.88              | —               | 7.49              | —               |
| (b) Equity Shares - Associates [Note 1(c) & Note 23] .....                      | 98.67             | —               | 42.29             | —               |
|   | <u>104.55</u>     | <u>—</u>        | <u>49.78</u>      | <u>—</u>        |
|   | <u>203.03</u>     | <u>—</u>        | <u>176.72</u>     | <u>0.01</u>     |
| <b>Shares (Trade and fully paid-up, unless otherwise specified) :</b>           |                   |                 |                   |                 |
| <b>Unquoted :</b>   |                   |                 |                   |                 |
| (a) Equity Shares .....   | 12.03             | —               | 8.82              | —               |
| (b) Equity Shares partly paid-up .....  | —                 | —               | 0.19              | —               |
| (c) Preference Shares .....   | 6.25              | —               | 15.20             | —               |
|   | <u>18.28</u>      | <u>—</u>        | <u>24.21</u>      | <u>—</u>        |
| <b>Debentures/Bonds (Non Trade &amp; fully paid-up) :</b>                       |                   |                 |                   |                 |
| (a) Unquoted .....  | 8.00              | —               | —                 | —               |
| (b) Quoted .....  | —                 | 72.75           | —                 | 52.76           |
|   | <u>8.00</u>       | <u>72.75</u>    | <u>—</u>          | <u>52.76</u>    |
| <b>Other Investments :</b>  |                   |                 |                   |                 |
| <b>Government Securities (including Treasury Bills) :</b>                       |                   |                 |                   |                 |
| (a) Unquoted .....  | 0.01              | —               | 0.01              | —               |
| (b) Quoted .....  | 93.60             | 1.91            | 44.61             | 13.47           |
|   | <u>93.61</u>      | <u>1.91</u>     | <u>44.62</u>      | <u>13.47</u>    |
| <b>Units :</b>  |                   |                 |                   |                 |
| Unquoted .....  | —                 | 625.83          | 1.15              | 1,291.57        |
|   | <u>—</u>          | <u>625.83</u>   | <u>1.15</u>       | <u>1,291.57</u> |
| <b>Trust Securities :</b>   |                   |                 |                   |                 |
| Unquoted .....  | 1,555.79          | —               | 1,548.17          | —               |
|   | <u>1,555.79</u>   | <u>—</u>        | <u>1,548.17</u>   | <u>—</u>        |
| <b>Others :</b>   |                   |                 |                   |                 |
| Unquoted .....  | 2.24              | 829.64          | —                 | 291.16          |
|   | <u>2.24</u>       | <u>829.64</u>   | <u>—</u>          | <u>291.16</u>   |
|   | <u>1,880.95</u>   | <u>1,530.13</u> | <u>1,794.87</u>   | <u>1,648.97</u> |
| <b>Total .....</b>  |                   | <b>3,411.08</b> |                   | <b>3,443.84</b> |
| <b>Group Share in Joint Ventures .....</b>                                      |                   | <b>1,407.88</b> |                   | <b>1,329.88</b> |
| <b>Total .....</b>  |                   | <b>4,818.96</b> |                   | <b>4,773.72</b> |
| <b>Cost (Net of amounts written off) of Unquoted Investments .....</b>          |                   | <b>4,546.15</b> |                   | <b>4,613.10</b> |
| <b>Cost/Carrying Value of Quoted Investments .....</b>                          |                   | <b>272.81</b>   |                   | <b>160.62</b>   |
|   |                   | <u>4,818.96</u> |                   | <u>4,773.72</u> |
| <b>Less : Excess of cost over fair value of Current Investments (Net) .....</b> |                   | <b>1.99</b>     |                   | <b>0.10</b>     |
| <b>Total .....</b>  |                   | <b>4,816.97</b> |                   | <b>4,773.62</b> |
| <b>Market value of Quoted Investments .....</b>                                 |                   | <b>469.25</b>   |                   | <b>422.50</b>   |

## SCHEDULE VI

Rupees crores

|  | 2011            | 2010            |
|--|-----------------|-----------------|
| <b>Current Assets, Loans and Advances :</b>  |                 |                 |
| <b>(A) Inventories</b> (at cost or net realisable value whichever is lower) :      |                 |                 |
| (i) Finished Products produced and purchased for sale .....                        | 1,372.09        | 860.13          |
| (ii) Contracts and Work-in-Progress .....  | 1,017.42        | 804.78          |
| (iii) Manufactured Components .....  | 118.14          | 78.83           |
| (iv) Raw Materials and Bought-out Components .....                                 | 2,221.10        | 1,112.06        |
| (v) Work-in-Progress – Property Development Activity and Long Term Contracts ..... | 567.90          | 576.33          |
| (vi) Food, Beverages, Smokes and Operating Supplies .....                          | 3.48            | 3.25            |
| (vii) Stores and Spares .....  | 95.05           | 65.75           |
| (viii) Tools .....   | 44.99           | 40.59           |
|  | <u>5,440.17</u> | <u>3,541.72</u> |
| Group Share in Joint Ventures .....  | 8.98            | 7.27            |
| Total .....  | <u>5,449.15</u> | <u>3,548.99</u> |
| <b>(B) Sundry Debtors :</b>  |                 |                 |
| Unsecured unless otherwise stated :  |                 |                 |
| Outstanding over six months : Considered good .....                                | 307.88          | 292.77          |
| : Considered doubtful .....  | 131.53          | 163.90          |
|  | <u>439.41</u>   | <u>456.67</u>   |
| Other Debts : Considered good .....  | 3,899.17        | 2,661.52        |
| : Considered doubtful .....  | 27.74           | 2.51            |
|  | <u>3,926.91</u> | <u>2,664.03</u> |
|  | <u>4,366.32</u> | <u>3,120.70</u> |
| Less : Unmatured Finance Charges .....   | 124.47          | 128.27          |
| Less : Provision for Doubtful Debts .....  | 157.28          | 162.88          |
|  | <u>4,084.57</u> | <u>2,829.55</u> |
| Group Share in Joint Ventures .....  | 620.12          | 377.62          |
| Total .....  | <u>4,704.69</u> | <u>3,207.17</u> |
| <b>(C) Cash and Bank Balances :</b>  |                 |                 |
| Cash, cheques and stamps on hand .....   | 214.71          | 246.87          |
| Balances with Banks :  |                 |                 |
| (i) On Current Account .....   | 1,100.17        | 763.13          |
| (ii) On Fixed Deposit Account .....  | 677.01          | 1,581.14        |
| (iii) On Margin Account .....  | 66.99           | 42.82           |
|  | <u>1,844.17</u> | <u>2,387.09</u> |
|  | <u>2,058.88</u> | <u>2,633.96</u> |
| Group Share in Joint Ventures .....  | 161.69          | 103.16          |
| Total .....  | <u>2,220.57</u> | <u>2,737.12</u> |

## SCHEDULE VI (contd.)

Rupees crores

|  |           | 2011      | 2010      |
|--|-----------|-----------|-----------|
| <b>(D) Other Current Assets :</b>  |           |           |           |
| Interest accrued on Investments .....                                    |           | 8.72      | 4.38      |
| Assets held for sale .....   | 149.32    |           |           |
| Less : Provision for impairment .....                                    | 136.88    | 12.44     | —         |
| Others .....   |           | 98.57     | 47.49     |
|  |           | 119.73    | 51.87     |
| Group Share in Joint Ventures .....                                      |           | 0.12      | 0.07      |
| Total .....  |           | 119.85    | 51.94     |
| <b>(E) Loans and Advances :</b>  |           |           |           |
| (Unsecured, considered good unless otherwise stated) :                   |           |           |           |
| Bills of exchange, considered good .....                                 | 127.30    |           | 47.81     |
| Bills of exchange, considered doubtful .....                             | 1.02      |           | 1.02      |
|  | 128.32    |           | 48.83     |
| Less : Provision for Doubtful Debts .....                                | 1.02      |           | 1.02      |
|  |           | 127.30    | 47.81     |
| Advances recoverable in cash or in kind or for value to be received :    |           |           |           |
| Considered good .....  | 3,458.04  |           | 2,112.95  |
| Considered doubtful .....  | 94.22     |           | 88.80     |
|  | 3,552.26  |           | 2,201.75  |
| Less : Provision for Doubtful Advances .....                             | 90.27     |           | 85.50     |
|  |           | 3,461.99  | 2,116.25  |
| Loans against assets/Retained Interest in Securitised Assets (Secured) : |           |           |           |
| Considered good .....  | 11,721.21 |           | 7,969.76  |
| Considered doubtful .....  | 360.45    |           | 411.66    |
|  | 12,081.66 |           | 8,381.42  |
| Less : Provision for Doubtful Advances .....                             | 360.45    |           | 411.66    |
|  |           | 11,721.21 | 7,969.76  |
| Payments towards Income Tax and Surtax (Net of provisions) .....         |           | 329.85    | 273.27    |
| Balances - Customs, Port Trust, Excise, etc. ....                        |           | 90.31     | 71.63     |
|  |           | 15,730.66 | 10,478.72 |
| Group Share in Joint Ventures .....                                      |           | 369.08    | 296.84    |
| Total .....  |           | 16,099.74 | 10,775.56 |
| Total .....  |           | 28,594.00 | 20,320.78 |

**SCHEDULE VII**

Rupees crores

|   | 2011      | 2010     |
|---|-----------|----------|
| <b>Current Liabilities and Provisions :</b>   |           |          |
| <b>(A) Current Liabilities :</b>  |           |          |
| Acceptances .....   | 478.92    | 349.89   |
| Sundry Creditors :  |           |          |
| (i) Total outstanding dues of micro and small enterprises .....                       | 36.85     | 24.21    |
| (ii) Total outstanding dues of creditors other than micro and small enterprises ..... | 7,716.33  | 4,884.10 |
|   | 7,753.18  | 4,908.31 |
| Dividend payable .....  | 8.33      | 6.89     |
| Balances on Directors' Current Accounts .....   | 2.78      | 3.10     |
| Interest accrued but not due on loans .....   | 185.64    | 151.48   |
| Deposits/Advances received against hire purchase/lease agreements .....               | 149.49    | 112.80   |
| Other current liabilities .....   | 1,103.76  | 721.33   |
|   | 9,682.10  | 6,253.80 |
| Group Share in Joint Ventures .....   | 287.45    | 170.72   |
| Total .....   | 9,969.55  | 6,424.52 |
| <b>(B) Provisions :</b>   |           |          |
| Proposed Dividends .....  | 706.08    | 549.52   |
| Provision for Tax on Proposed Dividend .....  | 96.56     | 74.23    |
| Provision for diminution in value of long term investments .....                      | 98.90     | 92.69    |
| Provision for premium payable on redemption of convertible bonds .....                | —         | 238.49   |
| Provision for compensated absences .....  | 379.75    | 334.72   |
| Provision for Estimated Loss/Expenses on Securitisation .....                         | 264.49    | 202.67   |
| Provision : Others [Note 10] .....  | 1,496.12  | 297.23   |
|   | 3,041.90  | 1,789.55 |
| Group Share in Joint Ventures .....   | 87.46     | 103.12   |
| Total .....   | 3,129.36  | 1,892.67 |
| Total .....   | 13,098.91 | 8,317.19 |

**SCHEDULE VIII**

Rupees crores

|  | 2011            | 2010            |
|--|-----------------|-----------------|
| <b>Income from Operations :</b>  |                 |                 |
| Income from services rendered .....  | 1,450.77        | 6,028.05        |
| Income from Loan, Retained Interest in securitised assets and securitisation ..... | 2,004.17        | 1,534.90        |
| Income from long term contracts .....  | 499.35          | 321.16          |
| Hire Purchase income, Lease income and other rentals .....                         | 104.36          | 83.49           |
| Government grant and Incentives .....  | 274.10          | 72.49           |
| Other Operating Income .....   | 404.12          | 322.48          |
| Profit on sale of Fixed assets (Net) .....   | 4.07            | —               |
|  | <b>4,740.94</b> | <b>8,362.57</b> |
| Group Share in Joint Ventures .....  | 2,393.72        | 7.32            |
| Total .....  | <b>7,134.66</b> | <b>8,369.89</b> |

**SCHEDULE IX**

Rupees crores

|   | 2011          | 2010          |
|---|---------------|---------------|
| <b>Other Income :</b>                                   |               |               |
| Dividends on other Investments [Note 11 (a)] .....      | 68.46         | 68.87         |
| Profit on sale of Fixed assets (Net) .....              | 3.66          | —             |
| Profit on sale of Investments (Net) [Note 11 (b)] ..... | 35.86         | 13.98         |
| Miscellaneous Income .....                              | 75.10         | 36.53         |
|   | <b>183.08</b> | <b>119.38</b> |
| Group Share in Joint Ventures .....                     | 0.93          | 0.05          |
| Total .....   | <b>184.01</b> | <b>119.43</b> |

**SCHEDULE X**

Rupees crores

|   | 2011             | 2010             |
|---|------------------|------------------|
| <b>Raw Materials, Finished and Semi-Finished Products :</b>   |                  |                  |
| <b>(A) (Increase)/Decrease in Stock of Finished Goods, Work-in-Progress and Manufactured Components :</b> |                  |                  |
| Opening Stock :   |                  |                  |
| (i) Finished Products produced and purchased for sale .....   | 860.13           | 845.55           |
| (ii) Contracts and Work-in-Progress .....   | 804.78           | 862.42           |
| (iii) Manufactured Components .....   | 78.83            | 55.79            |
|   | <b>1,743.74</b>  | <b>1,763.76</b>  |
| Add : Stock taken over on acquisition :   |                  |                  |
| (i) Finished Products produced and purchased for sale .....   | 195.77           | 6.67             |
| (ii) Contracts and Work-in-Progress .....   | 115.87           | —                |
| (iii) Manufactured Components .....   | 7.93             | —                |
|   | <b>319.57</b>    | <b>6.67</b>      |
| Less : Closing Stock :  |                  |                  |
| (i) Finished Products produced and purchased for sale .....   | 1,372.09         | 860.13           |
| (ii) Contracts and Work-in-Progress .....   | 1,017.42         | 804.78           |
| (iii) Manufactured Components .....   | 118.14           | 78.83            |
|   | <b>2,507.65</b>  | <b>1,743.74</b>  |
| (Increase)/Decrease in Stock .....  | <b>(444.34)</b>  | <b>26.69</b>     |
| <b>(B) Consumption of Raw Materials and Bought-out Components :</b>                                       |                  |                  |
| Opening Stock .....   | 1,112.06         | 902.73           |
| Add : Purchases .....   | 19,678.97        | 14,338.40        |
|   | <b>20,791.03</b> | <b>15,241.13</b> |
| Add : Stock taken over on acquisition .....   | 613.96           | —                |
| Less : Closing Stock .....  | 2,221.10         | 1,112.06         |
|   | <b>19,183.89</b> | <b>14,129.07</b> |
| <b>(C) Purchases of Finished Products for sale .....</b>  | <b>1,210.16</b>  | <b>1,079.88</b>  |
|   | <b>19,949.71</b> | <b>15,235.64</b> |
| Group Share in Joint Ventures .....   | 47.29            | 32.27            |
| Total .....   | <b>19,997.00</b> | <b>15,267.91</b> |



**SCHEDULE XI**

Rupees crores

|   | 2011            | 2010            |
|---|-----------------|-----------------|
| <b>Personnel :</b>                              |                 |                 |
| Salaries, Wages, Bonus, etc. ....               | 2,637.17        | 4,024.00        |
| Contribution to Provident and other funds. .... | 208.06          | 255.65          |
| Welfare .....                                   | 248.97          | 294.56          |
|   | <b>3,094.20</b> | <b>4,574.21</b> |
| Group Share in Joint Ventures .....             | 1,124.07        | 8.34            |
| Total.....                                      | <b>4,218.27</b> | <b>4,582.55</b> |

**SCHEDULE XII**

Rupees crores

|   | 2011            | 2010            |
|---|-----------------|-----------------|
| <b>Interest, Commitment and Finance Charges :</b>                     |                 |                 |
| On Term Loans and Debentures .....                                    | 916.45          | 905.36          |
| On Others (Net) .....   | 141.72          | 188.93          |
| Finance charges .....   | 22.22           | 26.21           |
|   | <b>1,080.39</b> | <b>1,120.50</b> |
| Group Share in Joint Ventures .....                                   | 45.50           | 0.07            |
| Total .....   | <b>1,125.89</b> | <b>1,120.57</b> |
| Less : Interest Income :  |                 |                 |
| Interest on Government Securities, Debentures and Bonds - Gross ..... | 14.50           | 3.43            |
| Interest - Others - Gross .....                                       | 132.54          | 136.94          |
|   | <b>147.04</b>   | <b>140.37</b>   |
| Group Share in Joint Ventures .....                                   | 4.64            | 0.37            |
| Total .....   | <b>151.68</b>   | <b>140.74</b>   |
|   | <b>974.21</b>   | <b>979.83</b>   |

## SCHEDULE XIII

Rupees crores

|  | 2011            | 2010            |
|--|-----------------|-----------------|
| <b>Other Expenses :</b>  |                 |                 |
| Stores consumed .....  | 255.68          | 194.09          |
| Tools consumed .....   | 75.89           | 58.90           |
| Power and Fuel .....   | 603.92          | 510.77          |
| Rent including lease rentals .....                                     | 166.45          | 241.08          |
| Rates and Taxes .....  | 73.33           | 70.40           |
| Insurance .....  | 49.12           | 58.19           |
| Repairs and Maintenance :  |                 |                 |
| Buildings .....  | 45.33           | 30.72           |
| Machinery .....  | 198.58          | 172.83          |
| Others .....   | 88.63           | 80.05           |
|  | 332.54          | 283.60          |
| Advertisement .....  | 324.65          | 254.57          |
| Commission on sales/contracts (Net) .....                              | 208.95          | 169.50          |
| Discount allowed .....   | 33.96           | 102.90          |
| Freight outward .....  | 1,149.93        | 873.87          |
| Sales Promotion Expenses .....   | 598.04          | 439.08          |
| Travelling Expenses .....  | 218.69          | 458.58          |
| Cost of Projects, Property etc .....                                   | 340.77          | 247.72          |
| Subcontracting Charges .....   | 343.20          | 873.93          |
| Miscellaneous Expenses .....   | 1,137.14        | 1,353.01        |
| Directors' fees .....  | 0.37            | 0.14            |
| Donations and contributions .....                                      | 24.47           | 18.75           |
| Loss on Fixed Assets sold/scrapped/written off (Net) .....             | —               | 17.88           |
| Provision for diminution in value of Long Term investments (Net) ..... | 6.56            | 8.75            |
| Net Increase of cost over fair value of Current Investments .....      | 1.89            | (0.25)          |
| Provision for doubtful debts/advances (Net) .....                      | (43.58)         | 91.26           |
|  | 5,901.97        | 6,326.72        |
| Group Share in Joint Ventures .....                                    | 776.32          | 7.44            |
| <b>Total .....</b>   | <b>6,678.29</b> | <b>6,334.16</b> |

## SCHEDULE XIV

### Notes on the Consolidated Accounts for the year ended 31<sup>st</sup> March, 2011

1. The Consolidated Financial Statements relate to Mahindra & Mahindra Limited (M&M, the Company) and its subsidiaries, joint ventures and associates. The Consolidated Financial Statements have been prepared in accordance with Accounting Standard 21 (AS 21) "Consolidated Financial Statements", Accounting Standard 23 (AS 23) "Accounting for Investment in Associates in Consolidated Financial Statements" and Accounting Standard 27 (AS 27) "Financial Reporting of Interests in Joint Ventures" notified by the Companies (Accounting Standard) Rules, 2006. The Consolidated Financial Statements have been prepared on the following basis :

(a) **Investments in Subsidiaries :**

- (i) The Financial Statements of the Company and its subsidiary companies have been combined on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses. Intra group balances, intra group transactions and unrealised profits or losses have been fully eliminated.
- (ii) The difference between the costs of investment in the subsidiaries and the Company's share of equity at the time of acquisition of shares in the subsidiaries is recognised in the financial statements as Goodwill or Capital Reserve.
- (iii) The difference between the proceeds from disposal of investment in a subsidiary and the carrying amount of its assets less liabilities as of date of disposal is recognised in the Profit and Loss Account as profit or loss on disposal of investment in subsidiary.
- (iv) Minority Interest in the net assets of consolidated subsidiaries consists of :
  - (a) the amount of equity attributable to minorities at the date on which investment in a subsidiary is made; and
  - (b) the minorities' share of movements in equity since the date the parent subsidiary relationship comes into existence.
- (v) The Financial Statements of the subsidiaries are drawn up to 31<sup>st</sup> March, 2011.

