

THE SIXTY-EIGHTH ANNUAL GENERAL MEETING OF MAHINDRA & MAHINDRA LIMITED will be held at Birla Matushri Sabhagar, 19, Sir Vithaldas Thackersey Marg (New Marine Lines), Mumbai - 400 020 on Friday, the 8<sup>th</sup> day of August, 2014 at 3.30 p.m. to transact the following businesses:

**ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Financial Statements of the Company for the Financial Year ended 31<sup>st</sup> March, 2014 including the Audited Balance Sheet as at 31<sup>st</sup> March, 2014 and the Statement of Profit and Loss for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To declare a dividend on Ordinary (Equity) Shares.
3. **To consider and, if thought fit, to pass, with or without modification(s), the following as an Ordinary Resolution:**  

“RESOLVED that Mr. Narayanan Vaghul (DIN: 00002014), who was appointed as a Director of the Company liable to retire by rotation, and who does not seek re-appointment upon expiry of his term at this Annual General Meeting, be not re-appointed a Director of the Company.

FURTHER RESOLVED that the vacancy, so created on the Board of Directors of the Company, be not filled.”
4. **To consider and, if thought fit, to pass, with or without modification(s), the following as an Ordinary Resolution:**  

“RESOLVED that Mr. A. K. Nanda (DIN: 00010029), who was appointed as a Director of the Company liable to retire by rotation, and who does not seek re-appointment upon expiry of his term at this Annual General Meeting, be not re-appointed a Director of the Company.

FURTHER RESOLVED that the vacancy, so created on the Board of Directors of the Company, be not filled.”
5. **To consider and, if thought fit, to pass, with or without modification(s), the following as an Ordinary Resolution:**  

“RESOLVED that pursuant to section 139 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder and pursuant to the recommendation of the Audit Committee, Messrs Deloitte Haskins & Sells, Chartered Accountants (ICAI Firm Registration Number 117364W), the retiring Auditors of the Company, be re-appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting (“AGM”), until the conclusion of the third consecutive AGM of the Company to be held in the year 2017 (subject to ratification of the appointment by the Members at every AGM held after this AGM), at a remuneration to be determined by the Board of Directors of the Company in addition to out of pocket expenses as may be incurred by them during the course of the Audit.”

**SPECIAL BUSINESS**

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

“RESOLVED that pursuant to the provisions of sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Rules framed thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. M. M. Murugappan (DIN: 00170478), Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in section 149(6) of the Companies Act, 2013 and whose period of office was liable to determination by retirement of Directors by rotation under the provisions of the Companies Act, 1956 and whose term expires at this Annual General Meeting and in respect of whom the Company has received a Notice in writing from a Member alongwith the deposit of the requisite amount under section 160 of the Companies Act, 2013 proposing his candidature for the office of Director, being so eligible, be appointed as an Independent Director of the Company to hold office for a term of 4 (four) consecutive years commencing from 8<sup>th</sup> August, 2014.”
7. **To consider and, if thought fit, to pass, with or without modification(s), the following as an Ordinary Resolution:**  

“RESOLVED that pursuant to the provisions of sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Rules framed thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Deepak S. Parekh (DIN: 00009078), Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in section 149(6) of the Companies Act, 2013 and whose period of office was liable to determination by retirement of Directors by rotation under the provisions of the Companies Act, 1956 and in respect of whom the Company has received a Notice in writing from a Member alongwith the deposit of the requisite amount under section 160 of the Companies Act, 2013 proposing his candidature for the office of Independent Director, being so eligible, be appointed as an Independent Director of the Company to hold office for a term of 3 (three) consecutive years commencing from 8<sup>th</sup> August, 2014.”
8. **To consider and, if thought fit, to pass, with or without modification(s), the following as an Ordinary Resolution:**  

“RESOLVED that pursuant to the provisions of sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Rules framed thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Nadir B. Godrej (DIN: 00066195), Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in section 149(6) of the Companies Act, 2013 and whose period of office was liable to determination by retirement of Directors by rotation under

- the provisions of the Companies Act, 1956 and in respect of whom the Company has received a Notice in writing from a Member alongwith the deposit of the requisite amount under section 160 of the Companies Act, 2013 proposing his candidature for the office of Independent Director, being so eligible, be appointed as an Independent Director of the Company to hold office for a term of 4 (four) consecutive years commencing from 8<sup>th</sup> August, 2014.”
9. **To consider and, if thought fit, to pass, with or without modification(s), the following as an Ordinary Resolution:**  
 “RESOLVED that pursuant to the provisions of sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Rules framed thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. R. K. Kulkarni (DIN: 00059367), Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in section 149(6) of the Companies Act, 2013 and whose period of office was liable to determination by retirement of Directors by rotation under the provisions of the Companies Act, 1956 and in respect of whom the Company has received a Notice in writing from a Member alongwith the deposit of the requisite amount under section 160 of the Companies Act, 2013 proposing his candidature for the office of Independent Director, being so eligible, be appointed as an Independent Director of the Company to hold office for a term of 5 (five) consecutive years commencing from 8<sup>th</sup> August, 2014.”
10. **To consider and, if thought fit, to pass, with or without modification(s), the following as an Ordinary Resolution:**  
 “RESOLVED that pursuant to the provisions of sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Rules framed thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Anupam Puri (DIN: 00209113), Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in section 149(6) of the Companies Act, 2013 and whose period of office was liable to determination by retirement of Directors by rotation under the provisions of the Companies Act, 1956 and in respect of whom the Company has received a Notice in writing from a Member alongwith the deposit of the requisite amount under section 160 of the Companies Act, 2013 proposing his candidature for the office of Independent Director, being so eligible, be appointed as an Independent Director of the Company to hold office for a term of 5 (five) consecutive years commencing from 8<sup>th</sup> August, 2014.”
11. **To consider and, if thought fit, to pass, with or without modification(s), the following as an Ordinary Resolution:**  
 “RESOLVED that pursuant to the provisions of sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Rules framed thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Dr. Vishakha N. Desai (DIN: 05292671), Director of the Company, who has submitted a declaration that she meets the criteria for independence as provided in section 149(6) of the Companies Act, 2013 and whose period of office was liable to determination by retirement of Directors by rotation under the provisions of the Companies Act, 1956 and in respect of whom the Company has received a Notice in writing from a Member alongwith the deposit of the requisite amount under section 160 of the Companies Act, 2013 proposing her candidature for the office of Independent Director, being so eligible, be appointed as an Independent Director of the Company to hold office for a term of 5 (five) consecutive years commencing from 8<sup>th</sup> August, 2014.”
12. **To consider and, if thought fit, to pass, with or without modification(s), the following as an Ordinary Resolution:**  
 “RESOLVED that pursuant to the provisions of sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Rules framed thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Vikram Singh Mehta (DIN: 00041197), Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in section 149(6) of the Companies Act, 2013 and whose period of office was liable to determination by retirement of Directors by rotation under the provisions of the Companies Act, 1956 and in respect of whom the Company has received a Notice in writing from a Member alongwith the deposit of the requisite amount under section 160 of the Companies Act, 2013 proposing his candidature for the office of Independent Director, being so eligible, be appointed as an Independent Director of the Company to hold office for a term of 5 (five) consecutive years commencing from 8<sup>th</sup> August, 2014.”
13. **To consider and, if thought fit, to pass, with or without modification(s), the following as an Ordinary Resolution:**  
 “RESOLVED that pursuant to the provisions of section 152 and all other applicable provisions of the Companies Act, 2013 and the Rules framed thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Bharat Doshi (DIN: 00012541), who was appointed by the Board of Directors as an Additional Director of the Company with effect from 14<sup>th</sup> November, 2013 and who holds office upto the date of this Annual General Meeting of the Company in terms of section 161 of the Companies Act, 2013 and in respect of whom the Company has received a Notice in writing from a Member alongwith the deposit of the requisite amount under section 160 of the Companies Act, 2013 proposing his candidature for the office of Director of the Company, be appointed as a Director of the Company, liable to retire by rotation.”
14. **To consider and, if thought fit, to pass, with or without modification(s), the following as an Ordinary Resolution:**  
 “RESOLVED that pursuant to the provisions of section 152 and all other applicable provisions of the Companies Act,

2013 and the Rules framed thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. S. B. Mainak (DIN: 02531129), who was appointed by the Board of Directors as an Additional Director of the Company with effect from 13<sup>th</sup> November, 2013 and who holds office upto the date of this Annual General Meeting of the Company in terms of section 161 of the Companies Act, 2013 and in respect of whom the Company has received a Notice in writing from a Member alongwith the deposit of the requisite amount under section 160 of the Companies Act, 2013 proposing his candidature for the office of Director of the Company, be appointed as a Director of the Company, liable to retire by rotation."

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

"RESOLVED that pursuant to the provisions of section 152 and all other applicable provisions of the Companies Act, 2013 and the Rules framed thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Dr. Pawan Goenka (DIN: 00254502), who was appointed by the Board of Directors as an Additional Director of the Company with effect from 23<sup>rd</sup> September, 2013 and who holds office upto the date of this Annual General Meeting of the Company in terms of section 161 of the Companies Act, 2013 and in respect of whom the Company has received a Notice in writing from a Member alongwith the deposit of the requisite amount under section 160 of the Companies Act, 2013 proposing his candidature for the office of Director of the Company, be appointed as a Director of the Company, liable to retire by rotation."