The subsidiaries (which along with Mahindra & Mahindra Limited, the parent, constitute the group) considered in the presentation of these Consolidated Financial Statements are:

| Name of the Subsidiary Company   | Country of Incorporation | Proportion of ownership interest |            | Proportion of voting power where different |            |
|--|--------------------------|----------------------------------|------------|--|------------|
|  |                          | as at                            | as at      | as at                                      | as at      |
|  |                          | 31-03-2011                       | 31-03-2010 | 31-03-2011                                 | 31-03-2010 |
| <b>Indian Subsidiaries</b>   |                          |                                  |            |  |            |
| 1. Mahindra First Choice Wheels Limited*   | India                    | 54.83%                           | 54.83%     | —  | —          |
| 2. Mahindra Lifespace Developers Limited   | India                    | 51.05%                           | 51.08%     | —  | —          |
| 3. Mahindra Consulting Engineers Limited   | India                    | 54.16%                           | 51.00%     | —  | —          |
| 4. Bristlecone India Limited   | India                    | 79.94%                           | 81.97%     | 100.00%                                    | 100.00%    |
| 5. Mahindra Engineering and Chemical Products Limited  | India                    | 100.00%                          | 100.00%    | —  | —          |
| 6. Mahindra Gujarat Tractor Limited  | India                    | 60.00%                           | 60.00%     | —  | —          |
| 7. Mahindra Holidays and Resorts India Limited*  | India                    | 83.71%                           | 84.03%     | —  | —          |
| 8. Mahindra Infrastructure Developers Limited  | India                    | 51.05%                           | 40.87%     | 100.00%                                    | 80.00%     |
| 9. Mahindra Intertrade Limited   | India                    | 100.00%                          | 100.00%    | —  | —          |
| 10. Mahindra & Mahindra Financial Services Limited*  | India                    | 56.85%                           | 60.68%     | —  | —          |
| 11. Mahindra Steel Service Centre Limited  | India                    | 61.00%                           | 61.00%     | —  | —          |
| 12. Mahindra Shubhlabh Services Limited  | India                    | 83.05%                           | 83.05%     | —  | —          |
| 13. NBS International Limited  | India                    | 100.00%                          | 100.00%    | —  | —          |
| 14. Mahindra Insurance Brokers Limited*  | India                    | 56.85%                           | 60.68%     | 100.00%                                    | 100.00%    |
| 15. Mahindra Engineering Services Limited*   | India                    | 97.79%                           | 100.00%    | —  | —          |
| 16. Mahindra World City Developers Limited   | India                    | 42.18%                           | 42.21%     | 82.62%                                     | 82.62%     |
| 17. Mahindra Gears & Transmissions Private Limited   | India                    | 53.34%                           | 53.34%     | —  | —          |
| 18. Mahindra Navistar Automotives Limited  | India                    | 51.00%                           | 51.00%     | —  | —          |
| 19. Mahindra World City (Maharashtra) Limited  | India                    | 51.05%                           | 51.08%     | 100.00%                                    | 100.00%    |
| 20. Mahindra Automobile Distributor Private Limited (formerly known as Mahindra Renault Private Limited) | India                    | 100.00%                          | 51.00%     | —  | —          |

| Name of the Subsidiary Company  | Country of Incorporation | Proportion of ownership interest |            | Proportion of voting power where different |            |
|---|--------------------------|----------------------------------|------------|--|------------|
|   |                          | as at                            | as at      | as at                                      | as at      |
|   |                          | 31-03-2011                       | 31-03-2010 | 31-03-2011                                 | 31-03-2010 |
| 21. Mahindra UGINE Steel Company Limited  | India                    | 50.69%                           | 50.69%     | —  | —          |
| 22. Mahindra World City (Jaipur) Limited  | India                    | 37.78%                           | 37.80%     | 74.00%                                     | 74.00%     |
| 23. Mahindra Integrated Township Limited  | India                    | 48.42%                           | 48.74%     | 99.34%                                     | 99.92%     |
| 24. Mahindra Vehicle Manufacturers Limited  | India                    | 100.00%                          | 100.00%    | —  | —          |
| 25. Mahindra Hinoday Industries Limited (formerly known as Mahindra Castings Limited)   | India                    | 64.95%                           | 64.94%     | —  | —          |
| 26. Mahindra Forgings Limited   | India                    | 50.67%                           | 50.68%     | —  | —          |
| 27. Mahindra Hotels and Residences India Limited*   | India                    | 83.71%                           | 84.03%     | 100.00%                                    | 100.00%    |
| 28. Knowledge Township Limited  | India                    | 51.05%                           | 51.08%     | 100.00%                                    | 100.00%    |
| 29. Mahindra Holdings Limited   | India                    | 100.00%                          | 100.00%    | —  | —          |
| 30. Mahindra Logistics Limited  | India                    | 100.00%                          | 100.00%    | —  | —          |
| 31. Mahindra Rural Housing Finance Limited*   | India                    | 49.74%                           | 53.09%     | 87.50%                                     | 87.50%     |
| 32. Mahindra Residential Developers Limited   | India                    | 24.69%                           | 24.85%     | 51.00%                                     | 51.00%     |
| 33. Mahindra Aerospace Private Limited  | India                    | 66.67%                           | 100.00%    | —  | —          |
| 34. Mahindra First Choice Services Limited  | India                    | 100.00%                          | 100.00%    | —  | —          |
| 35. Mahindra Navistar Engines Private Limited   | India                    | 51.00%                           | 51.00%     | —  | —          |
| 36. Mahindra Bebanco Developers Limited   | India                    | 35.73%                           | 35.76%     | 70.00%                                     | 70.00%     |
| 37. Industrial Township (Maharashtra) Limited   | India                    | 51.05%                           | 51.08%     | 100.00%                                    | 100.00%    |
| 38. Crest Geartech Private Limited  | India                    | 51.00%                           | 51.00%     | 100.00%                                    | 100.00%    |
| 39. Mahindra Business & Consulting Services Private Limited*  | India                    | 56.85%                           | 60.68%     | 100.00%                                    | 100.00%    |
| 40. Mahindra Two Wheelers Limited   | India                    | 80.00%                           | 80.00%     | —  | —          |
| 41. Mahindra United Football Club Private Limited   | India                    | 100.00%                          | 100.00%    | —  | —          |
| 42. Defence Land Systems India Private Limited  | India                    | 74.00%                           | 100.00%    | —  | —          |
| 43. Mahindra Electrical Steel Limited (formerly known as Mahindra Metal One Steel Service Centre Limited)   | India                    | 100.00%                          | 100.00%    | —  | —          |
| 44. Raigad Industrial & Business Park Limited   | India                    | 51.05%                           | 51.08%     | 100.00%                                    | 100.00%    |
| 45. Retail Initiative Holdings Limited  | India                    | 100.00%                          | 100.00%    | —  | —          |
| 46. Mahindra Retail Private Limited   | India                    | 89.51%                           | 78.91%     | —  | —          |
| 47. Mahindra Punjab Tractors Private Limited  | India                    | 100.00%                          | 100.00%    | —  | —          |
| 48. Mahindra EcoNova Private Limited  | India                    | 100.00%                          | 100.00%    | —  | —          |
| 49. Mahindra Conveyor Systems Private Limited   | India                    | 91.50%                           | 100.00%    | —  | —          |
| 50. Anthurium Developers Limited (w.e.f. 3 <sup>rd</sup> June, 2010)  | India                    | 51.05%                           | —          | 100.00%                                    | —          |
| 51. Watsonia Developers Limited (w.e.f. 3 <sup>rd</sup> June, 2010)   | India                    | 51.05%                           | —          | 100.00%                                    | —          |
| 52. Mahindra Reva Electric Vehicles Private Limited (formerly known as Reva Electric Car Company Private Limited) (w.e.f. 26 <sup>th</sup> May, 2010) | India                    | 56.33%                           | —          | —  | —          |
| 53. Mahindra BPO Services Private Limited (w.e.f. 18 <sup>th</sup> January, 2011)   | India                    | 100.00%                          | —          | —  | —          |
| 54. Mahindra Aerostructures Private Limited (w.e.f. 27 <sup>th</sup> January, 2011)   | India                    | 66.67%                           | —          | 100%                                       | —          |
| 55. Mahindra EPC Services Private Limited (w.e.f. 4 <sup>th</sup> March, 2011)  | India                    | 100.00%                          | —          | —  | —          |
| <b>Foreign Subsidiaries</b>   |                          |                                  |            |  |            |
| 56. Mahindra Automotive Australia Pty. Limited  | Australia                | 92.63%                           | 80.00%     | —  | —          |
| 57. Mahindra Aerospace Australia Pty. Limited (w.e.f. 13 <sup>th</sup> April, 2010)   | Australia                | 66.67%                           | —          | 100.00%                                    | —          |

| Name of the Subsidiary Company   | Country of Incorporation | Proportion of ownership interest |            | Proportion of voting power where different |            |
|--|--------------------------|----------------------------------|------------|--|------------|
|  |                          | as at                            | as at      | as at                                      | as at      |
|  |                          | 31-03-2011                       | 31-03-2010 | 31-03-2011                                 | 31-03-2010 |
| 58. Aerostaff Australia Pty. Limited (w.e.f. 10 <sup>th</sup> May, 2010)                               | Australia                | 66.67%                           | —          | 100.00%                                    | —          |
| 59. Gipp Aero Investments Pty. Limited (w.e.f. 28 <sup>th</sup> June, 2010)                            | Australia                | 50.07%                           | —          | 75.10%                                     | —          |
| 60. Gippsaero Pty. Limited (w.e.f. 28 <sup>th</sup> June, 2010)  | Australia                | 50.07%                           | —          | 100.00%                                    | —          |
| 61. GA8 Airvan Pty. Limited (w.e.f. 28 <sup>th</sup> June, 2010)                                       | Australia                | 50.07%                           | —          | 100.00%                                    | —          |
| 62. GA200 Pty. Limited (w.e.f. 28 <sup>th</sup> June, 2010)  | Australia                | 50.07%                           | —          | 100.00%                                    | —          |
| 63. Airvan Flight Services Pty. Limited (w.e.f. 28 <sup>th</sup> June, 2010)                           | Australia                | 50.07%                           | —          | 100.00%                                    | —          |
| 64. Gipp Aero International Pty. Limited (w.e.f. 28 <sup>th</sup> June, 2010)                          | Australia                | 50.07%                           | —          | 100.00%                                    | —          |
| 65. Nomad TC Pty. Limited (w.e.f. 28 <sup>th</sup> June, 2010)   | Australia                | 50.07%                           | —          | 100.00%                                    | —          |
| 66. BAH Hotelanlagen AG*   | Austria                  | 82.81%                           | 83.13%     | 98.93%                                     | 98.93%     |
| 67. Bristlecone Consulting Limited (w.e.f. 1 <sup>st</sup> June, 2010)                                 | Canada                   | 79.94%                           | —          | 100.00%                                    | —          |
| 68. Bristlecone Limited  | Cayman Islands           | 79.94%                           | 81.97%     | —  | —          |
| 69. Mahindra (China) Tractor Company Limited   | China                    | 85.90%                           | 85.90%     | —  | —          |
| 70. Mahindra Yueda (Yancheng) Tractor Company Limited  | China                    | 51.00%                           | 51.00%     | —  | —          |
| 71. Ssangyong (Yizheng) Auto Parts Manufacturing Company Limited (w.e.f. 15 <sup>th</sup> March, 2011) | China                    | 70.04%                           | —          | 100.00%                                    | —          |
| 72. Ssangyong Motor (Shanghai) Company Limited (w.e.f. 15 <sup>th</sup> March, 2011)                   | China                    | 70.04%                           | —          | 100.00%                                    | —          |
| 73. Mahindra Gears Cyprus Limited  | Cyprus                   | 53.34%                           | 53.34%     | 100.00%                                    | 100.00%    |
| 74. Bristlecone GmbH   | Germany                  | 79.94%                           | 81.97%     | 100.00%                                    | 100.00%    |
| 75. Mahindra Engineering GmbH*   | Germany                  | 97.79%                           | 100.00%    | 100.00%                                    | —          |
| 76. Mahindra Forgings Europe AG  | Germany                  | 50.67%                           | 50.68%     | 100.00%                                    | 100.00%    |
| 77. Gesenkschmiede Schneider GmbH  | Germany                  | 50.67%                           | 50.68%     | 100.00%                                    | 100.00%    |
| 78. JECO-Jellinghaus GmbH  | Germany                  | 50.67%                           | 50.68%     | 100.00%                                    | 100.00%    |
| 79. Falkenroth Umformtechnik GmbH  | Germany                  | 50.67%                           | 50.68%     | 100.00%                                    | 100.00%    |
| 80. Schöneweiss & Co. GmbH   | Germany                  | 50.67%                           | 50.68%     | 100.00%                                    | 97.28%     |
| 81. MHR Hotel Management GmbH*   | Germany                  | 62.78%                           | 63.02%     | 75.00%                                     | 75.00%     |
| 82. Mahindra Europe S.r.l.   | Italy                    | 80.00%                           | 80.00%     | —  | —          |
| 83. Mahindra Graphic Research Design S.r.l.  | Italy                    | 100.00%                          | 100.00%    | —  | —          |
| 84. Metalcastello S.p.A.   | Italy                    | 51.00%                           | 51.00%     | 95.61%                                     | 95.61%     |
| 85. Engines Engineering S.r.l.*  | Italy                    | 97.79%                           | 70.00%     | 100.00%                                    | —          |
| 86. EFF Engineering S.r.l.*  | Italy                    | 49.88%                           | 35.70%     | 51.00%                                     | 51.00%     |
| 87. ID-EE S.r.l. (upto 3 <sup>rd</sup> August, 2010)   | Italy                    | -                                | 49.00%     | —  | 70.00%     |
| 88. Bristlecone (Malaysia) SDN. BHD.   | Malaysia                 | 79.94%                           | 81.97%     | 100.00%                                    | 100.00%    |
| 89. Heritage Bird (M) SDN. BHD.*   | Malaysia                 | 83.71%                           | 84.03%     | 100.00%                                    | 100.00%    |
| 90. Mahindra Overseas Investment Company (Mauritius) Limited   | Mauritius                | 100.00%                          | 100.00%    | —  | —          |
| 91. Mahindra-BT Investment Company (Mauritius) Limited   | Mauritius                | 57.00%                           | 57.00%     | —  | —          |
| 92. Mahindra Forgings International Limited  | Mauritius                | 50.67%                           | 50.68%     | 100.00%                                    | 100.00%    |
| 93. Mahindra Forgings Global Limited   | Mauritius                | 50.67%                           | 50.68%     | 100.00%                                    | 100.00%    |
| 94. Mahindra Gears International Limited   | Mauritius                | 100.00%                          | 100.00%    | —  | —          |
| 95. Mahindra Gears Global Limited  | Mauritius                | 53.34%                           | 53.34%     | —  | —          |

| Name of the Subsidiary Company  | Country of Incorporation | Proportion of ownership interest |            | Proportion of voting power where different |            |
|---|--------------------------|----------------------------------|------------|--|------------|
|   |                          | as at                            | as at      | as at                                      | as at      |
|   |                          | 31-03-2011                       | 31-03-2010 | 31-03-2011                                 | 31-03-2010 |
| 96. Ssangyong European Parts Center B.V. (w.e.f. 15 <sup>th</sup> March, 2011)        | Netherland               | 70.04%                           | —          | 100.00%                                    | —          |
| 97. Mahindra Middleeast Electrical Steel Service Centre (FZC)                         | Sharjah                  | 90.00%                           | 90.00%     | —  | —          |
| 98. Bristlecone (Singapore) Pte. Limited  | Singapore                | 79.94%                           | 81.97%     | 100.00%                                    | 100.00%    |
| 99. Mahindra & Mahindra South Africa (Proprietary) Limited                            | South Africa             | 100.00%                          | 100.00%    | —  | —          |
| 100. Ssangyong Motor Company Limited (w.e.f. 15 <sup>th</sup> March, 2011)            | South Korea              | 70.04%                           | —          | —  | —          |
| 101. Mahindra Emirates Vehicle Armouring FZ-LLC (w.e.f. 5 <sup>th</sup> August, 2010) | U.A.E.                   | 51.00%                           | —          | —  | —          |
| 102. Bristlecone UK Limited   | U.K.                     | 79.94%                           | 81.97%     | 100.00%                                    | 100.00%    |
| 103. Stokes Group Limited   | U.K.                     | 50.63%                           | 50.64%     | 99.92%                                     | 99.92%     |
| 104. Stokes Forgings Dudley Limited   | U.K.                     | 50.63%                           | 50.64%     | 100.00%                                    | 100.00%    |
| 105. Jensand Limited  | U.K.                     | 50.63%                           | 50.64%     | 100.00%                                    | 100.00%    |
| 106. Stokes Forgings Limited  | U.K.                     | 50.63%                           | 50.64%     | 100.00%                                    | 100.00%    |
| 107. Mahindra Engineering Services (Europe) Limited*                                  | U.K.                     | 97.79%                           | 100.00%    | 100.00%                                    | —          |
| 108. Mahindra USA Inc.  | U.S.A.                   | 100.00%                          | 100.00%    | —  | —          |
| 109. Bristlecone Inc.   | U.S.A.                   | 79.94%                           | 81.97%     | 100.00%                                    | 100.00%    |
| 110. Mahindra Holidays and Resorts USA Inc.*  | U.S.A.                   | 83.71%                           | 84.03%     | 100.00%                                    | 100.00%    |
| 111. Mahindra Technologies Services Inc.*   | U.S.A.                   | 97.79%                           | 100.00%    | 100.00%                                    | —          |

\* excluding shares issued to ESOP Trust but not allotted to employees as per the Guidance Note on Accounting for Employee Share-based Payments issued by The Institute of Chartered Accountants of India.

**(b) Interests in Joint Ventures :**

The Group's interests in jointly controlled entities of the Group are :

| Name of the Entity   | Country of Incorporation | Percentage of ownership interest as at 31-03-2011 | Percentage of ownership interest as at 31-03-2010 |
|--|--------------------------|---|---|
| 1. Mahindra Sona Limited   | India                    | 29.77%  | 29.77%  |
| 2. PSL Media & Communications Limited (formerly known as PSL Erickson Limited) (upto 28 <sup>th</sup> May, 2010) | India                    | —   | 18.06%  |
| 3. Mahindra Water Utilities Limited ■  | India                    | 50.00%  | 50.00%  |
| 4. Mahindra Inframan Water Utilities Private Limited ■   | India                    | 50.00%  | 50.00%  |
| 5. Tech Mahindra Limited India   | India                    | 48.20%  | 43.99%  |
| 6. Mahindra Solar One Private Limited (w.e.f. 22 <sup>nd</sup> September, 2010) #                                | India                    | 26.00%  | —   |
| 7. Mahindra Finance USA LLC (w.e.f. 27 <sup>th</sup> September, 2010)*   | U.S.A.                   | 49.00%  | —   |

Interest in Joint Ventures is accounted for using Proportionate Consolidation Method.

■ Shareholding is through a subsidiary, Mahindra Infrastructure Developers Limited.

# Shareholding is through a subsidiary, Mahindra Holdings Limited.

\* Shareholding is through a subsidiary, Mahindra & Mahindra Financial Services Limited.

The financial statements of all the Joint Ventures are drawn upto 31<sup>st</sup> March, 2011.

(c) **Investment in Associates :**

The Group's Associates are :

| Name of the Entity  | Country of Incorporation | Percentage of ownership interest as at 31-03-2011 | Percentage of ownership interest as at 31-03-2010 |
|---|--------------------------|---|---|
| 1. Owens Corning (India) Limited (upto 24 <sup>th</sup> November, 2010)   | India                    | —   | 21.50%  |
| 2. Mahindra Construction Company Limited  | India                    | 43.83%  | 43.83%  |
| 3. Officemartindia.com Limited  | India                    | 50.00%  | 50.00%  |
| 4. Rathna Bhoomi Enterprises Private Limited  | India                    | 25.53%  | 20.43%  |
| 5. Kota Farm Services Limited   | India                    | 45.00%  | 37.37%  |
| 6. Mriyalguda Farm Solution Limited   | India                    | 45.00%  | 37.37%  |
| 7. Mega One Stop Farm Services Limited  | India                    | 45.00%  | 37.37%  |
| 8. Mahindra Composites Limited  | India                    | 35.44%  | 30.56%  |
| 9. Swaraj Automotives Limited   | India                    | 44.19%  | 44.19%  |
| 10. Swaraj Engines Limited  | India                    | 33.22%  | 33.22%  |
| 11. Mahindra & Mahindra Contech Limited   | India                    | 35.16%  | —   |
| 12. Vayugrid Marketplace Services Private Limited (w.e.f. 3 <sup>rd</sup> September, 2010)                          | India                    | 21.83%  | —   |
| 13. EPC Industrie Limited (w.e.f. 17 <sup>th</sup> March, 2011)   | India                    | 38.00%  | —   |
| 14. PSL Media & Communications Limited (formerly known as PSL Erickson Limited) (w.e.f. 29 <sup>th</sup> May, 2010) | India                    | 36.12%  | —   |

The financial statements of all the Associates are drawn up to 31<sup>st</sup> March, 2011.

**2. Significant Accounting Policies :**

(A) **Basis of Accounting :**

The financial statements are prepared in accordance with the generally accepted accounting principles in India and comply with the Accounting Standards notified under sub-section (3C) of Section 211 of the Companies Act, 1956 and the relevant provisions thereof.

(B) **Fixed Assets :**

- (a) (i) Fixed Assets are carried at cost less depreciation except as stated in (ii) below. Cost includes financing cost relating to borrowed funds attributable to the construction or acquisition of qualifying fixed assets upto the date the asset is ready for use.

When an asset is scrapped or otherwise disposed off, the cost and related depreciation are removed from the books of account and resultant profit (including capital profit) or loss, if any, is reflected in the Profit and Loss Account.

- (ii) Land and Buildings, of the parent company had been revalued as at 31<sup>st</sup> October, 1984 at depreciated replacement values on the basis of a valuation made by a firm of Chartered Surveyors and Valuers. The indices, if any, used are not stated in the valuation.

- (b) (i) Leasehold land is amortised over the period of the lease.

- (ii) Depreciation on fixed assets is provided on straight line method over its useful life estimated by management or on the basis of depreciation rates prescribed under respective local laws.

- (iii) Depreciation charge for each year is after deducting the amount representing the depreciation on the increase due to revaluation of Land and Buildings, transferred from the Revaluation Reserve.

(C) **Intangible Assets :**

All Intangible Assets are initially measured at cost and amortised so as to reflect the pattern in which the asset's economic benefits are consumed.

(a) **Technical Knowhow :**

The expenditure incurred is amortised over the estimated period of benefit, not exceeding six years commencing with the year of purchase of the technology.

(b) **Development Expenditure :**

The expenditure incurred on technical services and other project/product related expenses are amortised on the completion of the development

work over the period of benefit not exceeding five years.

(c) Software Expenditure :

The expenditure incurred is amortised over three financial years equally commencing from the year in which the expenditure is incurred.

(d) Websites :

The expenditure incurred is amortised over the estimated period of benefit, not exceeding five years.

(e) Timeshare Weeks :

Intangible assets representing 'timeshare weeks' are amortised over a period of ten years.

(f) Trademarks :

The expenditure incurred is amortised over the estimated period of benefit, not exceeding ten years.

(g) Non-Compete Fees :

Non-compete payments are amortised equally over the estimated period of benefit, not exceeding ten years.

(D) Investments :

All long term investments, other than in Associates, are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary, in the value of investments. Current investments are valued at the lower of cost and fair value, determined by category of investment. Investments in Associates are accounted using the equity method.

(E) Inventories :

Inventories are stated at cost or net realisable value, whichever is lower. Cost is arrived at on a weighted average method and includes, where appropriate, manufacturing overheads and excise duty. Cost of the inventory, includes interest, where appropriate, for long term projects.

(F) Foreign Exchange Transactions :

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of transaction. Monetary items are translated at the year-end rates. The exchange difference between the rate prevailing on the date of transaction and on the date of settlement as also on translation of monetary items at the end of the year (other than those relating to long term foreign currency monetary items) is recognised as income or expense, as the case may be.

Exchange differences relating to long term foreign currency monetary items, to the extent they are used for financing the acquisition of fixed assets are added to or subtracted from the cost of such fixed assets and the balance accumulated in 'Foreign Currency Monetary Item Translation Difference Account' and amortised over the balance term of the long term monetary item or 31<sup>st</sup> March, 2011 whichever is earlier.

Any premium or discount arising at the inception of a forward exchange contract is recognised as income or expense over the life of the contract, except in the case where the contract is designated as a cash flow hedge.

(G) Derivative Instruments and Hedge Accounting :

The Company uses foreign currency forward contracts and currency options to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and highly probable forecast transactions. The Company does not hold derivative financial instruments for speculative purposes. The Company has applied to such contracts, the hedge accounting principles set out in Accounting Standard 30 (AS 30) "Financial Instruments : Recognition and Measurement" by marking them to market.

Changes in the fair value of the contracts that are designated and effective as hedges of future cash flows are recognised directly in Hedging Reserve Account and the ineffective portion is recognised immediately in the Profit and Loss Account.

(H) Revenue Recognition :

(a) Sales of products and services are recognised when the products are shipped or services rendered. Income from long term contracts and sale of property (concerning property development activity) is, accounted for on percentage of completion basis. [Refer paragraph (I) below]

(b) Dividends from investments are recognised in the Profit and Loss Account when the right to receive payment is established.

(I) Long Term Contracts and Property Development Activity :

Income on long term contracts and property development activity is accounted on the percentage of completion basis which necessarily involves technical estimates of the percentage of completion of each contract/activity, and costs to completion of the contract/activity, on the basis of which profits/losses are accounted. Such estimates, made by the management and certified to the auditors, have been relied upon by them, as these are of a technical nature.

Project management fees receivable on fixed period contracts are accounted over the tenure of the contract/agreement. Where the management fee is



linked to the input costs, revenue is recognised as a proportion of the work completed based on progress claim submitted. Where the management fees are linked to the revenue generation from the project, revenue is recognised on the percentage of completion basis.

(J) Income from Lease/Hire Purchase :

Finance earnings on lease transactions are calculated by applying the interest rate implicit in the lease, to the investment in the leased assets, as reduced by the net present value of the lease instalments falling due.

Income from hire purchase contracts entered prior to 1<sup>st</sup> April, 2001 is accounted for on equated basis in accordance with the terms of the contract (except in some cases in which it is accounted for by applying the interest rate implicit in such contracts). For hire purchase transactions entered on or after 1<sup>st</sup> April, 2001 the income is accounted for by applying the interest rate implicit in such contracts.

(K) Government Grants :

The Company, directly or indirectly through a consortium of Mahindra Group Companies, is entitled to/expects to be entitled to various incentives from government authorities in respect of manufacturing units located in developing regions. The Company accounts for its entitlement on accrual basis.

(L) Timeshare Business :

The activity of selling Timeshare and providing holiday facilities to members for a specified period each year, over a number of years, for which membership fee is collected either in full up front, or on a deferred payment basis. Admission fee, which is non-refundable, is recognised as income on admission of member. Entitlement fee (disclosed under deferred income), which entitles the Timeshare member for the Timeshare facilities over the membership usage period, is recognised as income equally over the usage period.

(M) Employee Benefits :

Defined Contribution Plan/Defined Benefit Plan/Long term compensated absences :

Group's contributions paid/payable during the year to Superannuation Fund, ESIC and Labour Welfare Fund are recognised in the Profit and Loss Account. Contributions to Provident Fund are made to Trusts administered by Group Companies or Regional Provident Fund Commissioners and are charged to Profit and Loss Account as incurred.

The Company is liable for the contribution and any shortfall in interest between the amount of interest realised by the investment and the interest payable to members at the rate declared by the Government of India.

Group's liability towards gratuity, long term compensated absences and post retirement medical benefit schemes are determined by independent actuaries, using the projected unit credit method. Past services are recognised on a straight line basis over the average period until the benefits become vested. Actuarial gains and losses are recognised immediately in the statement of Profit and Loss Account as income or expense. Obligation is measured at the present value of estimated future cash flows using a discounted rate that is determined by reference to the market yields at the Balance Sheet date on Government Bonds where the currency and terms of the Government Bonds are consistent with the currency and estimated terms of the defined benefit obligation.

(N) Borrowing Costs :

All borrowing costs are charged to the Profit and Loss Account other than :

- (a) Borrowing costs that are attributable to the acquisition or construction of assets that necessarily take a substantial period of time to get ready for their intended use. These are capitalised as part of the cost of such assets.
- (b) Expenses incurred on raising long term borrowings which are amortised over the period of borrowings. On early buyback, conversion or repayment of borrowings, any unamortised expenditure is fully written off in that year.

(O) Redemption Premium :

Premium payable on redemption of Bonds/Debentures is fully provided and charged to Securities Premium Account (Net of Tax) in the year of issue.

(P) Product Warranty :

In respect of warranties on sale of certain products, the estimated costs of these warranties are accrued at the time of sale. The estimates for accounting of warranties are reviewed and revisions are made as required.

(Q) Leases :

The Group's significant leasing arrangements are in respect of operating leases for premises (residential, office, stores, godowns, etc.). The leasing arrangements which are not non-cancellable range between 11 months and three years generally, and are usually renewable by mutual consent on agreed terms. The aggregate lease rentals payable are charged as Rent including lease rentals.

## (R) Segment Reporting :

The accounting policies adopted for segment reporting are in line with the accounting policies of the Group. Segments are identified having regard to the dominant source nature of risks and returns and internal organisation and management structure.

Revenues and expenses have been identified to the segments based on their relationship to the business activity of the segment.

Income/Expenses relating to the enterprise as a whole and not allocable on a reasonable basis to business segments are reflected as unallocated corporate income/expenses. Inter-segment transfers are at prices which are generally market led.

## (S) Taxes on Income :

Current tax is determined as the amount of tax payable in respect of taxable income for the year. Deferred tax is recognised, subject to consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets arising on account of unabsorbed depreciation or carry forward of tax losses are recognised only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised.

## (T) Income from Securitisation and Assignment :

Securitised assets are derecognised as the contractual rights therein are transferred to the special purpose vehicle or buyers as the case may be. On derecognition, the difference between book value of the securitised asset and consideration received as reduced by the estimated provision for loss/expense and incidental expenses related to the transaction is recognised as gain or loss arising on securitisation.

In case of assignment of receivables, the assets are derecognised as all the rights, titles, future receivables and interest thereof are assigned to the purchaser. On derecognising, the difference between book value of the receivables assigned and consideration received as reduced by the estimated provision for loss/expense and incidental expenses related to the transaction is recognised as gain or loss arising on assignment.

3. **Significant changes in Group Structure** : During the year ended 31<sup>st</sup> March, 2011, the following changes in Group structure have taken place and the same have been appropriately dealt with in the Consolidated Financial Statements.

- (i) **Mahindra & Mahindra Financial Services Limited (MMFSL)** : During the current year MMFSL, a subsidiary of the Company came out with a Qualified Institutional Placement (QIP) wherein they placed 61,33,205 equity shares of Rs.10/- each with Qualified Institutional Buyers (QIBs) at a premium of Rs. 685/- per share. This has led to a dilution of the Company's holding in MMFSL from 60.68% to 56.85%.
- (ii) **Owens Corning (India) Limited (OCIL)** : The Company through an agreement had a put option on its holding in OCIL. During the year the Company exercised the put option and sold its entire stake in OCIL.
- (iii) **Tech Mahindra Limited (TML)** : In the previous year pursuant to exercise of share options by AT&T, TML had ceased to be a subsidiary of the Company. As the transaction happened on 22<sup>nd</sup> March, 2010 the Company consolidated TML as a subsidiary in the Profit & Loss Account for the period upto 22<sup>nd</sup> March, 2010 and as Joint Venture for the purposes of the Balance Sheet as at 31<sup>st</sup> March, 2010.  
During the current year, TML has been consolidated as a Joint Venture in the books of the Company both for the Profit and Loss Account and the Balance Sheet. The Company has acquired an additional 5.44% stake in TML, there by raising its holding in TML to 48.20%.
- (iv) **Mahindra Automobile Distributor Private Limited (formerly known as Mahindra Renault Private Limited)** : During the year, the Company restructured its Joint Venture agreement with Renault s.a.s. whereby the Company bought out Renault's stake in Mahindra Renault Private Limited thereby making it a wholly owned subsidiary of the Company. Mahindra Renault Private Limited was subsequently renamed as Mahindra Automobile Distributor Private Limited.
- (v) **Ssangyong Motor Company Limited (SYMC)** : During the year through a bidding process the Company emerged as the preferred bidder for the acquisition of a majority stake in South Korean SUV maker SYMC. The Company subsequently acquired 70.04% stake in SYMC thereby making it a subsidiary of the Company. The Company gained control of the voting power related to the above mentioned stake in SYMC on 15<sup>th</sup> March, 2011; hence, for the current financial year only the Balance Sheet of SYMC as on 31<sup>st</sup> March, 2011 has been consolidated in the books of the Company.
- (vi) **Mahindra Reva Electric Vehicles Private Limited (RECPL) (formerly known as Reva Electric Car Company Private Limited)** : To strengthen its position in the electric vehicle domain, the Company during the year acquired 56.33% stake in Reva Electric Car Company Private Limited making it a subsidiary of the Company.
- (vii) **Aerostaff Australia Pty. Limited (AAPL)** : During the year, the Company through its subsidiary Mahindra Aerospace Australia Pty. Ltd., a wholly owned subsidiary of Mahindra Aerospace Private Limited (MAPL) acquired 100% stake of AAPL, thus making it a subsidiary of the Company. Since AAPL is held through a subsidiary the Company's effective holding in AAPL is 66.67%.
- (viii) **Gipp Aero Investments Pty. Limited (GAIPL)** : During the year, the Company through its subsidiary Mahindra Aerospace Australia Pty. Ltd., a wholly owned subsidiary of Mahindra Aerospace Private Limited (MAPL) acquired 75.10% stake of Gipp Aero Investments Pty. Limited (GAIPL) thus making it a subsidiary of the Company. Since GAIPL is held through a subsidiary the Company's effective holding in GAIPL and its subsidiaries is 50.07%.

(ix) **Mahindra Shubhlabh Services Limited (MSSL)** : In accordance with the scheme of arrangement sanctioned by the Honourable High Court of Bombay vide its order dated 25<sup>th</sup> March, 2011, the Non Fruit business of MSSL was transferred and merged with the Company with effect from 1<sup>st</sup> January, 2010, the appointed date.

4. The Guidance Note on Accounting for Employee Share-based Payments issued by The Institute of Chartered Accountants of India requires that shares allotted to a trust but not transferred to employees be reduced from Share Capital and Reserves. Accordingly, the Company has reduced the Share Capital by **Rs. 11.51 crores** (2010 : Rs. 3.63 crores), Securities Premium Account by **Rs. 80.39 crores** (2010 : Rs. 84.29 crores) for the **2,30,23,013** shares of Rs. 5 each (2010 : 72,63,296 shares of Rs. 5 each) held by the trust pending transfer to the eligible employees.