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

"RESOLVED that pursuant to the provisions of sections 196 and 197 read with Schedule V and all other applicable provisions of the Companies Act, 2013 ("the Act"), the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and subject to the approval of Central Government, if necessary, and such other approvals, permissions and sanctions, as may be required and subject to such conditions and modifications, as may be prescribed or imposed by any of the authorities while granting such approvals, permissions and sanctions, approval of the Company be accorded to the appointment of Dr. Pawan Goenka (DIN: 00254502) as a Whole time Director of the Company designated as Executive Director and President – Automotive and Farm Equipment Sectors for a period of 5 (five) years with effect from 23<sup>rd</sup> September, 2013 to 22<sup>nd</sup> September, 2018 on a salary of Rs. 10,32,300 per month in the scale of Rs. 7,00,000 to Rs. 15,00,000 per month.

FURTHER RESOLVED that the approval of the Company be accorded to the Board of Directors of the Company (hereinafter referred to as 'Board' which term shall be

deemed to include any duly authorised Committee thereof, for the time being exercising the powers conferred on the Board by this Resolution) to revise the basic salary payable to Dr. Pawan Goenka, Executive Director (hereinafter referred to as "the appointee") within the above mentioned scale of salary.

FURTHER RESOLVED that the perquisites (including allowances) payable or allowable and commission to the appointee be as follows:

**Perquisites:**

1. In addition to the salary, the appointee shall also be entitled to perquisites which would include accommodation (furnished or otherwise) or house rent allowance in lieu thereof, gas, electricity, water, furnishings, medical reimbursement and leave travel concession for self and family, club fees, use of Company cars, medical and personal accident insurance and other benefits, amenities and facilities including those under the Company's Special Post Retirement Benefits Scheme in accordance with the Rules of the Company.  
The value of the perquisites would be evaluated as per Income-tax Rules, 1962 wherever applicable and at cost in the absence of any such Rule.
2. Contribution to Provident Fund, Superannuation Fund, Annuity Fund and Gratuity would not be included in the computation of ceiling on remuneration to the extent these either singly or put together are not taxable under the Income-tax Act, 1961.
3. Encashment of earned leave at the end of the tenure as per Rules of the Company shall not be included in the computation of ceiling on remuneration.
4. Provision of car for use on Company's business, telephone and other communication facilities at residence would not be considered as perquisites.

**Commission:**

In addition to the salary and perquisites, the appointee would be entitled to such commission based on the net profits of the Company in any financial year not exceeding 1% (one per cent) of such profits as the Governance, Nomination and Remuneration Committee shall decide, having regard to the performance of the Company.

Provided that the remuneration payable to the appointee (including the salary, commission, perquisites, benefits and amenities) does not exceed the limits laid down in section 197 of the Act including any statutory modification(s) or re-enactment thereof.

FURTHER RESOLVED that where in any financial year during the currency of the tenure of the appointee, the Company has no profits or its profits are inadequate, the Company may pay to the appointee, the above remuneration as the minimum remuneration for a period not exceeding 3 (three) years from the date of appointment by way of salary, perquisites and other allowances and benefits as specified above subject to receipt of the requisite approvals, if any.

FURTHER RESOLVED that for the purpose of giving effect to this Resolution, the Board be authorised to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, proper or desirable and to settle any questions, difficulties or doubts that may arise in this regard and further to execute all necessary documents, applications, returns and writings as may be necessary, proper, desirable or expedient."

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

"RESOLVED that pursuant to the provisions of section 148 of the Companies Act, 2013 ("the Act"), the Companies (Audit and Auditors) Rules, 2014 and all other applicable provisions of the Act and the Rules framed thereunder (including any statutory modification or re-enactment thereof for the time being in force), Messrs N. I. Mehta & Co., Cost Accountants, appointed by the Board of Directors of the Company as Cost Auditors for conducting the audit of the Cost Records of the Company, if required, for the Financial Year ending 31<sup>st</sup> March, 2015, be paid the remuneration as set out in the Statement annexed to the Notice convening this Meeting.

FURTHER RESOLVED that the Board of Directors of the Company be authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this Resolution."

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

"RESOLVED that in furtherance of and pursuant to the Special Resolutions in respect of Item Nos. 10 and 11 passed by the Members at the 64<sup>th</sup> Annual General Meeting of the Company held on 28<sup>th</sup> July, 2010 and in accordance with the provisions of the Articles of Association of the Company, sections 42, 62 and all other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the Rules framed thereunder including any statutory modification(s) or re-enactment thereof for the time being in force and the provisions of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 including any modifications thereof or supplements thereto ("the Guidelines") and subject to such approvals, consents, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, consents, permissions and sanctions which may be agreed to by the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee thereof), consent of the Members of the Company be accorded to the Board to create, offer, issue and allot 52,00,000 Ordinary (Equity) Shares of Rs. 5 each i.e. not exceeding 0.84% of the post issued Equity Share Capital of the Company (or such other adjusted figure for any bonus, stock splits or consolidations or other re-organisation of the capital structure of the Company as may be applicable from time to time), in one or more tranches at such price and on such terms and conditions as approved by the Members

of the Company at the 64<sup>th</sup> Annual General Meeting of the Company held on 28<sup>th</sup> July, 2010 to the Mahindra & Mahindra Employees' Stock Option Trust ("the Trust") constituted by the Company in pursuance of the Mahindra & Mahindra Limited Employees Stock Option Scheme – 2010 ("the 2010 Scheme").

FURTHER RESOLVED that the total number of Options to be granted pursuant to the 2010 Scheme shall stand augmented to the extent of 52,00,000 Ordinary (Equity) Shares to be allotted to the Trust pursuant to this Resolution.

FURTHER RESOLVED that the new Ordinary (Equity) Shares to be issued and allotted in the manner aforesaid shall rank pari passu in all respects with the then existing Ordinary (Equity) Shares of the Company.

FURTHER RESOLVED that for the purpose of creating, offering, issuing, allotting and listing of the Equity Shares, the Board be authorised on behalf of the Company to make any modifications, changes, variations, alterations or revisions in the 2010 Scheme from time to time or to suspend, withdraw or revive the 2010 Scheme from time to time and do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary for such purpose and with power on behalf of the Company to settle any questions, difficulties or doubts that may arise in this regard without requiring the Board to secure any further consent or approval of the Members of the Company."

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

"RESOLVED that pursuant to the provisions of sections 73, 76 and all other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the Companies (Acceptance of Deposits) Rules, 2014 ("the Rules") (including any statutory modification(s) or re-enactment thereof for the time being in force), consent of the Members of the Company be accorded to the Company to invite/accept/renew from time to time unsecured/secured Deposits from the public and/or Members of the Company upto the permissible limits as prescribed under the Rules.

FURTHER RESOLVED that for the purpose of giving effect to this Resolution, the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee thereof) be authorised to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, proper or desirable for such invitation/acceptance/renewal of Deposits by the Company and to settle any questions, difficulties or doubts that may arise in this regard and further to execute all necessary documents, applications, returns and writings as may be necessary, proper, desirable or expedient."

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

"RESOLVED that pursuant to the provisions of sections 42, 71 of the Companies Act, 2013 ("the Act") read with the Companies (Prospectus and Allotment of Securities) Rules,

2014 and all other applicable provisions of the Act and the Rules framed thereunder, as may be applicable, and other applicable Guidelines and Regulations issued by the Securities and Exchange Board of India ("SEBI") or any other law for the time being in force (including any statutory modification(s) or amendment thereto or re-enactment thereof for the time being in force) and in terms of the Articles of Association of the Company, approval of the Members of the Company be accorded to authorise the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee thereof) to borrow from time to time, by way of securities including but not limited to secured/unsecured redeemable Non-Convertible Debentures ("NCDs") and/or Commercial Paper ("CP") to be issued under Private Placement basis, in one or more series/tranches aggregating upto an amount not exceeding Rs. 2,500 crores (Rupees Two Thousand Five Hundred Crores only), issuable/redeemable at discount/par/premium, under one or more shelf disclosure documents, during a period of 1 (one) year from the date of this Annual General Meeting, on such terms and conditions as the Board of the Company may, from time to time, determine and consider proper and most beneficial to the Company including as to when the said NCDs and/or CP be issued, the consideration for the issue, utilisation of the issue proceeds and all matters connected with or incidental thereto and that the said borrowing shall be within the overall borrowing limits of the Company.

FURTHER RESOLVED that for the purpose of giving effect to this Resolution, the Board be authorised to do all such acts, deeds, matters and things and execute all such deeds, documents, instruments and writings as it may in its sole and absolute discretion deem necessary in relation thereto."

**Notes:**

- A. The Explanatory Statement as required under section 102 of the Companies Act, 2013 is annexed hereto.
- B. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.
- C. The instrument appointing a proxy must be deposited with the Company at its Registered Office not less than 48 hours before the time for holding the Meeting.
- D. A person can act as a proxy on behalf of Members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A Member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or Shareholder. Proxies submitted on behalf of limited companies, societies, etc., must be supported by an appropriate resolution/ authority as applicable.
- E. The Company's Registrar and Transfer Agents for its Share Registry Work (Physical and Electronic) are Sharepro Services

(India) Private Limited having their Registered Office at 13AB, Samhita Warehousing Complex, 2<sup>nd</sup> Floor, Sakinaka Telephone Exchange Lane, Off Andheri Kurla Road, Sakinaka, Andheri (East), Mumbai-400 072.