The Share Capital of the Company has also been reduced and the General Reserve increased by **Rs. 1.84 crores** (2010 : Rs. 2.63 crores) for the **36,69,979** bonus shares of Rs. 5 each (2010 : 52,63,296 shares of Rs. 5 each) issued by the Company in September, 2005 to the trust but not yet transferred by the trust to the employees. The above monies which are treated as advance received from it, is included under current liabilities.

5. Consequent to the announcement issued by The Institute of Chartered Accountants of India dated 29<sup>th</sup> March, 2008 in respect of forward exchange contracts and currency and interest rate swaps, the Company has applied the Hedge Accounting principles set out in the Accounting Standard 30 (AS 30) "Financial Instruments : Recognition and Measurement". Accordingly, such contracts are marked to market and the gain aggregating **Rs. 9.27 crores** (Net of Tax of Rs. 3.08 crores) [2010 : Gain of Rs. 80.02 crores (Net of Tax of Rs. 27.20 crores)] arising consequently on contracts that were designated and effective as hedges of future cash flows has been recognised directly in the Hedging Reserve Account.

6. **Loans :**

- (a) Secured borrowings are secured by a *pari-passu* charge on immovable properties of the entities both present and future, subject to certain exclusions and are also secured by *pari-passu* charge on the movable properties of the entities including movable machinery, machinery spares, tools and accessories, both present and future, subject to certain exclusions.
- (b) Loans and Advances from Banks are secured by a first charge on the whole of the Current Assets namely inventories, certain book debts, outstanding monies, receivables, claims, etc. both present and future.
- (c) The Company had issued during the year ended 31<sup>st</sup> March, 2007, Zero Coupon Foreign Currency Convertible Bonds (Bonds 2011) aggregating US \$ 200 million, at par. The bond holders had an option to convert these bonds into Equity Shares with full voting rights or Global Depository Receipts (GDRs) determined at an initial conversion price of Rs. 461.02 per share of Rs. 5 each with fixed exchange rate of conversion of Rs. 44.42 = US \$ 1, at any time on or after 7<sup>th</sup> May, 2006 upto 7<sup>th</sup> March, 2011.

The Bonds 2011 could have been redeemed, in whole but not in part, at the option of the Company at any time on or after 13<sup>th</sup> April, 2008 subject to satisfaction of certain conditions. Unless previously converted, redeemed or purchased and cancelled, the bonds fell due for redemption on 14<sup>th</sup> April, 2011 at 128.03 percent of their principal amount.

Out of the Bonds 2011 aggregating to US \$ 200 million, bonds of face value US \$ 10.50 million were bought back and cancelled in the previous years. In the current year bonds aggregating to **US \$ 188.40** million have been converted into **1,81,52,597** equity shares/GDR's. Consequent to the conversion, the Share Capital and Securities Premium Account of the Company has been increased by **Rs. 9.08 crores** and **Rs. 827.80 crores** respectively.

Premium payable on redemption of Bonds 2011 had been fully provided in a previous year by debiting the same to Securities Premium Account. Consequent to the conversion/redemption, premium aggregating **Rs.158.45 crores** (Net of Tax of Rs. 78.81 crores) no longer payable has been credited back to Securities Premium Account during the year.

The balance Bonds 2011 of US \$ 1.1 million were redeemed inclusive of the accreted premium.

7. (a) The depreciation charge for the year excludes :
- (i) An amount of **Rs. 0.25 crores** (2010 : Rs. 0.42 crores), representing depreciation on the increase due to revaluation of Land and Buildings transferred from the Revaluation Reserve.
- (ii) An amount of **Rs. 0.58 crores** (2010 : Rs. 6.71 crores), representing depreciation on assets used for development work. This expenditure is transferred to Development Expenditure and is appropriately amortised.
- (iii) An amount of **Rs. 0.16 crores** (2010 : Rs. Nil), representing depreciation capitalised and included in Capital Work-in-Progress.
- (b) The Revaluation Reserve is also adjusted for an amount of **Rs. 0.24 crores** (2010 : Rs. 0.01 crores) in respect of revalued Land and Buildings sold/demolished during the year.

- (c) Additions to fixed assets and depreciation/amortisation for the year include the following assets and accumulated depreciation/amortisation taken over on acquisition of subsidiaries :

| Description of Assets         | Rupees crores    |                                       |
|-------------------------------|------------------|---------------------------------------|
|                               | Cost             | Accumulated Depreciation/Amortisation |
| Land .....                    | 1,878.18         | —                                     |
| Buildings .....               | 2,501.91         | 882.53                                |
| Plant and Machinery .....     | 7,646.11         | 5,367.96                              |
| Furniture and Fittings .....  | 227.34           | 173.80                                |
| Vehicles, Cycles, etc .....   | 46.78            | 32.61                                 |
| Software Expenditure .....    | 1.98             | 1.18                                  |
| Technical Knowhow .....       | 3.10             | 2.80                                  |
| Development Expenditure ..... | 339.65           | —                                     |
| Trademarks .....              | 2.44             | —                                     |
| Other Intangibles .....       | 26.81            | 14.80                                 |
| <b>Total .....</b>            | <b>12,674.30</b> | <b>6,475.68</b>                       |

8. Construction Work-in-Progress, Project Advances and interest accrued thereon include **Rs. 71.46 crores** (2010 : Rs. 68.73 crores) on account of a project, where commencement of construction has been delayed on account of a dispute between the land-owner and the Company, which is in the process of being referred to arbitration.
9. During the year, Mahindra & Mahindra Financial Services Limited has without recourse assigned loan receivables of **36,618** (2010 : 31,628) contracts amounting to **Rs. 1,227.64 crores** (2010 : Rs. 1,044.61 crores) (including future interest receivable) for a consideration of **Rs. 1,089.31 crores** (2010 : Rs. 971.28 crores) and de-recognised the assets from the books. The income booked in respect of assignment of receivables includes certain amount towards cost of future servicing of the assigned pool and an appropriate amount has been provided towards expenditure for future services. On assignment of receivables, income recognised upfront for the current period is **Rs. 151.52 crores** (2010 : Rs. 190.58 crores) against which a provision for estimated losses/expenses of **Rs. 98.30 crores** (2010 : Rs. 80.51 crores) is made. During the year, the provision in respect of assignment transactions amounting to **Rs. 36.48 crores** (2010 : Rs. 15.46 crores) considered no longer necessary has been written back.
10. (a) Provision - Others **Rs. 1,442.12 crores** (2010 : Rs. 275.70 crores) includes provision for warranty **Rs. 590.23 crores** (2010 : Rs. 213.06 crores). This relates to warranty provision made in respect of sale of certain products, the estimated costs of which are accrued at the time of sale. The products are generally covered under a free warranty period ranging from 6 months to 3 years.
- (b) Provision for Contingencies **Rs. 5.96 crores** (2010 : Rs. 5.70 crores) is in respect of labour demands under negotiation at certain locations of the Company. The ultimate settlement is contingent on the conclusion of negotiations.
- (c) Provision for retired assets **Rs. 15.83 crores** (2010 : Rs. 15.83 crores) is in respect of diminution in value of certain assets substantially retired from active use.
- (d) Provision on standard assets **Rs. 32.21 crores** (2010 : Rs. Nil) in accordance with the Notification No. DNBS.222/CGM (US)-2011 dated 17<sup>th</sup> January, 2011 issued by the Reserve Bank of India.

The movement in above provisions is as follows :

| Provisions  | Rupees crores |               |             |             |                |              |                 |          |
|---|---------------|---------------|-------------|-------------|----------------|--------------|-----------------|----------|
|   | Warranty      |               | Contingency |             | Retired Assets |              | Standard Assets |          |
|   | 2011          | 2010          | 2011        | 2010        | 2011           | 2010         | 2011            | 2010     |
| Balance as at 1 <sup>st</sup> April .....               | 213.06        | 170.55        | 5.70        | 11.08       | 15.83          | 16.89        | —               | —        |
| Add : On Amalgamation/Acquisition during the year ..... | 343.45        | 0.43          | 1.95        | —           | —              | —            | —               | —        |
| Add : Provision made during the year .....              | 155.90        | 128.40        | 4.44        | 4.77        | —              | —            | 32.21           | —        |
| Less : Utilisation/Reversal during the year .....       | 122.18        | 86.32         | 6.13        | 10.15       | —              | 1.06         | —               | —        |
| <b>Balance as at 31<sup>st</sup> March .....</b>        | <b>590.23</b> | <b>213.06</b> | <b>5.96</b> | <b>5.70</b> | <b>15.83</b>   | <b>15.83</b> | <b>32.21</b>    | <b>—</b> |

Group Share in Joint Venture : **Rs. 0.21 crores** (2010 : Rs. 0.12 crores).

11. (a) Dividends on other investments includes **Rs. 68.16 crores** (2010 : Rs 66.87 crores) in respect of current investments and **Rs. 0.30 crores** (2010 : Rs. 2.00 crores) in respect of long term investments.
- (b) Profit on sale of investments (Net) includes profit on disposal of current investments (Net) **Rs. 29.42 crores** (2010 : Rs 3.68 crores), and profit on disposal of long term investments (Net) **Rs. 6.44 crores** (2010 : Rs. 10.30 crores).
12. Deferred income includes :
- (a) Carry forward of entitlement fee paid by Club Mahindra's vacation ownership member which entitles the member to the vacation ownership facilities of Club Mahindra over the membership usage period **Rs. 956.04 crores** (2010 : Rs. 804.07 crores)
- (b) Carry forward of restructuring fees on account of restructured long term contracts of Joint Venture with a customer which are being amortised over the term of the contract on a straight line basis **Rs. 281.35 crores** (2010 : Rs. 337.84 crores).

13. Employee Defined Benefits :

Defined benefit plans – as per Actuarial Valuation as on 31<sup>st</sup> March, 2011.

Rupees crores

|   | Funded Plan |         |          |         | Unfunded Plans                   |        |                                   |         |
|---|-------------|---------|----------|---------|----------------------------------|--------|-----------------------------------|---------|
|   | Gratuity    |         | Gratuity |         | Post Retirement Medical Benefits |        | Post Retirement Housing Allowance |         |
|   | 2011        | 2010    | 2011     | 2010    | 2011                             | 2010   | 2011                              | 2010    |
| <b>A Expenses recognised in the statement of Profit and Loss Account for the year ended 31<sup>st</sup> March</b> |             |         |          |         |                                  |        |                                   |         |
| 1 Current Service Cost  | 28.64       | 25.96   | 12.03    | 10.98   | 0.93                             | 0.44   | 1.37                              | 1.50    |
| 2 Interest Cost   | 31.94       | 26.96   | 3.79     | 2.84    | 0.86                             | 0.41   | 1.02                              | 0.84    |
| 3 Expected return on Plan Assets  | (24.09)     | (18.66) | —        | (0.10)  | —                                | —      | —                                 | —       |
| 4 Actuarial (Gains)/Losses  | 19.56       | (10.90) | (2.41)   | (4.65)  | 3.36                             | 4.32   | 3.24                              | (1.77)  |
| 5 Past Service Cost   | 0.41        | 12.14   | 0.20     | *       | —                                | —      | —                                 | —       |
| 6 Payments on account of employees transferred  | —           | (0.22)  | —        | (0.07)  | —                                | —      | —                                 | —       |
| 7 Effect of the limit in Para 59(b) of the revised AS 15  | 0.11        | 0.08    | —        | —       | —                                | —      | —                                 | —       |
| 8 Total expense recognised in Personnel   | 56.57       | 35.36   | 13.61    | 9.00    | 5.15                             | 5.17   | 5.63                              | 0.57    |
| <b>B. Net Asset/(Liability) recognised in the Balance Sheet as at 31<sup>st</sup> March</b>                       |             |         |          |         |                                  |        |                                   |         |
| 1 Present Value of Defined Benefit Obligation as at 31 <sup>st</sup> March  | 435.87      | 378.12  | 903.37   | 46.30   | 14.74                            | 9.88   | 16.18                             | 10.99   |
| 2 Fair value of Plan Assets as at 31 <sup>st</sup> March  | 338.13      | 305.04  | —        | —       | —                                | —      | —                                 | —       |
| 3 Amount not recognised as an asset   | 0.11        | (0.21)  | —        | —       | —                                | —      | —                                 | —       |
| 4 Net Asset/(Liability) as at 31 <sup>st</sup> March  | (97.85)     | (72.87) | (903.37) | (46.30) | (14.74)                          | (9.88) | (16.18)                           | (10.99) |
| <b>C. Change in the obligations during the year ended 31<sup>st</sup> March</b>                                   |             |         |          |         |                                  |        |                                   |         |
| 1 Present Value of Defined Benefit Obligation at the beginning of the year  | 378.12      | 341.72  | 46.30    | 95.95   | 9.88                             | 5.00   | 10.99                             | 10.42   |
| 2 Adjustment to the opening balance/ exchange rate variation  | 0.11        | (0.17)  | 120.45   | (59.64) | 0.01                             | —      | —                                 | —       |
| 3 Obligations arising on account of acquisitions during the year  | 1.57        | —       | 742.60   | 2.42    | —                                | —      | —                                 | —       |
| 4 Current Service Cost  | 28.64       | 25.96   | 12.03    | 10.98   | 0.93                             | 0.44   | 1.37                              | 1.50    |
| 5 Interest Cost   | 31.94       | 26.96   | 3.79     | 2.85    | 0.86                             | 0.41   | 1.02                              | 0.84    |
| 6 Actuarial (Gains)/Losses  | 23.32       | (6.15)  | (2.41)   | (4.59)  | 3.36                             | 4.32   | 3.24                              | (1.77)  |
| 7 Liabilities settled on sale of business   | (0.66)      | 0.28    | (0.09)   | —       | —                                | —      | —                                 | —       |
| 8 Benefits paid   | (27.58)     | (22.62) | (4.62)   | (1.62)  | (0.30)                           | (0.29) | (0.44)                            | —       |
| 9 Past Service Cost   | 0.41        | 12.14   | 0.20     | *       | —                                | —      | —                                 | —       |
| 10 Trust Fund Receivable  | —           | —       | (14.88)  | (0.05)  | —                                | —      | —                                 | —       |
| 11 Present Value of Defined Benefit Obligation at the end of the year   | 435.87      | 378.12  | 903.37   | 46.30   | 14.74                            | 9.88   | 16.18                             | 10.99   |

\* denotes amounts less than Rs.50,000/-.

Rupees crores

|   | Funded Plan    |                | Unfunded Plans |               |                                  |               |                                   |       |
|---|----------------|----------------|----------------|---------------|----------------------------------|---------------|-----------------------------------|-------|
|   | Gratuity       |                | Gratuity       |               | Post Retirement Medical Benefits |               | Post Retirement Housing Allowance |       |
|   | 2011           | 2010           | 2011           | 2010          | 2011                             | 2010          | 2011                              | 2010  |
| <b>D. Change in the fair value of plan assets during the year ended 31<sup>st</sup> March</b> |                |                |                |               |                                  |               |                                   |       |
| 1 Fair value of Plan Assets at the beginning of the year                                      | 305.04         | 239.13         | —              | —             | —                                | —             | —                                 | —     |
| 2 Adjustment to the opening balance/ Exchange rate variation                                  | (0.07)         | (4.21)         | —              | —             | —                                | —             | —                                 | —     |
| 3 Fair value of Plan Assets arising on account of acquisitions during the year                | 0.79           | 1.01           | —              | —             | —                                | —             | —                                 | —     |
| 4 Expected Return on Plan Assets  | 24.09          | 18.17          | —              | —             | —                                | —             | —                                 | —     |
| 5 Actuarial Gains/(Losses)  | 3.75           | 7.26           | —              | —             | —                                | —             | —                                 | —     |
| 6 Contributions by employer   | 31.91          | 66.30          | —              | —             | 0.29                             | 0.28          | 0.44                              | —     |
| 7 Asset distributed on sale of business   | (0.55)         | —              | —              | —             | —                                | —             | —                                 | —     |
| 8 Actual Benefits paid  | (26.83)        | (22.62)        | —              | —             | (0.29)                           | (0.28)        | (0.44)                            | —     |
| 9 Fair value of Plan Assets at the end of the year  | 338.13         | 305.04         | —              | —             | —                                | —             | —                                 | —     |
| 10 Actual Return on Plan Assets   | 25.36          | 22.24          | —              | —             | —                                | —             | —                                 | —     |
| <b>E. Major category of plan assets as a percentage of total plan</b>                         |                |                | —              | —             | —                                | —             | —                                 | —     |
| Insurer Managed Funds   | 98.55%         | 97.96%         | —              | —             | —                                | —             | —                                 | —     |
| Others  | 1.45%          | 2.04%          | —              | —             | —                                | —             | —                                 | —     |
| <b>F. Actuarial Assumptions</b>   |                |                |                |               |                                  |               |                                   |       |
| 1 Discount Rate (Basis - prevailing market yields of govt. securities)                        | 7.50% - 8.50%  | 7.50% - 8.45%  | 4.70% - 8.50%  | 6.85% - 8.50% | 7.90% - 8.20%                    | 7.60% - 8.45% | 8.20%                             | 8.45% |
| 2 Expected Rate of Return on plan assets  | 7.12%          | 7.07%          | —              | —             | —                                | —             | —                                 | —     |
| 3 Attrition rate  | 1.00% - 15.00% | 2.00% - 10.00% | 2.00% - 20.00% | 10% - 25%     | 5.00% - 14.00%                   | 5.00%         | —                                 | —     |
| 4 Medical Premium inflation   | —              | —              | —              | —             | 5.30% - 7.00%                    | 3.00% - 6.00% | —                                 | —     |

|   | One percentage point increase<br>in medical inflation rate | One percentage point decrease<br>in medical inflation rate |
|---|--|--|
| <b>G. Effect of one percentage point change in the assumed medical inflation rate</b> |  |  |
| <b>Current Year</b>   |  |  |
| Effect on the aggregate service and interest cost of Post Employment Medical benefits | 0.42   | (0.34)   |
| Effect on the accumulated Post Employment Medical benefit obligations                 | 2.19   | (1.82)   |
| <b>Previous Year</b>  |  |  |
| Effect on the aggregate service and interest cost of Post Employment Medical benefits | 0.25   | (0.20)   |
| Effect on the accumulated Post Employment Medical benefit obligations                 | 1.38   | (1.11)   |

|   | Rupees crores |         |          |         |         |
|---|---------------|---------|----------|---------|---------|
|   | Period ended  |         |          |         |         |
| <b>H. Experience Adjustments</b>                    | 2011          | 2010    | 2009     | 2008    | 2007    |
| <b>Gratuity (Funded)</b>                            |               |         |          |         |         |
| Defined Benefit Obligation                          | 435.87        | 378.12  | 341.72   | 278.71  | 204.46  |
| Plan Assets   | 338.13        | 305.04  | 239.13   | 217.95  | 144.67  |
| (Deficit)/Surplus                                   | (97.74)       | (73.08) | (102.59) | (60.76) | (59.79) |
| Experience adjustments on Plan Liabilities          | 0.41          | 13.40   | 34.34    | (3.36)  | —       |
| Experience adjustments on Plan Assets               | (0.41)        | 4.92    | 0.02     | —       | —       |
| <b>Gratuity (Unfunded)</b>                          |               |         |          |         |         |
| Defined Benefit Obligation                          | 903.37        | 46.30   | 95.95    | 52.75   | 32.05   |
| Plan Assets   | —             | —       | —        | —       | —       |
| (Deficit)/Surplus                                   | (903.37)      | (46.30) | (95.95)  | (52.75) | (32.05) |
| Experience adjustments on Plan Liabilities          | (2.36)        | (0.26)  | 0.02     | —       | —       |
| <b>Post Retirement Medical Benefits (Unfunded)</b>  |               |         |          |         |         |
| Defined Benefit Obligation                          | 14.74         | 9.88    | 5.00     | 2.95    | 3.30    |
| Plan Assets   | —             | —       | —        | —       | —       |
| (Deficit)/Surplus                                   | (14.74)       | (9.88)  | (5.00)   | (2.95)  | (3.30)  |
| Experience adjustments on Plan Liabilities          | (0.36)        | 5.21    | 1.24     | (0.49)  | 0.07    |
| <b>Post Retirement Housing Allowance (Unfunded)</b> |               |         |          |         |         |
| Defined Benefit Obligation                          | 16.18         | 10.99   | —        | —       | —       |
| Plan Assets   | —             | —       | —        | —       | —       |
| (Deficit)/Surplus                                   | (16.18)       | (10.99) | —        | —       | —       |
| Experience adjustments on Plan Liabilities          | (1.41)        | 0.15    | —        | —       | —       |

Basis used to determine expected rate of return on assets :

Based on expectation of the average long term rate of return expected on investment of the fund, during the estimated term of obligation.

The estimate of future salary increase, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Pension liability in respect of certain foreign subsidiaries is as below :

|             |  | Rupees crores |          |
|-------------|--|---------------|----------|
| Particulars |  | 2011          | 2010     |
| <b>A</b>    | <b>Statement of Profit and Loss Account for the Expense recognised in the year ended 31<sup>st</sup> March</b> |               |          |
| 1           | Current Service Cost   | 1.28          | 1.29     |
| 2           | Interest Cost  | 6.12          | 6.16     |
| 3           | Actuarial (Gains)/Losses   | (3.76)        | (0.19)   |
| 4           | Past Service Cost  | —             | (0.02)   |
| 5           | Total expense recognised in Personnel  | 3.64          | 7.24     |
| <b>B.</b>   | <b>Net Asset/(Liability) recognised in the Balance Sheet as at 31<sup>st</sup> March</b>                       |               |          |
| 1           | Present Value of Defined Benefit Obligation as at 31 <sup>st</sup> March                                       | 117.08        | 116.16   |
| 2           | Fair value of Plan Assets as at 31 <sup>st</sup> March   | —             | —        |
| 3           | Net Asset/(Liability) as at 31 <sup>st</sup> March   | (117.08)      | (116.16) |
| <b>C.</b>   | <b>Change in the obligations during the year ended 31<sup>st</sup> March</b>                                   |               |          |
| 1           | Present Value of Defined Benefit Obligation at the beginning of the year                                       | 116.16        | 116.70   |
| 2           | Adjustment to the opening balance/Exchange rate variation  | 5.01          | —        |
| 3           | Current Service Cost   | 1.28          | 1.29     |
| 4           | Interest Cost  | 6.12          | 6.16     |
| 5           | Actuarial (Gains)/Losses   | (3.76)        | (0.19)   |
| 6           | Benefits paid  | (7.73)        | (7.78)   |
| 7           | Past Service Cost  | —             | (0.02)   |
| 8           | Present Value of Defined Benefit Obligation at the end of the year   | 117.08        | 116.16   |

14. The Customs, Excise, and Service Tax Appellate Tribunal (CESTAT) by its order dated 7<sup>th</sup> December, 2009 has rejected the Company's appeal against the order dated 30<sup>th</sup> March, 2005 passed by the Commissioner of Central Excise (Adjudication), Navi Mumbai confirming the demand made on the Company for payment of differential excise duty (including penalty) of Rs. 304.11 crores in connection with the classification of Company's Commander range of vehicles, during the years 1991-1996. Whilst the Company had classified the Commander range of vehicles as 10-seater attracting a lower rate of excise duty, the Commissioner of Central Excise (Adjudication), Navi Mumbai, has held that these vehicles could not be classified as 10-seaters as they did not fulfil the requirement of 10-seater vehicles, as provided under the Motor Vehicles Act, 1988 (MVA) and Maharashtra Motor Vehicles Rules, 1989 (MMVR) and as such attracted a higher rate of excise duty.

In earlier collateral proceedings on this issue, the CESTAT had by an Order dated 19<sup>th</sup> July, 2005 settled the controversy in the Company's favour. The CESTAT had accepted the Company's submission that MVA and MMVR could not be referred to for determining the classification for the purpose of levy of excise duty and rejected the Department's Appeal against the Order of the Collector, Central Excise classifying the Commander range of vehicles as 10-seaters. The Department's appeal against the CESTAT Order dated 19<sup>th</sup> July, 2005 is pending before the Supreme Court of India but the operation of the Order has not been stayed.

The Company has filed an appeal against the aforesaid order dated 7<sup>th</sup> December, 2009 inter alia, on the grounds that the MVA and MMVR cannot be referred to for the purpose of determining the excise classification, as has been repeatedly held by various judicial fora, including the Supreme Court and particularly by CESTAT vide its Order dated 19<sup>th</sup> July, 2005 in the Company's own case referred to above.

Without prejudice to the grounds raised in the appeal, the Company has paid an amount of Rs. 40.00 crores in January, 2010. Pending admission of the Company's appeal the Supreme Court has passed an interim order staying the recovery of the balance amount till further orders.

In another case relating to Armada range of vehicles manufactured during the years 1992 to 1996, by the Company at its Nashik facility, the Commissioner of Central Excise, Nashik passed an Order dated 20<sup>th</sup> March, 2006 confirming a demand of Rs. 24.75 crores, on the same grounds as adopted for Commander range of vehicles. The CESTAT has given an unconditional stay against this order, which is yet to be finally heard by the Tribunal.

The Company strongly believes, based on legal advice it has received, that the CESTAT Order dated 7<sup>th</sup> December, 2009 which is under appeal in the Supreme Court is not sustainable in law and hence the Company has a very good chance of succeeding in the matter. As such, the Company does not expect any liability on this account. However, in view of the CESTAT order, the Company has reflected the above amount aggregating **Rs. 328.86 crores** (2010 : Rs. 328.86 crores) and the interest of **Rs. 204.13 crores** (2010 : Rs. 168.05 crores) accrued on the same upto 31<sup>st</sup> March, 2011, as a Contingent Liability in the Accounts and the same is included in the amounts disclosed under Note 15 (b)(i).



15. **Contingent Liability :**

(a) Guarantees given :

Rupees crores

|                           | Outstanding amounts against the guarantees |      |
|---------------------------|--|------|
|                           | 2011                                       | 2010 |
| For employees .....       | —  | *    |
| For other companies ..... | 3.76                                       | 3.11 |
| Others .....              | 0.41                                       | 2.42 |

Group Share in Joint Ventures : **Rs. 54.86 crores** (2010 : Rs. 25.29 crores).

\* denotes amounts less than Rs. 50,000/-.

(b) Claims against the Companies not acknowledged as debts comprise of :

- (i) Excise Duty, Sales tax and Service tax claims disputed by the Companies relating to issues of applicability and classification aggregating **Rs. 1,283.21 crores** (Net of Tax : Rs. 931.82 crores) [2010 : Rs. 1,004.38 crores (Net of Tax : Rs. 726.63 crores)]
- (ii) Other Matters (excluding claims where amounts are not ascertainable) : **Rs. 122.28 crores** (Net of Tax : Rs. 86.73 crores) [2010 : Rs. 94.04 crores (Net of Tax : Rs. 68.41 crores)]
- (iii) On capital account : **Rs. 1.18 crores** (2010 : Rs. 1.18 crores)
- (iv) Group Share in Joint Ventures : **Rs. 5.97 crores** (2010 : Rs. 7.89 crores)

(c) Taxation matters :

- (i) Demands not acknowledged as debts and not provided for, relating to issues of deductibility and taxability in respect of which the matters are in appeal and exclusive of the effect of similar matters in respect of assessments remaining to be completed :
  - Income Tax : **Rs. 536.18 crores** (2010 : Rs. 409.78 crores)
  - Group Share in Joint Ventures : **Rs. 43.90 crores** (2010 : Rs. 22.57 crores)
- (ii) Items which have succeeded in appeal, but the Income Tax Department is pursuing/likely to pursue in appeal/reference and exclusive of the effect of similar matters in respect of assessments remaining to be completed :
  - Income Tax matters : **Rs. 71.71 crores** (2010 : Rs. 70.58 crores)
  - Surtax matters : **Rs. 0.13 crores** (2010 : Rs. 0.13 crores)

(d) Bills discounted not matured **Rs. 107.72 crores** (2010 : Rs. 31.40 crores).

(e) Corporate undertaking on assignment by Mahindra & Mahindra Financial Services Limited **Rs. 732.53 crores** (2010 : Rs. 626.25 crores).

16. The estimated amount of contracts remaining to be executed on capital account and not provided for as at 31<sup>st</sup> March, 2011 is **Rs. 1,313.23 crores** (2010 : Rs. 1,400.29 crores).

Group Share in Joint Ventures : **Rs. 67.36 crores** (2010 : Rs. 118.01 crores).

17. Research and Development expenditure debited to the Profit and Loss Account, including certain expenditure based on allocations made aggregate **Rs. 398.59 crores** (2010 : Rs. 275.72 crores).

Group Share in Joint Ventures : **Rs. 0.10 crores** (2010 : Rs. Nil).

18. **Matters pertaining to Satyam Computers Services Ltd. :**

Tech Mahindra Limited (TML), a Joint Venture of the Company, through its Subsidiary Venturbay Consultants Private Limited (VCPL), acquired a 42.70% stake in Satyam Computer Services Limited (SCSL) during the Financial Year 2009-10. As a result of this investment, SCSL became an associate of TML as per Accounting Standard 23 "Accounting for Investments in Associates in Consolidated Financial Statements". As on 31<sup>st</sup> March, 2011 the stake of TML in SCSL was 42.65%.

SCSL announced its financial results for the years ended 31<sup>st</sup> March, 2009, and 2010 on 29<sup>th</sup> September, 2010 and its financial results for the year ended 31<sup>st</sup> March, 2011 on 23<sup>rd</sup> May, 2011. In its consolidated accounts, TML has accounted for its share of loss (Net) in SCSL from the date of acquisition up to 31<sup>st</sup> March, 2010 as earlier period item. Further TML has accounted for its share of loss (Net) in SCSL for the year ended 31<sup>st</sup> March, 2011 as its share of Profit/(Loss) of Associate. Since TML is a Joint Venture of the Company, the results of SCSL as recorded by TML, proportionate to Company's holding in TML, have carried through into the Consolidated Accounts of the Company against the same line.

- (a) The auditors of TML, based on the audit report on the accounts of SCSL for the years ended 31<sup>st</sup> March, 2010 and 31<sup>st</sup> March, 2011, have issued a qualified opinion on the consolidated financial statements of TML for the year ended 31<sup>st</sup> March, 2011 on certain matters, expressing their inability to comment whether adjustments would be necessary in the financial statements of TML as a result of a number of items in the SCSL accounts for the years ended 31<sup>st</sup> March, 2010 and 31<sup>st</sup> March, 2011 including ongoing investigations and legal proceedings by various regulators and investors in respect of financial

irregularities in SCSL, net debit amounts aggregating Rs.1,139.40 crores booked to 'Unexplained Differences Suspense Account' and fully provided for on the grounds of prudence in the previous year in its accounts by SCSL, as also inability to determine whether any adjustments/disclosure will be required in the consolidated accounts of TML in respect of the alleged advances amounting to Rs. 1,230.40 crores (Net) made by certain parties to SCSL, consequential impact in relation to a lawsuit filed against SCSL by certain investors in the USA and in respect of certain other irregularities and internal control deficiencies in SCSL.

The impact of the above qualifications on the Company's share of Profit/(Loss) of Associates, share of Investments and Reserves and Surplus in Joint Ventures in the consolidated financial statements of the Company is not ascertainable.

- (b) The auditors of TML have also invited attention to the various accounting and other matters, claims and contingencies, regulatory non-compliances/breaches in their reports for the years ended 31<sup>st</sup> March, 2010 and 2011 regarding Rs. 327.40 crores deposited into Escrow account payable to Upaid Systems Limited, Settlement Agreement in respect of Class Action lawsuits, demands and disputes raised by direct and indirect tax authorities, non-compliances with the provisions of Foreign Exchange Management Act, 1999 and Income-tax Act, 1961 and other irregularities. The auditors of TML have also drawn attention to the fact that SCSL has not followed the Group accounting policy on Derivative Instruments and Hedge accounting [Note 2 (G)] and that the impact of the same cannot be ascertained.

19. The components of Deferred Tax Liability and Assets as at 31<sup>st</sup> March, 2011 are as under :

|  | Rupees crores |               |
|--|---------------|---------------|
|  | 2011          | 2010          |
| Deferred Tax Liability :   |               |               |
| (i) On fiscal allowances on Fixed Assets .....                       | 644.90        | 517.47        |
| (ii) Others .....  | 302.51        | 207.20        |
| Group Share in Joint Ventures .....                                  | 0.67          | 0.22          |
|  | <b>948.08</b> | <b>724.89</b> |
| Deferred Tax Assets :  |               |               |
| (i) On Provision for Compensated absences .....                      | 109.88        | 97.04         |
| (ii) On Provision for Doubtful Debts/Advances .....                  | 237.05        | 247.19        |
| (iii) On Unabsorbed depreciation carried forward # .....             | 228.61        | 113.47        |
| (iv) On Premium on Redemption of Zero Coupon Convertible Bonds ..... | —             | 18.10         |
| (v) On Provision for Employee Benefits .....                         | 14.93         | 14.11         |
| (vi) Others .....  | 189.25        | 174.50        |
| Group Share in Joint Ventures .....                                  | 31.28         | 12.27         |
|  | <b>811.00</b> | <b>676.68</b> |
| Net Deferred Tax Liability .....                                     | <b>137.08</b> | <b>48.21</b>  |

# (considered, as there are compensatory timing differences the reversal of which, will result in sufficient future taxable income against which this can be realised).

20. Exceptional items of Rs. 204.03 crores (Credit) [2010 : Rs. 250.23 crores (Credit)], comprise of the following :

|   | Rupees crores |               |
|---|---------------|---------------|
|   | 2011          | 2010          |
| 1. Profit on divesture of Long Term Investments (Net) ..... | 218.83        | 264.56        |
| 2. Impairment of Assets .....                               | (10.04)       | (6.35)        |
| 3. Restructuring Cost .....                                 | —             | (3.82)        |
| 4. Others .....   | (4.76)        | (4.16)        |
| Total .....   | <b>204.03</b> | <b>250.23</b> |

Figures in brackets signify charge to Profit and Loss Account.

21. Related Party Disclosures :

- (a) Names of related parties where transactions have taken place during the year :

Associates :

| Sl. No. | Name of the Company         | Sl. No. | Name of the Company  |
|---------|-----------------------------|---------|--|
| 1.      | Mahindra Composites Limited | 4.      | Mahindra & Mahindra Contech Limited  |
| 2.      | Swaraj Automotives Limited  | 5.      | Vayugrid Marketplace Services Private Limited (w.e.f. 3 <sup>rd</sup> September, 2010) |
| 3.      | Swaraj Engines Limited      |         |  |

**Joint Ventures :**

| Sl. No. | Name of the Company              | Sl. No. | Name of the Company  |
|---------|----------------------------------|---------|--|
| 1.      | Mahindra Sona Limited            | 3.      | Tech Mahindra Limited  |
| 2.      | Mahindra Water Utilities Limited | 4.      | Mahindra Solar One Private Limited (w.e.f. 22 <sup>nd</sup> September, 2010) |

**Key Management Personnel :**

|   |                    |
|---|--------------------|
| Vice Chairman and Managing Director ..... | Mr. Anand Mahindra |
| Executive Director .....                  | Mr. B.N. Doshi     |

**Welfare Funds :**

| Sl. No. | Name of the Fund   |
|---------|--|
| 1.      | Mahindra World School Education Trust                        |
| 2.      | M&M Benefit Trust  |
| 3.      | M&M Employee's Welfare Fund                                  |
| 4.      | M&M Employee's Farm Equipment Sector Employee's Welfare Fund |

(b) The related party transactions are as under :

|         |   | Rupees crores       |                  |                          |               |
|---------|---|---------------------|------------------|--------------------------|---------------|
| Sl. No. | Nature of Transactions                        | Associate Companies | Joint Ventures # | Key Management Personnel | Welfare Funds |
| 1.      | Purchases :                                   |                     |                  |                          |               |
|         | Goods .....                                   | <b>413.09</b>       | <b>116.19</b>    | —                        | —             |
|         |   | (308.91)            | (89.55)          | (—)                      | (—)           |
|         | Fixed Assets .....                            | <b>0.10</b>         | <b>0.17</b>      | —                        | —             |
|         |   | (0.22)              | (—)              | (—)                      | (—)           |
|         | Services .....                                | <b>3.83</b>         | <b>5.41</b>      | —                        | —             |
|         |   | (16.81)             | (—)              | (—)                      | (—)           |
| 2.      | Sales :                                       |                     |                  |                          |               |
|         | Goods .....                                   | <b>8.46</b>         | <b>1.10</b>      | <b>0.02</b>              | —             |
|         |   | (8.22)              | (3.21)           | (—)                      | (—)           |
|         | Services .....                                | <b>0.03</b>         | <b>2.94</b>      | —                        | <b>0.03</b>   |
|         |   | (2.17)              | (0.99)           | (—)                      | (—)           |
| 3.      | Investments :                                 |                     |                  |                          |               |
|         | Purchase .....                                | —                   | <b>4.03</b>      | —                        | —             |
|         |   | (—)                 | (—)              | (—)                      | (—)           |
| 4.      | Deputation of Personnel :                     |                     |                  |                          |               |
|         | From Related Parties .....                    | <b>1.17</b>         | —                | —                        | —             |
|         |   | (—)                 | (—)              | (—)                      | (—)           |
|         | To Related Parties .....                      | <b>5.00</b>         | <b>0.21</b>      | —                        | —             |
|         |   | (4.15)              | (—)              | (—)                      | (—)           |
| 5.      | Provisions for :                              |                     |                  |                          |               |
|         | Doubtful Debts/Advances during the year ..... | —                   | —                | —                        | —             |
|         |   | (*)                 | (—)              | (—)                      | (10.00)       |