- F. The Register of Members and Transfer Books of the Company will be closed from 19<sup>th</sup> July, 2014 to 8<sup>th</sup> August, 2014 (both days inclusive).
- G. The dividend, if declared at the Annual General Meeting, would be paid/despached on or after 9<sup>th</sup> August, 2014 to those persons or their mandates:
  - (a) whose names appear as Beneficial Owners as at the end of the business hours on 18<sup>th</sup> July, 2014 in the list of Beneficial Owners to be furnished by National Securities Depository Limited and Central Depository Services (India) Limited in respect of the shares held in electronic mode; and
  - (b) whose names appear as Members in the Register of Members of the Company after giving effect to valid share transfers in physical form lodged with the Company/its Registrar and Transfer Agents on or before 18<sup>th</sup> July, 2014.
- H. Under the Companies Act, 1956 dividends that are unclaimed/unpaid for a period of seven years are required to be transferred to the Investor Education and Protection Fund ("IEPF") administered by the Central Government. An amount of Rs. 78,47,160 being unclaimed/unpaid dividend of the Company for the financial year ended 31<sup>st</sup> March, 2006 was transferred in September, 2013 to IEPF and Rs. 58,53,173 being unclaimed/unpaid interim dividend of the Company for the financial year ended 31<sup>st</sup> March, 2007 was transferred in April, 2014 to IEPF. No claim lies against the Company in respect thereof.

Due dates of transferring unclaimed and unpaid dividends declared by the Company for the financial year 2006-07 (final dividend) and thereafter to IEPF:

Financial Year ended	Date of declaration of dividend	Last date for claiming unpaid/unclaimed dividend
31 <sup>st</sup> March, 2007	30 <sup>th</sup> July, 2007	30 <sup>th</sup> August, 2014
31 <sup>st</sup> March, 2008	30 <sup>th</sup> July, 2008	28 <sup>th</sup> August, 2015
31 <sup>st</sup> March, 2009	30 <sup>th</sup> July, 2009	30 <sup>th</sup> August, 2016
31 <sup>st</sup> March, 2010	28 <sup>th</sup> July, 2010	26 <sup>th</sup> August, 2017
31 <sup>st</sup> March, 2011	8 <sup>th</sup> August, 2011	6 <sup>th</sup> September, 2018
31 <sup>st</sup> March, 2012	8 <sup>th</sup> August, 2012	6 <sup>th</sup> September, 2019
31 <sup>st</sup> March, 2013	13 <sup>th</sup> August, 2013	11 <sup>th</sup> September, 2020

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

- I. Members can avail of the facility of nomination in respect of shares held by them in physical form pursuant to the provisions of section 72 of the Companies Act, 2013. Members desiring to avail of this facility may send their nomination in the prescribed Form No. SH-13 duly filled in to Sharepro Services (India) Private Limited at the above mentioned address. Members holding shares in electronic mode may contact their respective Depository Participants for availing this facility.
- J. The Securities and Exchange Board of India has made it mandatory for all companies to use the bank account details furnished by the Depositories and the bank account details maintained by the Registrar and Transfer Agents for payment of dividend through Electronic Clearing Service ("ECS") to investors wherever ECS and bank details are available. In the absence of ECS facilities, the Company will print the bank account details, if available, on the payment instrument for distribution of dividend. The Company will not entertain any direct request from Members holding shares in electronic mode for deletion of/change in such bank details. Further, instructions if any, already given by them in respect of shares held in physical form will not be automatically applicable to shares held in the electronic mode. Members who wish to change such bank account details are therefore requested to advise their Depository Participants about such change, with complete details of bank account.
- K. The Company has extended the facility of electronic credit of dividend directly to the respective bank accounts of the Member(s) through the Electronic Clearing Service ("ECS")/ National Electronic Clearing Service ("NECS"). Members wishing to avail of this facility are requested to intimate the Company's Registrar and Transfer Agents/ Depository Participants in the prescribed form and with the prescribed details. Members located in places where ECS/NECS facility is not available may submit their bank details to the Registrar and Transfer Agents. This will enable the Company to incorporate this information on the dividend warrants and thus prevent fraudulent encashment.
- L. Pursuant to sections 101 and 136 of the Companies Act, 2013 read with the Rules framed thereunder, the Notice calling the Annual General Meeting along with the Annual Report 2013-14 would be sent by electronic mode to those Members whose e-mail addresses are registered with the Depository or the Company's Registrar and Transfer Agents, unless the Members have requested for a physical copy of the same. For Members who have not registered their e-mail addresses, physical copies would be sent by the permitted mode.
- M. Members are requested to:
- intimate to the Company's Registrar and Transfer Agents, Sharepro Services (India) Private Limited,

changes, if any, in their registered addresses at an early date, in case of Shares held in physical form;

- intimate to the respective Depository Participant, changes, if any, in their registered addresses at an early date, in case of Shares held in dematerialised form;
- quote their folio numbers/Client ID/DP ID in all correspondence; and
- consolidate their holdings into one folio in case they hold Shares under multiple folios in the identical order of names.

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

Sr. No.	Name of the Director	Ordinary (Equity) Shares of Rs. 5 each held by the Director
1.	Mr. M. M. Murugappan	1,00,000
2.	Mr. Deepak S. Parekh	1,12,180
3.	Mr. Nadir B. Godrej	3,83,086
4.	Mr. R. K. Kulkarni	83,088
5.	Mr. Anupam Puri	—
6.	Dr. Vishakha N. Desai	—
7.	Mr. Vikram Singh Mehta	—
8.	Mr. Bharat Doshi	5,95,508
9.	Mr. S. B. Mainak	—
10.	Dr. Pawan Goenka	1,50,768

None of the Directors of the Company is inter-se related to each other.

In respect of the information to be provided under Clause 49 of the Listing Agreement pertaining to the Directors being appointed, re-appointed, Members are requested to kindly refer the Chapter on Corporate Governance in the Annual Report.

- Members are requested to bring their copy of the Annual Report to the Annual General Meeting.
- Members/Proxies/Representatives are requested to bring the Attendance Slip enclosed in the Annual Report for attending the Meeting.
- Voting through electronic means –

I. In compliance with the provisions of section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and the revised Clause 35B of the Listing Agreement, the Company is pleased to offer e-voting facility to its Members in respect of the businesses to be transacted at the 68<sup>th</sup> Annual General Meeting ("AGM"). The Company has engaged the services of National Securities Depository Limited ("NSDL") as the Authorised Agency to provide e-voting facilities.

II. Members are requested to note that the business may be transacted through electronic voting system and the Company is providing facility for voting by electronic means. It is hereby clarified that it is not mandatory for a Member to vote using the e-voting facility. A Member may avail of the facility at his/her/its discretion, as per the instructions provided herein:

**Instructions:**

- A. In case a Member receives an email from NSDL [for Members whose email IDs are registered with the Company/Depository Participant(s)]:
- (i) Open email and open PDF file M&M e-Voting.pdf with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for e-voting. Please note that the password is an initial password.
  - (ii) Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com/>
  - (iii) Click on Shareholder – Login
  - (iv) Put user ID and password noted in step (i) above as initial password/PIN. Click Login.
  - (v) Password change menu appears. Change the password/PIN with new password of your choice with minimum 8 digits/characters or combination thereof. Note the new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
  - (vi) Home page of e-voting opens. Click on e-Voting: Active Voting Cycles.
  - (vii) Select “EVEN” (E-voting Event Number) of Mahindra & Mahindra Limited.
  - (viii) Now you are ready for e-voting as Cast Vote page opens.
  - (ix) Cast your vote by selecting appropriate option and click on “Submit” and also “Confirm” when prompted.
  - (x) Upon confirmation, the message “Vote cast successfully” will be displayed.
  - (xi) Once you have voted on the resolution, you will not be allowed to modify your vote.
  - (xii) Institutional shareholders (i.e. other than individuals, HUF, NRI, etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/Authority letter, etc. together with attested specimen signature of the duly authorised signatory(ies) who are authorised to vote, to the Scrutinizer through e-mail to [sbhagwatcs@yahoo.co.in](mailto:sbhagwatcs@yahoo.co.in) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)
- B. In case a Member receives physical copy of the Notice of AGM [for members whose email IDs are not registered with the Company/Depository Participant(s)]:
- (i) User ID, initial password and EVEN will be provided at the bottom of the Attendance Slip for the AGM.
  - (ii) Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above to cast vote.
- III. In case of any queries, you may refer to the Frequently Asked Questions (“FAQs”) for Shareholders and e-voting user manual for Shareholder available at the Downloads section of <http://www.evoting.nsdl.com>
  - IV. If you are already registered with NSDL for e-voting then you can use your existing user ID and password/PIN for casting your vote.
  - V. The e-voting period commences on Saturday, 2<sup>nd</sup> August, 2014 (09:00 am IST) and ends on Monday, 4<sup>th</sup> August, 2014 (05:00 pm IST). During this period, Members of the Company, holding shares either in physical form or in dematerialised form, as on the cut-off date i.e. 27<sup>th</sup> June, 2014, may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently.
  - VI. The voting rights of Members shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off date i.e. 27<sup>th</sup> June, 2014.
  - VII. Mr. Sachin Bhagwat, Practicing Company Secretary (Membership No. ACS10189) has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
  - VIII. The Scrutinizer shall, within a period not exceeding 3 (three) working days from the conclusion of the e-voting period, unblock the votes in the presence of at least 2 (two) witnesses not in the employment of the Company and make a Scrutinizer’s Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
  - IX. The Results shall be declared on or after the AGM of the Company. The Results declared alongwith the Scrutinizer’s Report shall be placed on the Company’s website [www.mahindra.com](http://www.mahindra.com) and on the website of NSDL [www.evoting.nsdl.com](http://www.evoting.nsdl.com) within 2 (two) days of passing of the resolutions at the AGM of the Company and communicated to the BSE Limited and National Stock Exchange of India Limited, where the shares of the Company are listed.

By Order of the Board

**NARAYAN SHANKAR**  
Company Secretary

Registered Office:

Gateway Building, Apollo Bunder,  
Mumbai - 400 001.  
CIN : L65990MH1945PLC004558  
e-mail : [investors@mahindra.com](mailto:investors@mahindra.com)  
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Tel. : +91 22 22021031  
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30<sup>th</sup> May, 2014

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

### ITEM Nos. 6 to 12

As per section 149 of the Companies Act, 2013 ("the Act"), the Company should have at least one third of the total number of Directors as Independent Directors on the Board of the Company. An Independent Director shall hold office for a term of up to five consecutive years on the Board of a Company and no Independent Director shall hold office for more than two consecutive terms. The provisions relating to retirement by rotation shall not be applicable to the Independent Directors.

As per Clause 49(I)(A) of the Listing Agreement, in case the Chairman is an executive director or a Promoter, at least one-half of the Board of the Company shall consist of Independent Directors.

Mr. M. M. Murugappan, Mr. Deepak S. Parekh, Mr. Nadir B. Godrej, Mr. R. K. Kulkarni and Mr. Anupam Puri are Independent Directors of the Company in terms of Clause 49 of the Listing Agreement and have held the positions as such for more than 10 (ten) years. Similarly, Dr. Vishakha N. Desai and Mr. Vikram Singh Mehta are Independent Directors of the Company in terms of Clause 49 of the Listing Agreement who were inducted on the Board on 30<sup>th</sup> May, 2012.

Pursuant to the recommendation of the Governance, Nomination and Remuneration Committee, the Board of Directors at its Meeting held on 30<sup>th</sup> May, 2014 has proposed the appointment of Mr. M. M. Murugappan, Mr. Deepak S. Parekh, Mr. Nadir B. Godrej, Mr. R. K. Kulkarni, Mr. Anupam Puri, Dr. Vishakha N. Desai and Mr. Vikram Singh Mehta as Independent Directors, who shall hold office on the Board of the Company for a period as stated in the respective Resolutions.

The Company has received Notices in writing from a Member alongwith the deposit of the requisite amount under section 160 of the Act proposing the candidatures of Mr. M. M. Murugappan, Mr. Deepak S. Parekh, Mr. Nadir B. Godrej, Mr. R. K. Kulkarni, Mr. Anupam Puri, Dr. Vishakha N. Desai and Mr. Vikram Singh Mehta for the office of Independent Directors of the Company.

The Company has received declarations from each of the Independent Directors mentioned above that they meet with the criteria of independence as prescribed both under sub-section (6) of section 149 of the Act and under Clause 49 of the Listing Agreement.

Further, the above Independent Directors are not disqualified from being appointed as Directors in terms of section 164 of the Act and have given their consent in writing to act as Directors of the Company.

All the above mentioned Directors are persons of integrity and possess appropriate skills, experience, knowledge and qualifications in their respective fields which are beneficial to the interests of the Company.

In the opinion of the Board, the above mentioned Independent Directors fulfill the conditions for appointment as Independent Directors as specified in the Act and the Rules framed thereunder. These Directors are independent of the management.

A brief resume of the above mentioned Directors, nature of their expertise in specific functional areas and names of the companies in which they hold directorships and memberships/chairmanships of Board Committees, shareholding and relationships between directors inter-se as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, are provided in the Corporate Governance Report forming part of the Annual Report.

Keeping in view the vast experience and knowledge which these Directors possess, the Board considers that their continued association would be of immense benefit to the Company and it is desirable to continue to avail their services as Independent Directors.

This Statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchanges.

The above Independent Directors are interested in the Resolutions as set out at Item Nos. 6 to 12 of the Notice to the extent of their respective appointments and shareholding interest, if any, in the Company.

The relatives of the above mentioned Independent Directors viz. Mr. M. M. Murugappan, Mr. Deepak S. Parekh, Mr. Nadir B. Godrej, Mr. R. K. Kulkarni, Mr. Anupam Puri, Dr. Vishakha N. Desai and Mr. Vikram Singh Mehta may be deemed to be interested in the Resolutions set out at Item Nos. 6 to 12 of the Notice, to the extent of their shareholding interest, if any, in the Company.

Save and except the above, none of the other Directors, Key Managerial Personnel of the Company and their relatives are, in any way, concerned or interested, financially or otherwise, in these Resolutions except to the extent of their shareholding interest, if any, in the Company.

The Board recommends the Ordinary Resolutions set out at Item Nos. 6 to 12 of the Notice for the approval by the Members.

### ITEM No. 13

Pursuant to the recommendation of the Governance, Nomination and Remuneration Committee, the Board of Directors at its Meeting held on 13<sup>th</sup> November, 2013 appointed Mr. Bharat Doshi as an Additional Director of the Company with effect from 14<sup>th</sup> November, 2013. He holds office upto the date of the ensuing Annual General Meeting pursuant to section 161 of the Companies Act, 2013 and Article 120 of the Articles of Association of the Company. The Company has received a Notice in writing from a Member alongwith the deposit of the requisite amount under section 160 of the Companies Act, 2013 proposing his candidature for the office of Director of the Company.

Mr. Bharat Doshi, a Director holds a Master's Degree in Law from the University of Bombay and is Fellow Member of The Institute of Chartered Accountants of India and The Institute of Company Secretaries of India. He has also participated in the Program for Management Development at Harvard Business School. He has served the Mahindra Group since 1973 and held several important positions within the Group spanning 40 years including Group Chief Financial Officer from 2007 to 2013.

He was inducted to the Board of the Company as an Executive Director in August, 1992 and was in charge of Finance & Accounts, Corporate Affairs and Information Technology. He stepped down from his executive position with effect from close of working hours on 13<sup>th</sup> November, 2013.

Mr. Doshi is the Chairman of Mahindra & Mahindra Financial Services Limited and Mahindra Intertrade Limited and a Director in several companies and is also a Member of various Committees of the Board, details whereof are given in the Chapter on Corporate Governance in the Annual Report.

Mr. Doshi holds 5,95,508 Ordinary (Equity) Shares of Rs. 5 each in the Company.



The Board is of the view that Mr. Doshi's knowledge and experience will be of immense benefit and value to the Company and, therefore, recommends his appointment to the Members.

Apart from Mr. Bharat Doshi, none of the other Directors, Key Managerial Personnel ("KMP") of the Company and relatives of the Directors and KMP are, in any way, concerned or interested, financially or otherwise, in the Resolution set out at Item No. 13 of the Notice except to the extent of their shareholding interest, if any, in the Company.

**ITEM No. 14**

Life Insurance Corporation of India ("LIC"), has nominated Mr. S. B. Mainak, Managing Director of LIC as its representative on the Board of Directors of the Company in place of Mrs. D. Vijayalakshmi who ceased to be a Director of the Company with effect from 5<sup>th</sup> June, 2013.

Pursuant to the recommendation of the Governance, Nomination and Remuneration Committee, the Board of Directors at its Meeting held on 13<sup>th</sup> November, 2013 has appointed Mr. S. B. Mainak as an Additional Director of the Company representing LIC with effect from 13<sup>th</sup> November, 2013. He holds office upto the date of the ensuing Annual General Meeting pursuant to section 161 of the Companies Act, 2013 and Article 120 of the Articles of Association of the Company. The Company has received a Notice in writing from a Member alongwith the deposit of the requisite amount under section 160 of the Companies Act, 2013 proposing his candidature for the office of Director of the Company.

Mr. Mainak is the Chairman of LIC Nomura Mutual Fund Trustee Company Private Limited and a Director in several companies, details whereof are given in the Chapter on Corporate Governance in the Annual Report.

Mr. Mainak does not hold any Ordinary (Equity) Share in the Company.

The Board is of the view that Mr. Mainak's knowledge and experience will be of immense benefit and value to the Company and, therefore, recommends his appointment to the Members.

Except for Mr. S. B. Mainak, none of the other Directors, Key Managerial Personnel ("KMP") of the Company and relatives of the Directors and KMP are, in any way, concerned or interested, financially or otherwise, in the Resolution set out at Item No. 14 of the Notice except to the extent of their shareholding interest, if any, in the Company.

**ITEM Nos. 15 and 16**

The Board of Directors has pursuant to the approval of the Governance, Nomination and Remuneration Committee of the Board ("the Committee") appointed Dr. Pawan Goenka as an Additional Director of the Company with effect from 23<sup>rd</sup> September, 2013.

Based on the recommendation of the Committee, the Board appointed Dr. Pawan Goenka as the Executive Director for a period of 5 (five) years with effect from 23<sup>rd</sup> September, 2013 to 22<sup>nd</sup> September, 2018 and approved his remuneration, subject to the approval of the Members by a Special Resolution to be obtained at the ensuing Annual General Meeting of the Company.

Dr. Goenka holds office upto the date of the ensuing Annual General Meeting pursuant to section 161 of the Companies Act, 2013 ("the Act") and Article 120 of the Articles of Association of the Company. The Company has received a Notice in writing from a

Member alongwith the deposit of the requisite amount under section 160 of the Act proposing his candidature for the office of Director of the Company.

In compliance with the requirements of the erstwhile section 302 of the Companies Act, 1956, an abstract of the terms of the appointment of and remuneration payable to Dr. Goenka together with the Memorandum of Concern or Interest was sent to the Members in October, 2013. The other terms of remuneration including commission payable to him are set out in the Special Resolution under Item No. 16 of the Notice.

Pursuant to sections 196, 197 and all other applicable provisions of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule V of the Act, the appointment of and remuneration payable to Dr. Pawan Goenka is now being placed before the Members at the Annual General Meeting for their approval by way of Special Resolution.

Your Directors recommend passing of the Resolutions at Item No. 15 of the Notice as an Ordinary Resolution and Item No. 16 of the Notice as a Special Resolution.

Apart from Dr. Pawan Goenka, who would be interested in his appointment and remuneration, none of the other Directors, Key Managerial Personnel ("KMP") of the Company and relatives of the Directors and KMP are, in any way, concerned or interested, financially or otherwise, in these items of businesses, except to the extent of their shareholding interest, if any, in the Company.