Rupees crores

| Sl. No. | Nature of Transactions  | Associate Companies | Joint Ventures # | Key Management Personnel | Welfare Funds |
|---------|---|---------------------|------------------|--------------------------|---------------|
| 6.      | Finance :   |                     |                  |                          |               |
|         | Interest received .....   | 4.57                | —                | —                        | —             |
|         |   | (0.46)              | (—)              | (—)                      | (—)           |
|         | Debentures issued by related parties .....                      | 8.00                | —                | —                        | —             |
|         |   | (—)                 | (—)              | (—)                      | (—)           |
|         | Dividend Received .....   | 3.99                | 20.26            | —                        | —             |
|         |   | (2.60)              | (1.31)           | (—)                      | (—)           |
|         | Dividend Distributed .....                                      | —                   | —                | 0.49                     | 51.03         |
|         |   | (—)                 | (—)              | (0.45)                   | (26.86)       |
| 7.      | Other Transactions :  |                     |                  |                          |               |
|         | Other Income .....  | 0.32                | 0.24             | —                        | 49.24         |
|         |   | (0.29)              | (—)              | (—)                      | (25.91)       |
|         | Other Expenses .....  | 0.02                | 0.02             | —                        | —             |
|         |   | (0.67)              | (—)              | (0.01)                   | (—)           |
|         | Reimbursements received from parties .....                      | 0.75                | 0.78             | —                        | —             |
|         |   | (1.04)              | (0.03)           | (—)                      | (—)           |
|         | Reimbursements made to parties .....                            | 0.01                | 0.10             | —                        | —             |
|         |   | (0.29)              | (—)              | (—)                      | (—)           |
|         | Advance given .....   | —                   | —                | —                        | —             |
|         |   | (*)                 | (—)              | (—)                      | (7.00)        |
| 8.      | Outstandings :  |                     |                  |                          |               |
|         | Payable .....   | 6.05                | 16.63            | 2.78                     | —             |
|         |   | (16.00)             | (14.85)          | (3.10)                   | (—)           |
|         | Receivable .....  | 3.38                | 2.43             | —                        | 22.00         |
|         |   | (5.53)              | (2.92)           | (—)                      | (22.00)       |
|         | Debentures issued by related parties .....                      | 8.00                | —                | —                        | —             |
|         |   | (—)                 | (—)              | (—)                      | (—)           |
|         | Inter Corporate Deposits given .....                            | 4.59                | —                | —                        | —             |
|         |   | (4.59)              | (—)              | (—)                      | (—)           |
|         | Guarantees and Collaterals given .....                          | —                   | 9.00             | —                        | —             |
|         |   | (—)                 | (9.00)           | (—)                      | —             |
| 9.      | Provision for Diminution in value of other related assets ..... | 7.23                | —                | —                        | —             |
|         |   | (7.95)              | (—)              | (—)                      | (—)           |
| 10.     | Provision for Doubtful debts/advances .....                     | 4.97                | —                | —                        | 10.00         |
|         |   | (5.33)              | (—)              | (—)                      | (10.00)       |
| 11.     | Managerial Remuneration .....                                   | —                   | —                | 5.57                     | —             |
|         |   | (—)                 | (—)              | (6.56)                   | (—)           |
| 12.     | Stock Options .....   | —                   | —                | ◆                        | —             |
|         |   | (—)                 | (—)              | (◆)                      | (—)           |

Previous year's figures are in brackets.

\* denotes amounts less than Rs. 50,000/-.

# Transactions with Joint Ventures has been reported at full value.

◆ Refer Annexure I to the Directors' Report.

Significant related party transactions are as under :

Rupees crores

| Sl. No. | Nature of Transactions                             | Associate Companies                 | Amount                    | Joint Ventures #                   | Amount                   |
|---------|--|-------------------------------------|---------------------------|------------------------------------|--------------------------|
| 1.      | Purchases – Goods .....                            | Swaraj Engines Limited              | <b>390.89</b><br>(294.63) | Mahindra Sona Limited              | <b>116.18</b><br>(89.55) |
| 2.      | Purchases – Fixed Assets .....                     | Satyam Computer Services Limited    | —<br>(0.22)               | Tech Mahindra Limited              | <b>0.17</b><br>(—)       |
|         |  | Mahindra Composites Limited         | <b>0.10</b><br>(—)        |                                    |                          |
| 3.      | Purchases – Services .....                         | Mahindra & Mahindra Contech Limited | <b>3.83</b><br>(—)        | Tech Mahindra Limited              | <b>5.38</b><br>(—)       |
|         |  | Satyam Computer Services Limited    | —<br>(16.81)              |                                    |                          |
| 4.      | Sales – Goods .....                                | Swaraj Engines Limited              | <b>8.46</b><br>(8.22)     | Mahindra Sona Limited              | <b>1.10</b><br>(3.21)    |
| 5.      | Sales – Services .....                             | Swaraj Automotives Limited          | —<br>(0.32)               | Mahindra Water Utilities Limited   | <b>0.36</b><br>(0.95)    |
|         |  | Owens Corning (India) Limited       | —<br>(0.47)               | Tech Mahindra Limited              | <b>2.54</b><br>(—)       |
|         |  | Satyam Computer Services Limited    | —<br>(1.37)               |                                    |                          |
| 6.      | Deputation of Personnel from related parties ..... | Mahindra & Mahindra Contech Limited | <b>0.56</b><br>(—)        |                                    |                          |
|         |  | Swaraj Engines Limited              | <b>0.62</b><br>(—)        |                                    |                          |
| 7.      | Deputation of Personnel to related parties .....   | Mahindra Composites Limited         | @<br>(0.42)               | Mahindra Solar One Private Limited | <b>0.21</b><br>(—)       |
|         |  | Swaraj Automotives Limited          | <b>0.80</b><br>(0.49)     |                                    |                          |
|         |  | Swaraj Engines Limited              | <b>3.76</b><br>(3.25)     |                                    |                          |
| 8.      | Interest Received .....                            | Owens Corning (India) Limited       | —<br>(0.46)               |                                    |                          |
|         |  | Swaraj Automotives Limited          | <b>4.30</b><br>(—)        |                                    |                          |
| 9.      | Dividend Received .....                            | Swaraj Automotives Limited          | <b>0.42</b><br>(0.26)     | Mahindra Sona Limited              | @<br>(1.31)              |
|         |  | Swaraj Engines Limited              | <b>3.30</b><br>(2.06)     | Tech Mahindra Limited              | <b>18.82</b><br>(—)      |
|         |  | Mahindra Composites Limited         | @<br>(0.27)               |                                    |                          |
| 10.     | Other Income .....                                 | Mahindra Composites Limited         | <b>0.32</b><br>(0.29)     | Tech Mahindra Limited              | <b>0.22</b><br>(—)       |
| 11.     | Other Expenses .....                               | Mahindra Composites Limited         | <b>0.02</b><br>(—)        | Tech Mahindra Limited              | <b>0.02</b><br>(—)       |
|         |  | Satyam Computer Services Limited    | —<br>(0.67)               |                                    |                          |

| Sl. No. | Nature of Transactions                     | Associate Companies                           | Amount      | Joint Ventures #                   | Amount      |
|---------|--|---|-------------|------------------------------------|-------------|
| 12.     | Reimbursement Received from parties .....  | Owens Corning (India) Limited                 | —<br>(0.98) | Mahindra Sona Limited              | @<br>(0.03) |
|         |  | Mahindra Composites Limited                   | 0.75<br>(@) | Tech Mahindra Limited              | 0.72<br>(—) |
| 13.     | Reimbursement made to parties .....        | Satyam Computer Services Limited              | —<br>(0.27) | Tech Mahindra Limited              | 0.10<br>(—) |
| 14.     | Investment Purchase .....                  |   |             | Mahindra Solar One Private Limited | 4.03<br>(—) |
| 15.     | Debentures issued by related parties ..... | Vayugrid Marketplace Services Private Limited | 8.00<br>(—) |                                    |             |

Previous year's figures are in brackets.

# Transactions with Joint Ventures has been disclosed at full value.

@ Transactions are not significant.

## 22. Earnings per Share :

|   | 2011         | 2010         |
|---|--------------|--------------|
| Amount used as the numerator – Net Profit (Rupees crores) .....                             | 3,079.73     | 2,478.56     |
| Effect on earnings of convertible bonds/debentures (Gain)/Loss (Rupees crores) .....        | (3.42)       | 32.64        |
| Amount used as the numerator for diluted earnings per share (Rupees crores) .....           | 3,076.31     | 2,511.20     |
| Weighted average number of equity shares used in computing basic earnings per share .....   | 57,61,03,489 | 54,98,38,769 |
| Effect of potential Ordinary (Equity) Shares on conversion of bonds/debentures .....        | 2,36,71,375  | 4,56,31,897  |
| Weighted average number of equity shares used in computing diluted earnings per share ..... | 59,97,74,864 | 59,54,70,666 |
| Basic Earnings per share (Rs.) (Face value of Rs. 5 per share) .....                        | 53.46        | 45.08        |
| Diluted Earnings per share (Rs.) (Face value of Rs. 5 per share) .....                      | 51.29        | 42.17        |

## 23. Investment in Associates :

|   | No. of Equity shares held | % of Holding | Cost of Investments (Equity Shares) | Goodwill/ (Capital reserve) | Share in accumulated Profit / (Loss) / Reserves | Carrying Cost |
|---|---------------------------|--------------|-------------------------------------|-----------------------------|---|---------------|
|   | (Nos.)                    |              |                                     |                             |   | Rupees crores |
| <b>Unquoted :</b>   |                           |              |                                     |                             |   |               |
| Owens Corning (India) Limited (upto 24 <sup>th</sup> November, 2010) ...  | —                         | —            | —                                   | —                           | —   | —             |
|   | 2,81,24,794               | 21.50%       | 28.12                               | (7.64)                      | 26.73   | 54.85         |
| Mahindra Construction Company Limited .....   | 9,00,000                  | 43.83%       | 0.97                                | —                           | (0.97)  | —             |
|   | 9,00,000                  | 43.83%       | 0.97                                | —                           | (0.97)  | —             |
| Officemartindia.com Limited .....   | 7,49,997                  | 50.00%       | 0.22                                | —                           | (0.22)  | —             |
|   | 7,49,997                  | 50.00%       | 0.22                                | —                           | (0.22)  | —             |
| Rathna Bhoomi Enterprises Private Limited .....   | 500                       | 25.53%       | *                                   | —                           | *   | —             |
|   | 500                       | 20.43%       | *                                   | —                           | *   | —             |
| Kota Farm Services Limited .....  | 2,73,420                  | 45.00%       | 0.27                                | —                           | (0.27)  | —             |
|   | 2,73,420                  | 37.37%       | 0.27                                | —                           | (0.27)  | —             |
| Mriyalguda Farm Solution Limited .....  | 3,37,500                  | 45.00%       | 0.34                                | —                           | (0.34)  | —             |
|   | 3,37,500                  | 37.37%       | 0.34                                | —                           | (0.34)  | —             |
| Mega One Stop Farm Services Limited .....   | 3,51,000                  | 45.00%       | 0.35                                | 0.03                        | (0.35)  | —             |
|   | 3,51,000                  | 37.37%       | 0.35                                | 0.03                        | (0.35)  | —             |
| Mahindra & Mahindra Contech Limited .....   | 70,000                    | 35.16%       | 0.07                                | —                           | 1.29  | 1.36          |
|   | —                         | —            | —                                   | —                           | —   | —             |
| Vayugrid Marketplace Services Private Limited (w.e.f. 3 <sup>rd</sup> September, 2010) .....                          | 10,00,000                 | 21.83%       | 1.00                                | 0.45                        | (1.00)  | —             |
|   | —                         | —            | —                                   | —                           | —   | —             |
| PSL Media & Communications Limited (formerly known as PSL Erickson Limited) (w.e.f. 29 <sup>th</sup> May, 2010) ..... | 39,498                    | 36.12%       | 0.01                                | —                           | (0.01)  | —             |
|   | —                         | —            | —                                   | —                           | —   | —             |
|   |                           |              |                                     |                             | Total.....                                      | 1.36          |
|   |                           |              |                                     |                             |   | 54.85         |
| <b>Quoted :</b>   |                           |              |                                     |                             |   |               |
| Mahindra Composites Limited .....   | 15,61,203                 | 35.44%       | 4.00                                | 0.83                        | 3.20  | 7.20          |
|   | 13,41,203                 | 30.56%       | 2.90                                | 0.55                        | 2.72  | 5.62          |
| Swaraj Engines Limited .....  | 41,26,417                 | 33.22%       | 1.63                                | (1.36)                      | 29.45   | 31.08         |
|   | 41,26,417                 | 33.22%       | 1.63                                | (1.36)                      | 18.17   | 19.80         |
| Swaraj Automotives Limited .....  | 10,59,543                 | 44.19%       | 12.45                               | (1.99)                      | 4.59  | 17.04         |
|   | 10,59,543                 | 44.19%       | 12.45                               | (1.99)                      | 4.42  | 16.87         |
| EPC Industrie Limited (w.e.f. 17 <sup>th</sup> March, 2011) .....   | 65,58,065                 | 38.00%       | 43.35                               | 11.19                       | —   | 43.35         |
|   | —                         | —            | —                                   | —                           | —   | —             |
|   |                           |              |                                     |                             | Total.....                                      | 98.67         |
|   |                           |              |                                     |                             |   | 42.29         |
|   |                           |              |                                     |                             | Total.....                                      | 100.03        |
|   |                           |              |                                     |                             |   | 97.14         |

\* denotes amounts less than Rs. 50,000/-.

## 24. Segment Information :

Segment Report for the year ended 31<sup>st</sup> March, 2011.

### Primary Segment Disclosure - Business Segment

Rupees crores

|  | Automotive       | Farm<br>Equipment | IT Services     | Financial<br>Services | Steel Trading<br>and Processing | Infrastructure | Hospitality   | Systech         | Others          | Eliminations      | Consolidated<br>Total |
|--|------------------|-------------------|-----------------|-----------------------|---------------------------------|----------------|---------------|-----------------|-----------------|-------------------|-----------------------|
| <b>REVENUE</b>   |                  |                   |                 |                       |                                 |                |               |                 |                 |                   |                       |
| Gross External Revenue   | 17,170.98        | 10,926.93         | 2,575.17        | 2,055.96              | 742.26                          | 609.65         | 499.63        | 3,666.71        | 1,282.25        | —                 | 39,529.54             |
|  | 13,076.11        | 9,083.10          | 4,824.51        | 1,570.32              | 632.50                          | 415.14         | 499.43        | 2,681.21        | 910.27          | —                 | 33,692.59             |
| Less : Excise Duty on Sales  | 2,278.03         | 85.80             | —               | —                     | 56.20                           | —              | —             | 192.90          | 69.36           | —                 | 2,682.29              |
|  | 1,800.07         | 89.80             | —               | —                     | 42.42                           | —              | —             | 134.74          | 35.10           | —                 | 2,102.13              |
| Net External Revenue   | 14,892.95        | 10,841.13         | 2,575.17        | 2,055.96              | 686.06                          | 609.65         | 499.63        | 3,473.81        | 1,212.89        | —                 | 36,847.25             |
|  | 11,276.04        | 8,993.30          | 4,824.51        | 1,570.32              | 590.08                          | 415.14         | 499.43        | 2,546.47        | 875.17          | —                 | 31,590.46             |
| Inter Segment Revenue  | 9.09             | 20.12             | 37.94           | 14.69                 | 496.90                          | 12.36          | 5.07          | 706.19          | 815.56          | (2,117.92)        | —                     |
|  | 5.47             | 23.01             | 35.58           | 9.39                  | 375.53                          | 13.57          | 1.03          | 586.50          | 578.10          | (1,628.18)        | —                     |
| <b>Total Revenue</b>   | <b>14,902.04</b> | <b>10,861.25</b>  | <b>2,613.11</b> | <b>2,070.65</b>       | <b>1,182.96</b>                 | <b>622.01</b>  | <b>504.70</b> | <b>4,180.00</b> | <b>2,028.45</b> | <b>(2,117.92)</b> | <b>36,847.25</b>      |
|  | 11,281.51        | 9,016.31          | 4,860.09        | 1,579.71              | 965.61                          | 428.71         | 500.46        | 3,132.97        | 1,453.27        | (1,628.18)        | 31,590.46             |
| <b>RESULT</b>  |                  |                   |                 |                       |                                 |                |               |                 |                 |                   |                       |
| Segment result before exceptional items                                    | 1,632.28         | 1,701.48          | 440.67          | 744.01                | 85.30                           | 170.72         | 104.28        | 101.87          | (178.03)        | —                 | 4,802.58              |
|  | 1,261.41         | 1,406.66          | 1,026.36        | 524.21                | 82.64                           | 121.72         | 158.01        | (105.98)        | (108.08)        | —                 | 4,366.95              |
| Exceptional item allocated to Segments                                     | (3.78)           | —                 | —               | —                     | —                               | —              | —             | (8.97)          | —               | —                 | (12.75)               |
|  | (6.23)           | —                 | 94.96           | —                     | —                               | (4.42)         | —             | (1.77)          | —               | —                 | 82.54                 |
| Segment result after exceptional items                                     | 1,628.50         | 1,701.48          | 440.67          | 744.01                | 85.30                           | 170.72         | 104.28        | 92.90           | (178.03)        | —                 | 4,789.83              |
|  | 1,255.18         | 1,406.66          | 1,121.32        | 524.21                | 82.64                           | 117.30         | 158.01        | (107.75)        | (108.08)        | —                 | 4,449.49              |
| Unallocable Corporate expenses (Net of income)                             |                  |                   |                 |                       |                                 |                |               |                 |                 |                   | 212.64                |
|  |                  |                   |                 |                       |                                 |                |               |                 |                 |                   | 143.04                |
| <b>Operating Profit</b>  |                  |                   |                 |                       |                                 |                |               |                 |                 |                   | <b>4,577.19</b>       |
|  |                  |                   |                 |                       |                                 |                |               |                 |                 |                   | 4,306.45              |
| Less : Interest expense not allocable to segments                          |                  |                   |                 |                       |                                 |                |               |                 |                 |                   | 402.78                |
|  |                  |                   |                 |                       |                                 |                |               |                 |                 |                   | 565.83                |
| Add : Interest Income not allocable to segments                            |                  |                   |                 |                       |                                 |                |               |                 |                 |                   | 123.68                |
|  |                  |                   |                 |                       |                                 |                |               |                 |                 |                   | 124.51                |
| Add : Exceptional Item Unallocable to segments                             |                  |                   |                 |                       |                                 |                |               |                 |                 |                   | 216.78                |
|  |                  |                   |                 |                       |                                 |                |               |                 |                 |                   | 167.69                |
| <b>Profit before Tax</b>   |                  |                   |                 |                       |                                 |                |               |                 |                 |                   | <b>4,514.87</b>       |
|  |                  |                   |                 |                       |                                 |                |               |                 |                 |                   | 4,032.82              |
| (Add)/Less : Income Taxes – Current Tax                                    |                  |                   |                 |                       |                                 |                |               |                 |                 |                   | 1,243.80              |
|  |                  |                   |                 |                       |                                 |                |               |                 |                 |                   | 1,245.71              |
| – Deferred Tax (Net)   |                  |                   |                 |                       |                                 |                |               |                 |                 |                   | 73.28                 |
|  |                  |                   |                 |                       |                                 |                |               |                 |                 |                   | (84.38)               |
| <b>Balance of Profit for the year before Share of Profit of Associates</b> |                  |                   |                 |                       |                                 |                |               |                 |                 |                   | <b>3,197.79</b>       |
|  |                  |                   |                 |                       |                                 |                |               |                 |                 |                   | 2,871.49              |
| Add/(Less) : Share of Profit /(Loss) of Associates for the year            |                  |                   |                 |                       |                                 |                |               |                 |                 |                   | 124.51                |
| - From Ordinary Activities   |                  |                   |                 |                       |                                 |                |               |                 |                 |                   | 19.63                 |
| - Exceptional Item   |                  |                   |                 |                       |                                 |                |               |                 |                 |                   | (131.83)              |
|  |                  |                   |                 |                       |                                 |                |               |                 |                 |                   | —                     |
| Add/(Less) : Share of Profit /(Loss) of Associates - Earlier period items  |                  |                   |                 |                       |                                 |                |               |                 |                 |                   | 45.62                 |
| - From Ordinary Activities   |                  |                   |                 |                       |                                 |                |               |                 |                 |                   | —                     |
| - Exceptional Item   |                  |                   |                 |                       |                                 |                |               |                 |                 |                   | (61.33)               |
|  |                  |                   |                 |                       |                                 |                |               |                 |                 |                   | —                     |
| <b>Profit for the year before Minority Interests</b>                       |                  |                   |                 |                       |                                 |                |               |                 |                 |                   | <b>3,174.76</b>       |
|  |                  |                   |                 |                       |                                 |                |               |                 |                 |                   | 2,891.12              |