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

**I. General Information:**

**(i) Nature of Industry:**

The Company is, inter alia, in the business of manufacture of different range of automotive vehicles, agricultural tractors, implements, industrial engines, etc.

**(ii) Date or expected date of commencement of commercial production:**

The Company was incorporated on 2<sup>nd</sup> October, 1945 and started assembly of jeep type vehicles in the year 1949.

**(iii) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus:**

Not Applicable.

**(iv) Financial performance based on given indicators – as per audited financial results for the year ended 31<sup>st</sup> March, 2014:**

Particulars	(Rupees in Crores)
Gross Turnover & Other Income	43,838.17
Net profit as per Statement of Profit & Loss (After Tax)	3,758.35
Computation of Net Profit in accordance with erstwhile section 309(5) of the Companies Act, 1956	4,487.74
Net Worth	16,791.19

**(v) Foreign investments or collaborators, if any:**

Not Applicable.

**II. Information about the appointee:**

**(i) Background details:**

Dr. Pawan Goenka is the Executive Director and President – Automotive and Farm Equipment Sectors of Mahindra & Mahindra Limited. Dr. Goenka is a Bachelor of Science in Mechanical Engineering from I.I.T., Kanpur. Post his Engineering degree, he earned his Ph.D. from Cornell University, USA. He is also a Graduate of the Harvard Business School Advanced Management Program. He worked at General Motors in Detroit, USA from 1979 to 1993 and is credited with pioneering research in engine design and development. Thereafter, he joined Mahindra & Mahindra Limited, as General Manager (R&D). During his R&D tenure he led the development of the Scorpio SUV. He was appointed COO (Automotive Sector) in April, 2003, President (Automotive Sector) in September, 2005 and President (Automotive & Farm Equipment Sectors) with effect from April, 2010.

Dr. Goenka received the Outstanding International Advisor Award from SAE in 1997, Charles L. McCuen Achievement Award for the years 1991 and 1995 from General Motors, Burt L. Newkirk Award for the year 1987, Extraordinary Accomplishment Award from General Motors in 1986, Distinguished Alumni Award from I.I.T. Kanpur in 2004.

Dr. Goenka is a past President of Society of Automotive Engineers, India, and of ARAI Governing Council. He was also the President of Society of Indian Automobile Manufacturers (“SIAM”).

Dr. Goenka is on the Boards of several Mahindra Group Companies in India and abroad.

**(ii) Past remuneration during the financial year ended 31<sup>st</sup> March, 2014:**

Name of Executive Director	Amount (Rs. in lakhs)
Dr. Pawan Goenka	448.02

**(iii) Recognition or awards:**

The information is already covered in the section “Background details”.

**(iv) Job Profile and his suitability:**

Dr. Goenka joined the Company as General Manager (R&D) in the year 1993. During his R&D tenure he led the development of the Scorpio SUV. He was appointed COO (Automotive Sector) in April, 2003, President (Automotive Sector) in September, 2005 and President (Automotive & Farm Equipment Sectors) with effect from April, 2010.

The Executive Director is responsible for the operations and the affairs of the Company pertaining to his area. Taking into consideration his qualifications and expertise in relevant fields, the Executive Director is best suited for the responsibilities currently assigned to him by the Board of Directors.

**(v) Remuneration proposed:**

Name of Executive Director	Scale of Salary
Dr. Pawan Goenka	Rs. 10,32,300 per month in the scale of Rs. 7,00,000 to Rs. 15,00,000 per month

It is proposed to authorise the Board (which term shall be deemed to include any duly authorised Committee thereof, for the time being exercising the powers conferred on the Board by this Resolution) to revise the basic salary payable to Dr. Pawan Goenka, within the abovementioned scale of salary.

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

Taking into consideration the size of the Company, the profile of Dr. Pawan Goenka, the responsibilities shouldered by him and the industry benchmarks, the remuneration proposed to be paid is commensurate with the remuneration packages paid to similar senior level counterpart(s) in other companies.

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

Besides the remuneration proposed to be paid to him, the Executive Director does not have any other pecuniary relationship with the Company or relationship with the managerial personnel.

**III. Other Information:**

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

Not applicable, as the Company has posted a net profit after tax of Rs. 3,758.35 crores during the year ended 31<sup>st</sup> March, 2014.

**(ii) Steps taken or proposed to be taken for improvement and**

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

Not applicable as the Company has adequate profits.

**IV. Disclosures:**

The information and Disclosures of the remuneration package of the Whole-time Directors have been mentioned in the Annual Report in the Corporate Governance Report Section under the Heading “Remuneration paid/payable to Managing Director and Executive Director (Whole-time Directors) for the year ended 31<sup>st</sup> March, 2014”.

Dr. Pawan Goenka satisfies all the conditions set out in Part-I of Schedule V to the Act as also conditions set out under sub-section 3 of section 196 of the Act for being eligible for his appointment. He is not disqualified from being appointed as Director in terms of section 164 of the Act.

Brief resume of Dr. Pawan Goenka, nature of his expertise, name of companies in which he holds directorships and memberships/chairmanships of Board Committees, shareholding and relationships among directors inter-se as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges are provided in the Corporate Governance Report forming part of the Annual Report.

**ITEM No. 17**

The Board of Directors, at its Meeting held on 30<sup>th</sup> May, 2014, on the recommendation of the Audit Committee, approved the appointment of Messrs N. I. Mehta, Cost Accountants, as Cost Auditors of the

Company for conducting the audit of the cost records of the Company, if required, for the year ending 31<sup>st</sup> March, 2015 at a remuneration of Rs. 20,00,000 (Rupees Twenty Lakhs only) (excluding all taxes and reimbursement of out of pocket expenses).

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

Accordingly, consent of the Members is sought for passing an Ordinary Resolution as set out at Item No. 17 of the Notice for ratification of the remuneration payable to the Cost Auditors for conducting the audit of the cost records of the Company, if required, for the financial year ending 31<sup>st</sup> March, 2015.

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

The Resolution at Item No. 17 of the Notice is recommended by the Directors to be passed as an Ordinary Resolution.

#### ITEM No. 18

As the global business environment is becoming increasingly competitive, it is important to attract and retain qualified, talented and competent personnel in the Company. Stock Options represent a reward system based on the performance. They help companies to attract, retain and motivate the best available talent. Stock Options also provide a company with an opportunity to optimise its personnel costs and provide Employees with an opportunity to participate in the growth of the company.

Accordingly, the Company had formulated the Mahindra & Mahindra Limited Employees Stock Option Scheme-2000 ("the 2000 Scheme") and the Mahindra & Mahindra Limited Employees Stock Option Scheme-2010 ("the 2010 Scheme") (both the Schemes collectively referred to as "the Schemes").

The brief particulars relating to both the Schemes as on 31<sup>st</sup> March, 2014 are as follows:

- The Members of the Company had at their Meetings held on 31<sup>st</sup> July, 2000 and 28<sup>th</sup> July, 2004 approved issue and allotment of 55,24,219 Equity Shares and 19,55,814 Equity Shares respectively under the 2000 Scheme. Accordingly, the Company had allotted these shares to the Mahindra & Mahindra Employees' Stock Option Trust ("the Trust") from time to time.
- The Equity Shares allotted to the Trust as well as the Options granted under the 2000 Scheme stood augmented on account of the 1:1 Bonus Issue made in September, 2005 and further 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 made in March, 2010.
- The Members of the Company had at their Meeting held on 28<sup>th</sup> July, 2010 approved issue and allotment of 1,73,53,034 Equity Shares under the 2010 Scheme. Accordingly, the Company had allotted these shares to the Trust in January, 2011.
- As of 31<sup>st</sup> March, 2014, the Trust has granted 2,00,88,466 Options under the Schemes to the Eligible Employees, out of which 20,31,828 Options have lapsed. The net grant by the Trust as on 31<sup>st</sup> March, 2014 stands at 1,80,56,638 Options.

- As of 31<sup>st</sup> March, 2014 the Trust held 2.61 crore shares. As against this shareholding, it has outstanding options of 0.52 crores.

#### Share Price Movement:

During the period under consideration i.e. 1<sup>st</sup> January, 2001 to 31<sup>st</sup> March, 2014, the share price of your Company has increased from Rs.150.80 (Market Price as on 1<sup>st</sup> January, 2001) to Rs.980.70 (Market Price as on 31<sup>st</sup> March, 2014) providing a compounded return in excess of 27.8% per annum (excluding dividend). This return factors in the Bonus Issue made in September, 2005 in the ratio of 1:1 and 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 made in March, 2010.

#### Rationale for the proposed allotment:

While the increase in Share Price as above cannot fully be attributed as the effect on account of the Schemes, it can be strongly argued that the implementation of the Schemes has had a positive impact on the Share Price movement of the Company. Moreover, this has benefitted the eligible employees of the Company and has contributed to increased employee morale and retention.

Given this background and keeping in view the basic purpose for which the Schemes were formulated and approved by the Shareholders and in order to give further fillip to this initiative, it is proposed that the Equity Shares held by the Trust be replenished to the extent of outstanding options i.e. by way of an issue of 52,00,000 Ordinary (Equity) Shares of Rs. 5 each to the Trust under the 2010 Scheme, so that the Trust has additional Shares to be in a position to reward Eligible Employees suitably as may be recommended by the Committee from time to time. With this proposed issuance, the Trust would have around 5% of the capital of the Company available for the purpose of grant of stock options to employees.

The Board at its Meeting held on 30<sup>th</sup> May, 2014 has accepted the recommendation of the Governance, Nomination and Remuneration Committee, subject to the approval of the Members pursuant to sections 42 and 62 of the Companies Act, 2013.

Pursuant to section 149(9) of the Companies Act, 2013, an Independent Director shall not be entitled to any Stock Option.

Save as aforesaid, the Special Resolutions at Item Nos. 10 and 11 of the Notice approved at the 64<sup>th</sup> Annual General Meeting read with the Explanatory Statement annexed to the Notice convening that Meeting remain unaltered.

A copy of the Extracts of the Explanatory Statement pursuant to the erstwhile section 173(2) of the Companies Act, 1956 annexed to the Annual General Meeting Notice dated 29<sup>th</sup> May, 2010 and a copy of the Resolutions adopted at the Annual General Meeting held on 28<sup>th</sup> July, 2010 alongwith a copy of the 2010 Scheme will be available for inspection by the Members at the Registered Office of the Company between 10.00 a.m. and 12.00 noon on all working days (except Saturdays, Sundays and Public Holidays) upto the date of the Annual General Meeting.

The Directors and the Key Managerial Personnel ("KMP") of the Company who would be eligible or would qualify to join the 2010 Scheme may be deemed to be concerned or interested in this item of business to the extent of the options that may be offered to them under the 2010 Scheme.

Save as mentioned above, none of the other Directors of the Company and relatives of the Directors and KMP are, in any way, concerned or interested, financially or otherwise, in the aforesaid Resolution except to the extent of their shareholding, if any, in the Company.

Your Directors recommend the Resolution set out at Item No. 18 of the Notice for adoption of Members as a Special Resolution.

#### ITEM No. 19

The Company had a Fixed Deposit Scheme, pursuant to the provisions of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, 1975, wherein it accepted/renewed unsecured deposits from the Members of the Company and from public.

Vide Notification dated 26<sup>th</sup> March, 2014, the Ministry of Corporate Affairs ("MCA") notified sections 73, 74(1) and 76 of the Companies Act, 2013 ("the Act") relating to the acceptance of Deposits by companies from its Members and from public, to take effect from 1<sup>st</sup> April, 2014. The Companies (Acceptance of Deposits) Rules, 2014 ("the Rules") also came into force on 1<sup>st</sup> April, 2014.

Under the Act only an eligible company is allowed to accept deposits from persons other than its Members. An eligible company has been defined in the Rules to mean a public company as referred to in sub-section (1) of section 76, having a net worth of not less than one hundred crore rupees or a turnover of not less than five hundred crore rupees and which has obtained the prior consent of the company in general meeting by means of a special resolution and also filed the said resolution with the Registrar of Companies before making any invitation to the Public for acceptance of deposits.

The Act prescribes that any company inviting/accepting/renewing deposits would have to obtain credit rating from recognised credit rating agency. The Company will obtain credit rating for its fixed deposit scheme from a recognised Credit Rating Agency and inform the public about the rating given prior to inviting deposits from the Public. The Company will also be taking deposit insurance towards the unsecured Deposits as may be accepted by it.

Since the Act and the Rules would be applicable to the existing fixed deposit scheme of the Company, it would be necessary to comply with the Act and the Rules before commencing acceptance/renewal of deposits from the Members and the public.

As per the Rules, in case of an eligible company which had accepted or invited public deposits under the relevant provisions of the Companies Act, 1956 and the Rules made under that Act and has been repaying such deposits and interest thereon in accordance with those provisions, the provisions of repaying the deposits within one year from 1<sup>st</sup> April, 2014 shall be deemed to have been complied with, if the company complies with the requirements and continues to repay such deposits and interest due thereon on due dates for the remaining period of such deposit in accordance with the terms and conditions and period of such Earlier Deposits.

Accordingly, consent of the Members is sought for passing a Special Resolution as set out at Item No. 19 of the Notice. This Resolution enables the Board of Directors of the Company to accept/renew deposits from the public and Members upto the permissible limits laid down in the Rules.

None of the Directors, Key Managerial Personnel of the Company and their relatives are, in any way, concerned or interested, financially or otherwise, in the Resolution set out at Item No. 19 of the Notice except to the extent to any deposits that they may have placed with the Company under its present Fixed Deposit Scheme.

The Board recommends the Special Resolution set out at Item No. 19 of the Notice for approval by the Members.

#### ITEM No. 20

In terms of section 42 of the Companies Act, 2013 read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 ("the Rules"), a Company shall not make Private Placement of its Securities unless the proposed offer of Securities or invitation to subscribe to Securities has been previously approved by the Members of the Company by a Special Resolution. In case of an offer or invitation for offer of Non-Convertible Debentures, the Company can pass a Special Resolution once a year for all the offers or invitations to be made for such Debentures during the year.

In order to augment resources for, inter alia, the ongoing capital expenditure, long term working capital/short term working capital and for general corporate purposes, the Company may offer or invite subscription for securities including but not limited to secured/ unsecured redeemable Non-Convertible Debentures and/or Commercial Paper, in one or more series/tranches on private placement, issuable/redeemable at discount/par/premium.

The Company seeks to pass an enabling resolution to borrow funds from time to time by offer of securities including but not limited to Non-Convertible Debentures and/or Commercial Paper for an amount not exceeding Rs. 2,500 crores at a discount or at par or at a premium and at such interest as may be appropriate considering the prevailing money market conditions at the time of the borrowing but not exceeding 12% p.a.

Accordingly, consent of the Members is sought for passing a Special Resolution as set out at Item No. 20 of the Notice.

None of the Directors, Key Managerial Personnel of the Company and their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 20 of the Notice.

The Board recommends the Special Resolution set out at Item No. 20 of the Notice for approval by the Members.

By Order of the Board

**NARAYAN SHANKAR**  
Company Secretary

Registered Office:

Gateway Building, Apollo Bunder,  
Mumbai - 400 001.

CIN : L65990MH1945PLC004558

e-mail : investors@mahindra.com

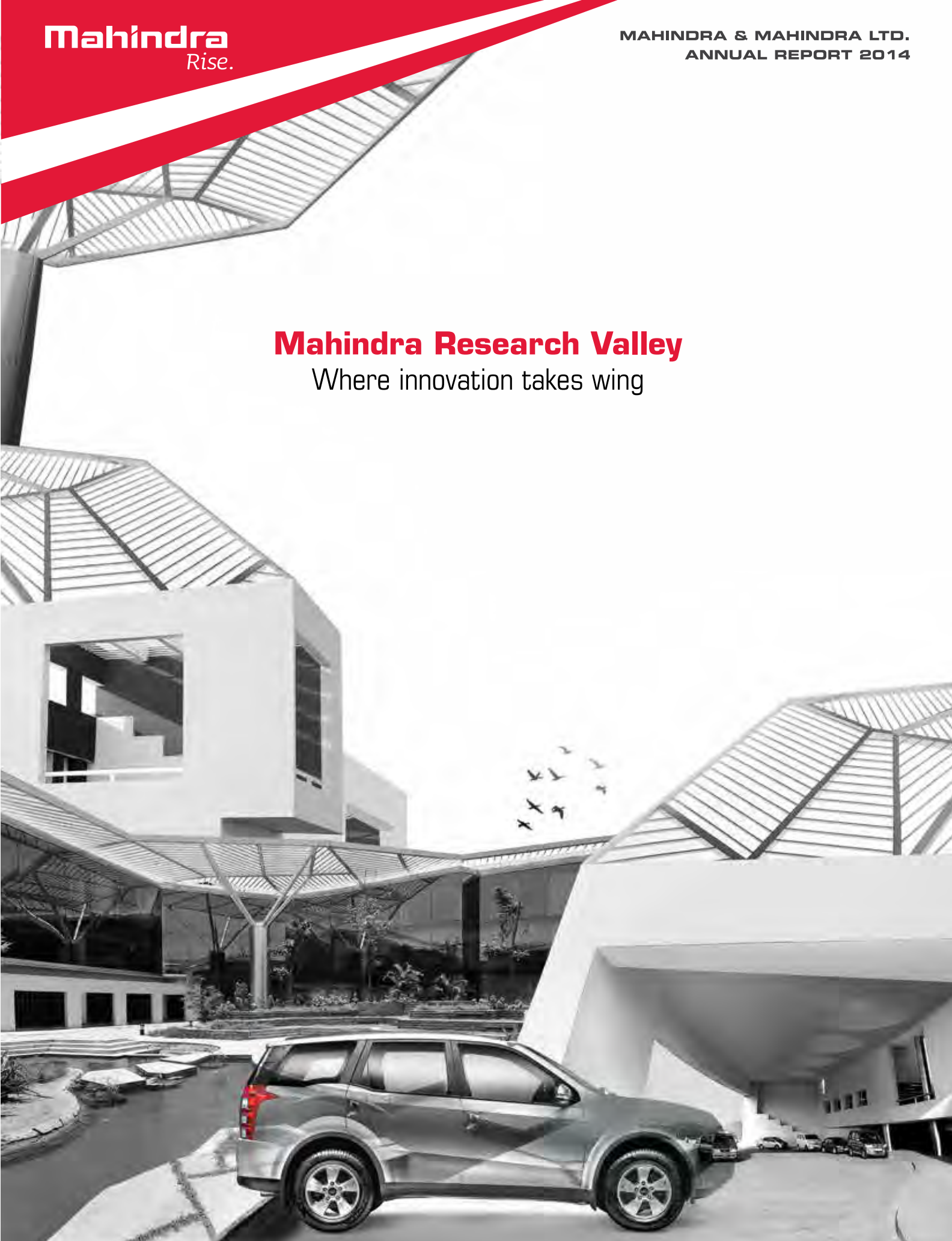
Website: www.mahindra.com

Tel : +91 22 22021031

Fax : +91 22 22875485

30<sup>th</sup> May, 2014

**Mahindra Research Valley**  
Where innovation takes wing





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Designed by world renowned architect and Padma Vibhushan, Sri Charles Correa, Mahindra Research Valley (MRV) is M&M's state-of-the-art research and product development center in Mahindra World City, Chennai. Built with an investment of Rs.650 crore, this facility is the most modern automobile and tractor R&D facility in India and bears testimony to the Mahindra Group's commitment to technology-driven innovation. In fact, the highly successful Mahindra XUV500 was the first product to be designed and developed at Mahindra Research Valley.