## Segment Information (Contd.) :

Rupees crores

|                                   | Automotive | Farm<br>Equipment | IT Services | Financial<br>Services | Steel Trading<br>and Processing | Infrastructure | Hospitality | Systech  | Others | Eliminations | Consolidated<br>Total |
|-----------------------------------|------------|-------------------|-------------|-----------------------|---------------------------------|----------------|-------------|----------|--------|--------------|-----------------------|
| <b>OTHER INFORMATION</b>          |            |                   |             |                       |                                 |                |             |          |        |              |                       |
| Segment Assets                    | 15,934.40  | 3,907.00          | 1,586.62    | 12,645.66             | 503.10                          | 1,866.64       | 1,538.82    | 3,033.38 | 884.98 | —            | 41,900.60             |
|                                   | 6,947.97   | 3,344.77          | 1,306.02    | 8,730.25              | 432.41                          | 1,596.09       | 1,247.07    | 2,753.86 | 685.11 | —            | 27,043.55             |
| Unallocable Corporate Assets      |            |                   |             |                       |                                 |                |             |          |        |              | 8,261.58              |
|                                   |            |                   |             |                       |                                 |                |             |          |        |              | 8,571.18              |
| <b>Total Assets</b>               |            |                   |             |                       |                                 |                |             |          |        |              | <b>50,162.18</b>      |
|                                   |            |                   |             |                       |                                 |                |             |          |        |              | 35,614.73             |
| Segment Liabilities               | 5,926.21   | 2,391.14          | 655.91      | 10,860.55             | 251.71                          | 231.03         | 1,100.47    | 1,066.16 | 332.92 | —            | 22,816.10             |
|                                   | 2,662.12   | 1,724.94          | 602.61      | 7,313.18              | 197.29                          | 172.42         | 951.65      | 818.18   | 245.64 | —            | 14,688.03             |
| Unallocable Corporate Liabilities |            |                   |             |                       |                                 |                |             |          |        |              | 8,725.36              |
|                                   |            |                   |             |                       |                                 |                |             |          |        |              | 8,305.13              |
| <b>Total Liabilities</b>          |            |                   |             |                       |                                 |                |             |          |        |              | <b>31,541.46</b>      |
|                                   |            |                   |             |                       |                                 |                |             |          |        |              | 22,993.16             |
| Capital Expenditure               | 1,367.28   | 217.95            | 373.37      | 51.71                 | 26.00                           | 28.67          | 107.25      | 287.52   | 129.31 |              |                       |
|                                   | 1,636.60   | 92.77             | 730.15      | 21.07                 | 32.31                           | 13.60          | 120.64      | 297.00   | 106.80 |              |                       |
| Depreciation/Amortisation         | 400.07     | 123.41            | 68.75       | 16.15                 | 11.01                           | 8.20           | 22.22       | 232.38   | 47.65  |              |                       |
|                                   | 280.74     | 120.64            | 136.88      | 10.08                 | 8.57                            | 6.68           | 19.57       | 248.57   | 27.68  |              |                       |

Segment Information (Contd.):

Secondary Segment Disclosure - Geographical Segment

|                                       | Rupees crores |          |           |
|---------------------------------------|---------------|----------|-----------|
|                                       | Domestic      | Overseas | Total     |
| Revenue From External Customers ..... | 35,633.97     | 3,895.57 | 39,529.54 |
|                                       | 30,082.43     | 3,610.16 | 33,692.59 |
| Segment Assets .....                  | 32,660.39     | 9,240.21 | 41,900.60 |
|                                       | 24,872.98     | 2,170.57 | 27,043.55 |
| Capital Expenditure .....             | 2,473.56      | 115.50   | 2,589.06  |
|                                       | 2,849.44      | 201.50   | 3,050.94  |

Notes:

1. Business Segments:

The Group has considered business segments as the primary segment for disclosure. The segments have been identified taking into account the organisational structure as well as the differing risks and returns of these segments. Automotive Segment comprises of sales of automobiles, spare parts and related services. Farm Equipment Segment comprises of sales of tractors, spare parts and related services. IT Services comprises of services rendered for IT and Telecom. Financial Services comprise of services relating to financing, leasing and hire purchase of automobiles and tractors. Steel Trading and Processing comprises of trading and processing of steel. Infrastructure comprise of operating of commercial complexes, project management and development. Hospitality comprises of sale of Timeshare. Systech comprises of automotive components and other related products and services. Others comprise of Logistics, After-market, Two wheelers, Investment etc.

2. Secondary Segments:

The geographical segments are considered for disclosure as secondary segment. Domestic segment includes sales to customers located in India and service income accrued in India. Overseas segment includes sales and services rendered to customers located outside India.

Segment Revenue comprises of:

|   | Rupees crores    |                  |
|---|------------------|------------------|
|   | 2011             | 2010             |
| Sales .....   | 32,389.99        | 25,300.49        |
| Income from Services rendered .....   | 3,787.99         | 6,028.05         |
| Income from long term contracts .....   | 500.33           | 327.26           |
| Hire purchase and lease income .....  | 102.44           | 82.12            |
| Income from Loan, Retained Interest in securitised Asset and Securitisation ..... | 2,004.17         | 1,534.90         |
| Other allocable income * .....  | 744.62           | 419.77           |
| <b>Total</b> .....  | <b>39,529.54</b> | <b>33,692.59</b> |

|                                   | Rupees crores |               |
|-----------------------------------|---------------|---------------|
|                                   | 2011          | 2010          |
| *Other allocable income includes: |               |               |
| Interest Income .....             | 16.94         | 10.83         |
| Scrap Sales .....                 | 188.88        | 124.05        |
| Commission .....                  | 13.96         | 12.54         |
| Dividend .....                    | 1.07          | 0.76          |
| Others .....                      | 523.77        | 271.59        |
| <b>Total</b> .....                | <b>744.62</b> | <b>419.77</b> |

25. Previous year's figures have been regrouped/restated wherever necessary.

## Details of Subsidiary Companies

Rupees Crores

| Name of the Subsidiary                                   | Capital (including Preference Capital) | Reserves & Surplus | Total Assets | Total Liabilities | Details of investments (excluding investments in subsidiaires) | Gross Turnover | Profit before Tax | Provision for Tax | Profit after Tax | Proposed Dividend & Tax thereon |
|--|--|--------------------|--------------|-------------------|--|----------------|-------------------|-------------------|------------------|---------------------------------|
| Aerostaff Australia Pty. Limited #                       | 1.61                                   | (4.69)             | 6.66         | 6.66              | -  | 9.94           | (3.54)            | -                 | (3.54)           | -                               |
| Airvan Flight Services Pty. Limited #                    | *                                      | -                  | *            | *                 | -  | -              | -                 | -                 | -                | -                               |
| Anthurium Developers Limited                             | 0.05                                   | (0.01)             | 0.04         | 0.04              | -  | -              | (0.01)            | -                 | (0.01)           | -                               |
| BAH Hotelanlagen AG #                                    | 0.44                                   | 23.94              | 36.19        | 36.19             | -  | 13.71          | (1.03)            | 0.02              | (1.05)           | -                               |
| Bristlecone (Malaysia) SDN. BHD. #                       | 0.15                                   | 0.93               | 2.31         | 2.31              | -  | 3.06           | 0.19              | 0.02              | 0.17             | -                               |
| Bristlecone Consulting Limited #                         | *                                      | (0.03)             | 0.04         | 0.04              | -  | -              | (0.03)            | -                 | (0.03)           | -                               |
| Bristlecone GmbH #                                       | 0.32                                   | 2.33               | 7.27         | 7.27              | -  | 19.78          | 0.95              | *                 | 0.95             | -                               |
| Bristlecone Inc. #                                       | 109.07                                 | (100.60)           | 57.52        | 57.52             | -  | 119.79         | (7.44)            | 0.57              | (8.01)           | -                               |
| Bristlecone India Limited                                | 19.05                                  | 16.59              | 83.45        | 83.45             | 0.01   | 113.42         | 2.98              | 1.39              | 1.59             | -                               |
| Bristlecone Limited #                                    | 74.10                                  | (27.58)            | 148.18       | 148.18            | -  | 0.03           | (6.97)            | -                 | (6.97)           | -                               |
| Bristlecone Singapore Pte. Limited #                     | 5.92                                   | (5.46)             | 3.12         | 3.12              | -  | 4.27           | (0.23)            | 0.12              | (0.35)           | -                               |
| Bristlecone UK Limited #                                 | 16.91                                  | (15.52)            | 12.68        | 12.68             | -  | 26.19          | 0.17              | *                 | 0.17             | -                               |
| Crest Geartech Private Limited                           | 0.60                                   | 2.64               | 8.05         | 8.05              | -  | 13.03          | 1.05              | 0.35              | 0.70             | -                               |
| Defence Land Systems India Private Limited               | 46.30                                  | 1.30               | 70.07        | 70.07             | -  | 40.31          | (0.90)            | (0.25)            | (0.65)           | -                               |
| EFF Engineering S.r.l. #                                 | 0.32                                   | 0.22               | 2.70         | 2.70              | -  | 2.79           | (0.11)            | 0.04              | (0.15)           | -                               |
| Engines Engineering S.r.l. #                             | 0.63                                   | 11.82              | 46.34        | 46.34             | 0.02   | 39.16          | (2.97)            | (0.18)            | (2.79)           | -                               |
| Falkenroth Umformtechnik GmbH #                          | 6.48                                   | 8.36               | 101.06       | 101.06            | -  | 210.57         | (1.93)            | 0.87              | (2.80)           | -                               |
| GA200 Pty. Limited #                                     | *                                      | -                  | *            | *                 | -  | -              | -                 | -                 | -                | -                               |
| GA8 Airvan Pty. Limited #                                | *                                      | -                  | *            | *                 | -  | -              | -                 | -                 | -                | -                               |
| Gesensschmiede Schneider GmbH #                          | 77.52                                  | 46.38              | 332.69       | 332.69            | 0.23   | 654.15         | 25.55             | 0.33              | 25.22            | -                               |
| Gipp Aero International Pty. Limited #                   | *                                      | -                  | *            | *                 | -  | -              | -                 | -                 | -                | -                               |
| Gipp Aero Investments Pty. Limited #                     | 32.34                                  | 29.94              | 62.36        | 62.36             | -  | *              | (0.08)            | -                 | (0.08)           | -                               |
| Gippsaero Pty. Limited #                                 | 39.31                                  | (6.87)             | 73.94        | 73.94             | -  | 41.27          | (6.32)            | -                 | (6.32)           | -                               |
| Heritage Bird (M) SDN. BHD. #                            | 0.45                                   | (0.47)             | 7.15         | 7.15              | -  | 1.20           | (0.21)            | *                 | (0.21)           | -                               |
| Industrial Township (Maharashtra) Limited                | 5.00                                   | (0.11)             | 8.03         | 8.03              | 0.23   | 0.02           | *                 | -                 | *                | -                               |
| JECO-Jellinghaus GmbH #                                  | 32.41                                  | 7.84               | 109.09       | 109.09            | 0.03   | 255.21         | 4.35              | 1.25              | 3.10             | -                               |
| Jensand Limited #  | 0.43                                   | -                  | 0.43         | 0.43              | -  | -              | -                 | -                 | -                | -                               |
| Knowledge Township Limited                               | 21.00                                  | (0.40)             | 35.12        | 35.12             | -  | *              | (0.01)            | -                 | (0.01)           | -                               |
| Mahindra & Mahindra Financial Services Limited           | 102.45                                 | 2,385.56           | 13,754.10    | 13,754.10         | 625.17   | 2,012.58       | 702.45            | 239.34            | 463.11           | 121.28                          |
| Mahindra & Mahindra South Africa (Proprietary) Limited # | 34.11                                  | (1.84)             | 69.02        | 69.02             | -  | 177.62         | 17.08             | 4.78              | 12.30            | -                               |
| Mahindra (China) Tractor Company Limited #               | 106.42                                 | (106.30)           | 88.23        | 88.23             | -  | 74.67          | (14.69)           | -                 | (14.69)          | -                               |
| Mahindra Aerospace Australia Pty. Limited #              | 67.06                                  | (0.08)             | 74.50        | 74.50             | -  | 0.06           | (0.03)            | -                 | (0.03)           | -                               |
| Mahindra Aerospace Private Limited                       | 51.01                                  | 33.76              | 99.27        | 99.27             | 7.08   | 1.19           | (3.56)            | -                 | (3.56)           | -                               |
| Mahindra Aerostructures Private Limited                  | 0.01                                   | (1.90)             | 4.57         | 4.57              | -  | -              | (1.90)            | -                 | (1.90)           | -                               |
| Mahindra Automobile Distributor Private Limited          | 374.16                                 | (580.68)           | 270.16       | 270.16            | 19.26  | 607.17         | (20.84)           | -                 | (20.84)          | -                               |
| Mahindra Automotive Australia Pty. Limited #             | 10.95                                  | (11.07)            | 7.63         | 7.63              | -  | 23.59          | (3.61)            | 0.11              | (3.72)           | -                               |
| Mahindra Bebanco Developers Limited                      | 0.05                                   | (0.38)             | 33.95        | 33.95             | 0.02   | -              | (0.05)            | -                 | (0.05)           | -                               |

\* denotes amounts less than Rs. 50,000.

# The financial statements of the Foreign Subsidiaires have been converted into Indian Rupees at the 31st March, 2011 exchange rate.