Located within Mahindra World City, MRV offers all the benefits of great physical infrastructure, good transport linkage, social infrastructure, a strong resource base for an industrial cluster and proximity to renowned academic institutions. The work ambience is collaborative, informal and inspiring...just the qualities required for breakthroughs in innovation...just what innovators need to make their ideas soar.

---

**MAHINDRA RESEARCH VALLEY:  
A GREAT ENVIRONMENT  
IS THE FIRST STEP TO  
GREAT INNOVATIONS.**



The Cheetah was born here - The award winning XUV500



A bird's-eye view of the campus offers an entirely



The road to creativity



Dual Fuel Hydrogen/Diesel Scorpio





The interiors of MRV - Where creativity originates



Budding photographers display their skills at a photography contest



new perspective



Advanced Computer Aided Engineering (CAE) at MRV



How about a hand shake - A robotic hand greets Mr. Anand Mahindra at the Robotics Lab



Mahindra Yuvraj - Bringing Electric/Solar energy to the fields and farmlands of India

# MAKING A DIFFERENCE TO SOCIETY IN MORE WAYS THAN ONE.

At Mahindra, Corporate Social Responsibility or CSR is an integral part of business and the key motivation behind its desire to drive positive change. The key focus areas of the Mahindra Group's CSR programme are Education, Public Health and the Environment.

The Group's focus on Education includes Nanhi Kali, a holistic sponsorship project which provides academic, material and social support to over 92000 girls from remote rural, tribal and conflict afflicted areas across 9 states in India and the Mahindra Pride Schools which offer livelihood training to socially and economically disadvantaged youth, having trained 3000 of them year after year.

Mahindra also supports Impact India's Lifeline Express, the world's first hospital on wheels, which aims to eradicate avoidable disablement in rural areas where medical facilities may be scarce. Employees across the Group devote their personal time and energy to help the underprivileged through the Esops or Employee Social Options Programme. Blood donation drives, sapling plantation, visits to old age homes and orphanages are some of the activities these committed volunteers undertake on a daily basis to help make the world a better place.

We present a few glimpses of Mahindra's CSR activities through the year.

▼ Mahindra Powerol employees  
at a tree plantation drive



▼ Rubella Vaccination camp for girls at  
Mahindra Two Wheelers Ltd., Pithampur



▲ A child's ear being examined at  
the Lifeline Express, Karad



▲ Employees with Forest Dept planting trees  
in Brahmagiri, Trimbak

▼ ITES training at Mahindra Pride School



▼ Nanhi Kalis in a tribal school



▲ K.C. Mahindra Educational Trust interviews for overseas scholarships



▲ Employees of Club Mahindra at a tree plantation drive



▲ Mahindra Pride School Alumni- P. Punitha and M.Malathi



## **CHAIRMAN EMERITUS & BOARD OF DIRECTORS**

- |                                           |                           |                         |
|-------------------------------------------|---------------------------|-------------------------|
| 1. Mr. Keshub Mahindra, Chairman Emeritus | 2. Mr. Anand G. Mahindra  | 3. Mr. Deepak S. Parekh |
| 4. Mr. Bharat Doshi                       | 5. Mr. R. K. Kulkarni     | 6. Mr. A. K. Nanda      |
| 7. Mr. Anupam Puri                        | 8. Mr. Vikram Singh Mehta | 9. Mr. S. B. Mainak     |
| 10. Mr. Narayanan Vaghul                  | 11. Dr. Vishakha N. Desai | 12. Mr. Nadir B. Godrej |
| 13. Mr. M. M. Murugappan                  | 14. Dr. Pawan Goenka      |                         |



## **GROUP EXECUTIVE BOARD**

Left to Right:

Front Row: **Rajan Wadhera**, Chief Executive - Truck and Power Train Division and Head MRV, **Harsh Kumar**, Managing Director - Mahindra Intertrade Limited, **Ruzbeh Irani**, Chief Group Communications and Ethics Officer of Mahindra Group, **Ramesh Iyer**, CEO - Financial Services Sector & Managing Director - Mahindra & Mahindra Financial Services Limited, **V S Parthasarathy**, CFO, Group CIO and Executive Vice President - Group M & A, **Pawan Goenka**, Executive Director and President (Automotive and Farm Equipment Sectors), **Anita Arjundas**, Managing Director - Mahindra Lifespace Developers Limited & CEO - Real Estate Sector

Second Row: **Pravin Shah**, Chief Executive - Automotive Division & International Operations - AFS, **K. Ramaswami**, Managing Director & Executive Director - Mahindra Forging & Mahindra Hinoday Industries, **Ulhas N. Yargop**, President, IT Sector & Group CTO, **C. P. Gurnani**, CEO - Mahindra Satyam and Managing Director & CEO - Tech Mahindra, **Shriprakash Shukla**, President - Group Strategy, Defence Sector and Chief Brand Officer, **Rajesh Jejurkar**, Chief Executive - Farm Equipment and Two Wheeler Division, **Zhooben Bhiwandiwala**, Executive Vice President - Group Legal, Managing Partner - Mahindra Partners

Third Row: **Hemant Luthra**, President - Systech Sector, **Anand G. Mahindra**, Chairman & Managing Director, Mahindra & Mahindra Limited, **Bishwambhar Mishra**, Director - MIQ, **Romesh Kaul**, Global Chief Executive Officer - Gears Business, Systech Sector, **S. Durgashankar**, Executive Vice President - Mergers & Acquisitions and Secretarial, **Ashok Sharma**, Chief Executive - Agri and Allied Businesses, **Rajeev Dubey**, President (Group HR, Corporate Services & After-Market), **Yoo-il Lee**, President & CEO, Ssangyong Motor Company

## COMMITTEES OF THE BOARD

### Audit Committee

Mr. Deepak S. Parekh  
Chairman  
Mr. Nadir B. Godrej  
Mr. M. M. Murugappan  
Mr. R. K. Kulkarni  
Mr. Bharat Doshi

### Stakeholders Relationship Committee

Mr. A. K. Nanda  
Chairman  
Mr. Anand G. Mahindra  
Mr. Bharat Doshi  
Mr. R. K. Kulkarni

### Governance, Nomination and Remuneration Committee

Mr. Narayanan Vaghul  
Chairman  
Mr. Nadir B. Godrej  
Mr. M. M. Murugappan  
Mr. R. K. Kulkarni

### Corporate Social Responsibility Committee

Mr. Anand G. Mahindra  
Chairman  
Dr. Pawan Goenka  
Mr. Bharat Doshi  
Mr. A. K. Nanda  
Mr. R. K. Kulkarni  
Dr. Vishakha N. Desai

### Strategic Investment Committee

Mr. Anand G. Mahindra  
Chairman  
Mr. Bharat Doshi  
Mr. Deepak S. Parekh  
Mr. Nadir B. Godrej  
Mr. Vikram Singh Mehta  
Mr. Anupam Puri

### Loans & Investment Committee

Mr. Anand G. Mahindra  
Chairman  
Mr. Bharat Doshi  
Mr. A. K. Nanda  
Mr. R. K. Kulkarni  
Mr. Vikram Singh Mehta

### Research & Development Committee

Mr. M. M. Murugappan  
Chairman  
Mr. Anand G. Mahindra  
Dr. Pawan Goenka  
Mr. Bharat Doshi  
Mr. Nadir B. Godrej

## CHAIRMAN EMERITUS

Mr. Keshub Mahindra

## BOARD OF DIRECTORS

Mr. Anand G. Mahindra  
Chairman & Managing Director

Dr. Pawan Goenka  
Executive Director  
(Appointed w.e.f. 23<sup>rd</sup> September, 2013)

Mr. Bharat Doshi

Mr. Deepak S. Parekh

Mr. Nadir B. Godrej

Mr. M. M. Murugappan

Mr. A. K. Nanda

Mr. Narayanan Vaghul

Mr. R. K. Kulkarni

Mr. Anupam Puri

Dr. Vishakha N. Desai

Mr. Vikram Singh Mehta

Mr. S. B. Mainak  
Nominee of Life Insurance Corporation  
of India  
(Appointed w.e.f. 13<sup>th</sup> November, 2013)

Mr. 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  
Tower 3, 27<sup>th</sup> – 32<sup>nd</sup> Floor,  
Indiabulls Finance Centre,  
Elphinstone Mill Compound,  
Senapati Bapat Marg,  
Elphinstone (W), Mumbai 400 013