Details of Subsidiary Companies

Rupees Crores

| Name of the Subsidiary                                      | Capital (including Preference Capital) | Reserves & Surplus | Total Assets | Total Liabilities | Details of investments (excluding investments in subsidiaires) | Gross Turnover | Profit before Tax | Provision for Tax | Profit after Tax | Proposed Dividend & Tax thereon |
|---|--|--------------------|--------------|-------------------|--|----------------|-------------------|-------------------|------------------|---------------------------------|
| Mahindra BPO Services Private Limited                       | 0.01                                   | -                  | 0.01         | 0.01              | -  | -              | -                 | -                 | -                | -                               |
| Mahindra Business & Consulting Services Private Limited     | 0.01                                   | 0.68               | 16.75        | 16.75             | -  | 59.95          | 0.82              | 0.28              | 0.54             | -                               |
| Mahindra Consulting Engineers Limited                       | 2.13                                   | 5.75               | 10.21        | 10.21             | -  | 10.21          | 2.54              | 0.88              | 1.66             | 0.70                            |
| Mahindra Conveyor Systems Private Limited                   | 24.25                                  | 9.91               | 45.23        | 45.23             | -  | 60.78          | 11.59             | 3.90              | 7.69             | -                               |
| Mahindra EcoNova Private Limited                            | 0.01                                   | *                  | 0.01         | 0.01              | -  | -              | *                 | -                 | *                | -                               |
| Mahindra Electrical Steel Limited                           | 0.05                                   | (0.14)             | 1.50         | 1.50              | -  | -              | (0.02)            | -                 | (0.02)           | -                               |
| Mahindra Emirates Vehicle Armouring FZ-LLC #                | 7.37                                   | (2.12)             | 6.78         | 6.78              | -  | -              | (2.12)            | -                 | (2.12)           | -                               |
| Mahindra Engineering and Chemical Products Limited          | 5.40                                   | 31.17              | 230.84       | 230.84            | 5.36   | 1.68           | (8.78)            | (0.26)            | (8.52)           | -                               |
| Mahindra Engineering GmbH #                                 | 0.37                                   | (4.16)             | 0.75         | 0.75              | -  | 0.68           | (3.08)            | -                 | (3.08)           | -                               |
| Mahindra Engineering Services (Europe) Limited #            | 0.47                                   | 7.25               | 9.68         | 9.68              | -  | 8.93           | 1.23              | 0.36              | 0.87             | -                               |
| Mahindra Engineering Services Limited                       | 8.31                                   | 86.34              | 125.67       | 125.67            | -  | 140.72         | 13.31             | 2.87              | 10.44            | 1.49                            |
| Mahindra EPC Services Private Limited                       | 3.80                                   | (0.22)             | 3.70         | 3.70              | -  | 0.02           | (0.22)            | -                 | (0.22)           | -                               |
| Mahindra Europe S.r.l. #                                    | 6.32                                   | 3.51               | 62.13        | 62.13             | -  | 73.62          | 1.16              | 0.88              | 0.28             | -                               |
| Mahindra First Choice Services Limited                      | 30.00                                  | (22.62)            | 11.84        | 11.84             | -  | 14.83          | (10.58)           | -                 | (10.58)          | -                               |
| Mahindra First Choice Wheels Limited                        | 63.43                                  | (27.29)            | 56.51        | 56.51             | 6.99   | 121.79         | (6.13)            | -                 | (6.13)           | -                               |
| Mahindra Forgings Europe AG #                               | 88.45                                  | (44.53)            | 517.01       | 517.01            | -  | 13.24          | (5.11)            | 1.74              | (6.85)           | -                               |
| Mahindra Forgings Global Limited #                          | 213.86                                 | (4.29)             | 209.60       | 209.60            | -  | -              | (0.15)            | -                 | (0.15)           | -                               |
| Mahindra Forgings International Limited #                   | 511.76                                 | (46.59)            | 692.14       | 692.14            | -  | 0.71           | (4.35)            | -                 | (4.35)           | -                               |
| Mahindra Forgings Limited                                   | 87.87                                  | 695.18             | 1,025.87     | 1,025.87          | 2.00   | 394.80         | (3.18)            | -                 | (3.18)           | -                               |
| Mahindra Gears & Transmissions Private Limited              | 7.56                                   | 21.00              | 100.22       | 100.22            | -  | 96.97          | 1.00              | 0.29              | 0.71             | 0.44                            |
| Mahindra Gears Cyprus Limited #                             | 0.06                                   | 270.13             | 270.28       | 270.28            | -  | -              | (0.18)            | -                 | (0.18)           | -                               |
| Mahindra Gears Global Limited #                             | 271.67                                 | (1.28)             | 270.43       | 270.43            | -  | -              | (0.97)            | -                 | (0.97)           | -                               |
| Mahindra Gears International Limited #                      | 145.30                                 | (0.29)             | 145.05       | 145.05            | -  | -              | (0.09)            | -                 | (0.09)           | -                               |
| Mahindra Graphic Research Design S.r.l. #                   | 6.06                                   | 2.43               | 15.37        | 15.37             | -  | 21.11          | (2.68)            | 1.64              | (4.32)           | -                               |
| Mahindra Gujarat Tractor Limited                            | 20.30                                  | (35.74)            | 35.39        | 35.39             | 0.05   | 87.38          | 3.91              | -                 | 3.91             | -                               |
| Mahindra Hinoday Industries Limited                         | 43.02                                  | 104.11             | 453.87       | 453.87            | 4.00   | 403.36         | (4.77)            | 2.67              | (7.44)           | -                               |
| Mahindra Holdings Limited                                   | 47.55                                  | 7.76               | 55.34        | 55.34             | 20.50  | 4.93           | 3.37              | 0.51              | 2.86             | -                               |
| Mahindra Holidays and Resorts USA Inc. #                    | *                                      | 0.76               | 0.78         | 0.78              | -  | *              | (0.21)            | (0.03)            | (0.18)           | -                               |
| Mahindra Holidays and Resorts India Limited                 | 83.61                                  | 419.69             | 1,681.11     | 1,681.11          | 113.33   | 534.16         | 149.28            | 46.52             | 102.76           | 39.16                           |
| Mahindra Hotels and Residences India Limited                | 0.05                                   | (0.02)             | 0.13         | 0.13              | -  | -              | (0.01)            | -                 | (0.01)           | -                               |
| Mahindra Infrastructure Developers Limited                  | 18.00                                  | 0.98               | 20.69        | 20.69             | 15.24  | 0.37           | 0.20              | 0.04              | 0.16             | -                               |
| Mahindra Insurance Brokers Limited                          | 0.50                                   | 45.51              | 51.16        | 51.16             | -  | 51.77          | 32.79             | 11.02             | 21.77            | 1.17                            |
| Mahindra Integrated Township Limited                        | 50.33                                  | (10.36)            | 92.19        | 92.19             | -  | 0.08           | (5.69)            | -                 | (5.69)           | -                               |
| Mahindra Intertrade Limited                                 | 16.60                                  | 193.88             | 439.82       | 439.82            | 15.16  | 1,151.83       | 80.49             | 25.41             | 55.08            | 14.47                           |
| Mahindra Lifespace Developers Limited                       | 40.84                                  | 986.84             | 1,318.58     | 1,318.58          | 67.66  | 492.18         | 149.37            | 46.32             | 103.05           | 23.74                           |
| Mahindra Logistics Limited                                  | 57.70                                  | (7.00)             | 213.28       | 213.28            | 0.01   | 1,095.11       | (7.32)            | (0.26)            | (7.06)           | -                               |
| Mahindra Middleeast Electrical Steel Service Centre (FZC) # | 2.47                                   | 17.97              | 52.49        | 52.49             | -  | 63.94          | 4.18              | -                 | 4.18             | -                               |

\* denotes amounts less than Rs. 50,000.

# The financial statements of the Foreign Subsidiaires have been converted into Indian Rupees at the 31st March, 2011 exchange rate.

## Details of Subsidiary Companies

Rupees Crores

| Name of the Subsidiary   | Capital (including Preference Capital) | Reserves & Surplus | Total Assets | Total Liabilities | Details of investments (excluding investments in subsidiaires) | Gross Turnover | Profit before Tax | Provision for Tax | Profit after Tax | Proposed Dividend & Tax thereon |
|--|--|--------------------|--------------|-------------------|--|----------------|-------------------|-------------------|------------------|---------------------------------|
| Mahindra Navistar Automotives Limited                          | 494.95                                 | (195.28)           | 890.00       | 890.00            | 13.82  | 784.29         | (186.30)          | -                 | (186.30)         | -                               |
| Mahindra Navistar Engines Private Limited                      | 165.00                                 | (71.71)            | 273.09       | 273.09            | -  | 51.64          | (50.37)           | -                 | (50.37)          | -                               |
| Mahindra Overseas Investment Company (Mauritius) Limited #     | 282.68                                 | 6.18               | 394.84       | 394.84            | 30.65  | 28.24          | 14.12             | -                 | 14.12            | -                               |
| Mahindra Punjab Tractors Private Limited                       | 0.01                                   | *                  | 0.01         | 0.01              | -  | -              | *                 | -                 | *                | -                               |
| Mahindra Residential Developers Limited                        | 0.26                                   | 51.82              | 74.97        | 74.97             | -  | 23.19          | 1.94              | -                 | 1.94             | -                               |
| Mahindra Retail Private Limited                                | 192.32                                 | (152.18)           | 87.47        | 87.47             | -  | 51.44          | (60.21)           | -                 | (60.21)          | -                               |
| Mahindra Reva Electric Vehicles Private Limited                | 20.00                                  | 28.94              | 108.19       | 108.19            | 25.64  | 27.70          | (24.93)           | -                 | (24.93)          | -                               |
| Mahindra Rural Housing Finance Limited                         | 29.71                                  | 7.75               | 319.84       | 319.84            | -  | 49.33          | 12.18             | 3.32              | 8.86             | 1.73                            |
| Mahindra Shubhlabh Services Limited                            | 6.11                                   | (7.96)             | 19.01        | 19.01             | -  | 27.88          | (8.16)            | -                 | (8.16)           | -                               |
| Mahindra Steel Service Centre Limited                          | 13.95                                  | 47.68              | 113.85       | 113.85            | 11.48  | 81.24          | 2.53              | 0.75              | 1.78             | -                               |
| Mahindra Technologies Services Inc. #                          | 0.22                                   | (0.48)             | 3.62         | 3.62              | -  | 14.84          | (0.93)            | (0.13)            | (0.80)           | -                               |
| Mahindra Two Wheelers Limited                                  | 147.50                                 | (288.63)           | 344.96       | 344.96            | -  | 572.03         | (169.22)          | -                 | (169.22)         | -                               |
| Mahindra Ugine Steel Company Limited                           | 32.48                                  | 131.47             | 803.71       | 803.71            | 14.09  | 1,466.45       | (9.60)            | (3.63)            | (5.97)           | (0.01)                          |
| Mahindra United Football Club Private Limited                  | 0.01                                   | 0.12               | 0.20         | 0.20              | -  | 1.67           | 0.17              | 0.06              | 0.11             | -                               |
| Mahindra USA Inc. #  | 62.56                                  | (42.54)            | 268.35       | 268.35            | -  | 580.41         | (2.47)            | (3.17)            | 0.70             | -                               |
| Mahindra Vehicle Manufacturers Limited                         | 962.25                                 | (1.90)             | 2,377.64     | 2,377.64          | 2.80   | 1,302.14       | 26.42             | -                 | 26.42            | -                               |
| Mahindra World City (Jaipur) Limited                           | 170.00                                 | 8.18               | 533.54       | 533.54            | 4.55   | 42.63          | 1.27              | 0.33              | 0.94             | -                               |
| Mahindra World City (Maharashtra) Limited                      | 1.12                                   | (1.12)             | 0.01         | 0.01              | -  | *              | (1.03)            | -                 | (1.03)           | -                               |
| Mahindra World City Developers Limited                         | 85.00                                  | 37.63              | 352.90       | 352.90            | -  | 70.49          | 33.70             | 10.95             | 22.75            | 6.86                            |
| Mahindra Yueda (Yancheng) Tractor Company Limited #            | 292.14                                 | (11.63)            | 652.24       | 652.24            | -  | 539.36         | 2.09              | -                 | 2.09             | -                               |
| Mahindra-BT Investment Company (Mauritius) Limited #           | 53.09                                  | 51.75              | 104.92       | 104.92            | -  | 0.03           | (0.51)            | -                 | (0.51)           | -                               |
| Metalcastello S.p.A. #   | 126.36                                 | 54.86              | 714.81       | 714.81            | -  | 376.07         | (41.83)           | (2.83)            | (39.00)          | -                               |
| MHR Hotel Management GmbH #                                    | 0.22                                   | 0.08               | 0.31         | 0.31              | -  | 0.57           | 0.07              | 0.01              | 0.06             | -                               |
| NBS International Limited                                      | 0.05                                   | 0.79               | 27.50        | 27.50             | -  | 127.47         | 0.52              | 0.17              | 0.35             | -                               |
| Nomad TC Pty. Limited #  | 0.05                                   | (0.05)             | -            | -                 | -  | -              | -                 | -                 | -                | -                               |
| Raigad Industrial & Business Park Limited                      | 0.05                                   | (0.07)             | 0.03         | 0.03              | -  | -              | (0.01)            | -                 | (0.01)           | -                               |
| Retail Initiative Holdings Limited                             | 0.05                                   | (0.97)             | 187.19       | 187.19            | -  | -              | *                 | -                 | *                | -                               |
| Schöneweiss & Co. GmbH #                                       | 31.59                                  | 88.13              | 320.76       | 320.76            | -  | 474.92         | (19.42)           | (9.49)            | (9.93)           | -                               |
| Ssangyong (Yizheng) Auto Parts Manufacturing Company Limited # | 7.99                                   | 4.17               | 13.88        | 13.88             | -  | -              | -                 | -                 | -                | -                               |
| Ssangyong European Parts Center B.V. #                         | 4.42                                   | (24.86)            | 37.23        | 37.23             | -  | -              | -                 | -                 | -                | -                               |
| Ssangyong Motor (Shanghai) Company Limited #                   | 1.14                                   | 2.10               | 12.34        | 12.34             | -  | -              | -                 | -                 | -                | -                               |
| Ssangyong Motor Company Limited #                              | 2,509.44                               | 504.79             | 5,901.04     | 5,901.04          | 2.24   | -              | -                 | -                 | -                | -                               |
| Stokes Forgings Dudley Limited #                               | *                                      | -                  | *            | *                 | -  | -              | -                 | -                 | -                | -                               |
| Stokes Forgings Limited #                                      | 0.43                                   | (0.43)             | -            | -                 | -  | -              | -                 | -                 | -                | -                               |
| Stokes Group Limited #   | 11.14                                  | (33.01)            | 85.28        | 85.28             | -  | 158.29         | (8.30)            | -                 | (8.30)           | -                               |
| Watsonia Developers Limited                                    | 0.05                                   | (0.01)             | 0.04         | 0.04              | -  | -              | (0.01)            | -                 | (0.01)           | -                               |

\* denotes amounts less than Rs. 50,000.

# The financial statements of the Foreign Subsidiaires have been converted into Indian Rupees at the 31st March, 2011 exchange rate.

# AWARDS

1. Mr. Anand Mahindra received the prestigious Indian Merchants' Chamber (IMC) Juran Quality Medal for 2010.
2. Mr. Anand Mahindra featured in Fortune magazine's (US edition) inaugural global ranking of Asia's 25 Most Powerful People in Business.
3. Mr. Bharat Doshi was honoured as one of the Founding Members to the 'CFO India Hall of Fame' by CFO India.
4. Mr. Rajeev Dubey received the prestigious 'HRD Excellence - Seasoned HR Professional Award 2010' from the National HRD Network.
5. Dr. Pawan Goenka received the prestigious 'Automotive Man of the Year' Award at the annual NDTV Car & Bike Awards, in recognition of his contribution to the Indian automotive industry.
6. Mr. Uday Phadke was honoured with the CFO - Manufacturing Sector of the Year Award by the Institute of Chartered Accountants of India (ICAI).
7. Ms. Roma Balwani was honoured with the Corporate Communication Professional of the Year 2011 Award by Exchange4media Public Relations, at its India PR & Corporate Communication Awards 2011 Summit.
8. Mahindra & Mahindra Ltd. (M&M) has featured in the latest edition of the Forbes Global 2000, a listing of the biggest and most powerful listed companies in the world.
9. Mahindra & Mahindra Ltd. received the Dun & Bradstreet (D&B) Rolta Corporate Award 2010. The company ranked first in the Automotive Sector.
10. Mahindra & Mahindra Ltd.'s Nagpur and Rudrapur tractor plants were awarded the TPM Excellence Award instituted by the Japan Institute of Plant Maintenance.
11. Mahindra & Mahindra Ltd.'s Farm Equipment Division has been selected as the winner of the 'Golden Peacock Award for Occupational Health & Safety for the year 2011'.
12. Mahindra Powerol won two prestigious Frost & Sullivan 'Voice of Customer' Awards for the 'Most Preferred Genset Brand in the Telecom Segment' and in the 'Best Bang for the Buck' segment.
13. Mahindra & Mahindra Ltd.'s automotive plant at Nashik was awarded the CII National Award for 'Excellence in Water Management 2010' for the fifth consecutive year.
14. The Mahindra Group was awarded the 'Champion of Champions' trophy at the Annual Public Relations Council of India (PRCI) Awards for winning the maximum number of PR awards.
15. Mahindra & Mahindra Ltd. ranked second at the prestigious FE-EVI Green Business Leadership Awards 2010-11 for the impact its initiatives have made in areas like climate change and environment, natural resources management and governance for sustainability.
16. Mahindra & Mahindra Ltd. received an award in the automotive category at the first 'CSR Thought Leadership Conclave' organized by the Wockhardt Foundation, the CSR arm of the Wockhardt Group, for outstanding contribution to society through its CSR programmes.
17. Mahindra & Mahindra Ltd. won the CSI 2010 Award for Excellence in IT, in the Product Manufacturing category, for Project Harmony, one of the largest SAP projects in the world.

MAHINDRA FOR YOU  
**1800 425 1624**  
OVER 80 COMPANIES. JUST 1 NUMBER

Registered Office:  
Mahindra & Mahindra Ltd.  
Gateway Building, Apollo Bunder, Mumbai- 400001.  
[www.mahindra.com](http://www.mahindra.com)

[www.sapprints.com](http://www.sapprints.com)



**MAHINDRA & MAHINDRA LIMITED**

Registered Office : Gateway Building, Apollo Bunder, Mumbai - 400 001.  
website : www.mahindra.com • email : investors@mahindra.com

**ATTENDANCE SLIP**

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL. Joint Shareholders desiring to attend the Meeting may obtain additional Attendance Slips on request. Such request should reach the Company or its Registrar & Transfer Agents, **Sharepro Services (India) Private Limited at 13AB, Samhita Warehousing Complex, 2<sup>nd</sup> Floor, Sakinaka Telephone Exchange Lane, Off Andheri Kurla Road, Sakinaka, Andheri (East), Mumbai - 400 072** on or before 22<sup>nd</sup> July, 2011.

I hereby record my presence at the **SIXTY-FIFTH ANNUAL GENERAL MEETING** of the Company being held at **Birla Matushri Sabhagar, 19, Sir Vithaldas Thackersey Marg (New Marine Lines), Mumbai - 400 020** on **8<sup>th</sup> August, 2011** at **3.30 p.m.**

Name(s) of the Shareholder(s)/Proxy (IN BLOCK LETTERS)

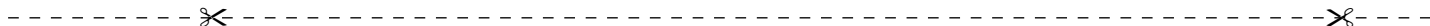
---

---

Signature(s) of the Shareholder(s) or Proxy

---

**NOTE:** You are requested to bring your copy of the Annual Report to the Meeting.



**MAHINDRA & MAHINDRA LIMITED**

Registered Office : Gateway Building, Apollo Bunder, Mumbai - 400 001.  
website : www.mahindra.com • email : investors@mahindra.com

**PROXY FORM**

I/We \_\_\_\_\_  
of \_\_\_\_\_ being a member/  
members of MAHINDRA & MAHINDRA LIMITED hereby appoint \_\_\_\_\_ of  
\_\_\_\_\_ or failing him \_\_\_\_\_ of  
\_\_\_\_\_ as my/our  
Proxy to vote for me/us and on my/our behalf at the Sixty-Fifth Annual General Meeting of the Company to be held on 8<sup>th</sup> August, 2011 and at any adjournment thereof.

As witness my/our hand(s) this \_\_\_\_\_ day of \_\_\_\_\_ 2011.

Signed by the said \_\_\_\_\_

Affix a  
15 Ps.  
Revenue  
Stamp

**NOTE:** The proxy form must be returned so as to reach the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid Meeting.