## ADVOCATES

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

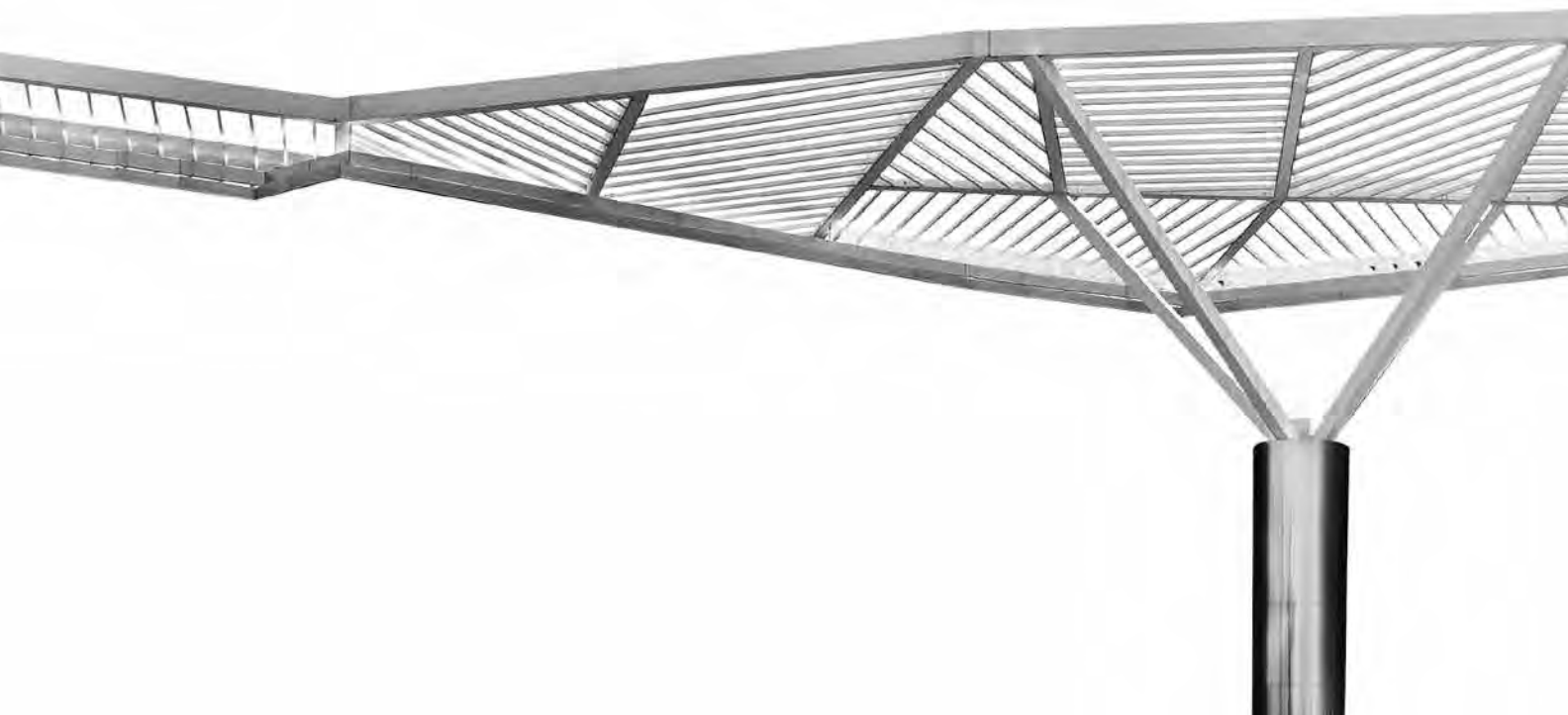
## REGISTERED OFFICE

Gateway Building, Apollo Bunder,  
Mumbai 400 001

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**DIRECTORS'**  
**REPORT**







# 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, 2014.

### Financial Highlights

(Rs. in crores)

	2014	2013
Gross Income	43,838	43,962
Less: Excise Duty on Sales	2,612	2,972
Net Income	41,226	40,990
Profit before Depreciation, Finance Costs, Exceptional items and Taxation	5,439	5,258
Less: Depreciation/Amortisation	863	711
Profit before Finance Costs, Exceptional items and Taxation	4,576	4,547
Less: Finance Costs	259	191
Profit before Exceptional items and Taxation	4,317	4,356
Add: Exceptional items	52	91
Profit before Taxation	4,369	4,447
Less: Provision for Tax – Current Tax (including MAT credit entitlement)	350	933
Less: Provision for Tax – Deferred Tax (Net)	261	161
Profit for the year	3,758	3,353
Balance of profit for earlier years	9,952	7,905
Less: Transfer to Debenture Redemption Reserve	17	15
Profits available for appropriation	13,693	11,243
Less: General Reserve	400	400
Proposed Dividends	862	798
Income-tax on Proposed Dividend	104	93
Dividend for 2012-13 paid on shares issued in June, 2013	2	—
Income-tax on Dividend Paid	*	—
Balance carried forward	12,325	9,952

\* denotes amounts less than Rs. 50 lakhs

India's macroeconomic situation as it entered Financial Year 2014 was extremely weak. Growth had dropped to 4.5%, fiscal deficit and inflation were at uncomfortably high levels and the country's current account deficit was at an alarming 4.8% of GDP leaving it extremely exposed to the global financial turbulence triggered by the US Fed's 'taper' announcement, in May, 2013. As fund managers scrambled for safe havens, portfolio flows to India, given its macro fragility, witnessed a sharp reversal. The rupee, as a consequence, plunged over 25% against the US dollar, stoking fears of a self-fulfilling balance of payments crisis. Swift, defensive actions by the Government and the RBI, however, helped turn the tide and by the year end the Indian Rupee had stabilised, the current account deficit had halved, the fiscal deficit was contained and inflation, while still high, had moved back to single digit levels.

Domestic economic activity, though, remained weak and uninspiring through the year. While a robust monsoon season provided strong support to agricultural output and rural incomes, contra impact on demand stemming from fiscal contraction, rising interest rates, stalling infrastructure projects and, an increasingly uncertain business regulatory environment, weighed heavily on the economy. Manufacturing activity, as a result, witnessed a contraction in 2013-14, its worst performance in over 20 years, and overall GDP growth dropped below 5% for a second successive fiscal year.

### Financial Performance

In the challenging times that the Indian Auto Industry is currently passing through, with volumes shrinking, your Company has registered a marginal growth of 0.57% in the net income at Rs. 41,226 crores in the year under review as against Rs. 40,990 crores in the previous year on the back of a strong sales performance by its Farm Equipment Division.

Consequent to this performance, the Profit for the year before Depreciation, Finance Costs, Exceptional items and Taxation recorded an increase of 3.44% at Rs. 5,439 crores as against Rs. 5,258 crores in the previous year. Similarly, Profit after tax clocked an increase of 12.08% at Rs. 3,758 crores as against Rs. 3,353 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. 13.50 per Ordinary (Equity) Share and also a Special Dividend of Re. 0.50 per Ordinary (Equity) Share aggregating Rs. 14 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 recommended in view of the profit made by the Company on sale of part of its shareholding in long term investments of the Company. The equity dividend outgo for the Financial Year 2013-14, inclusive of tax on distributed profits (after reducing the tax on distributed profits of Rs. 42.97 crores on the dividends receivable from the subsidiaries during the current Financial Year) would absorb a sum of Rs. 965.81 crores [as against Rs. 894.11 crores comprising the dividend of Rs. 12.50 per Ordinary (Equity) Share and also a Special Dividend of Re. 0.50 per Ordinary (Equity) Share aggregating Rs. 13.00 per Ordinary (Equity) Share of the face value of Rs. 5 each and tax thereon paid for the previous year].

## Performance Review

### **Automotive Division:**

Your Company's Automotive Division recorded total sales of 4,34,505 vehicles and 64,510 three-wheelers as compared to 4,83,734 vehicles and 67,735 three-wheelers in the previous year registering a de-growth of 10.2% in vehicle sales and a de-growth of 4.8% in three-wheeler sales.

On the domestic sales front, your Company sold 2,54,344 Passenger Vehicles [including 2,19,421 Utility Vehicles ("UVs"), 25,189 Multi Purpose Vehicles ("MPVs") and 9,734 Cars] which is a de-growth of 18.1% over the previous year's volumes of 3,10,706 Passenger Vehicles [including 2,63,925 UVs, 31,437 MPVs and 15,344 Cars]. In the commercial vehicle segment, your Company sold 1,52,398 vehicles [including 29,223 vehicles < 2T

GVW and 1,23,175 vehicles between 2-3.5T GVW] registering a growth of 6.7% over the previous year's volume of 1,42,797 commercial vehicles [including 39,911 vehicles < 2T GVW and 1,02,886 vehicles between 2-3.5T GVW]. In the three-wheeler segment, your Company sold 62,614 three-wheelers registering a de-growth of 4.4% over the previous year's volume of 65,510 three-wheelers.

The volume de-growth in most market segments is a reflection of the prolonged slow-down faced by the Indian Automotive Industry. In fact, the 9.6% de-growth of the Indian Automotive Industry (excluding two-wheeler) is the worst ever since 1976.

Your Company's UV sales volume de-grew by 16.9%, but your Company continued its leadership of the domestic UV market by posting a market share of 41.7%. During this year, Bolero once again crossed the milestone of 1 lakh sales in a year. This is the third consecutive year that Bolero has achieved this milestone. Bolero also retained the title of India's largest selling Sports Utility Vehicle ("SUV") for the 8<sup>th</sup> consecutive year. It is also the 5<sup>th</sup> highest selling passenger vehicle in India. The Scorpio posted record sales since launch and strengthened its iconic status with sales of over 50,000 units for the third successive year. The XUV500 continued to be the customers' choice with over 30,000 sales in the year.

In the commercial vehicle segment, your Company strengthened its product portfolio with two highly successful launches in the Pik-Up truck segment – The Bolero Maxitruck Plus and the New Bolero Pik-Up. These successful launches resulted in a volume growth of 19.7% and your Company's market share of the Pik-Up segment now stands at 63.9% (a gain of 9.9%).

Pursuant to the approval of the Scheme of Arrangement between Mahindra Trucks and Buses Limited ("MTBL"), a wholly owned subsidiary of the Company and its Shareholders and Creditors and Mahindra & Mahindra Limited which has become effective from 30<sup>th</sup> March, 2014, the erstwhile "Truck and Bus Division of MTBL" has been demerged and transferred into the Company and now forms a Division of the Company.

In the Overseas market, your Company's volume de-grew 8.6% over the previous year. This de-growth was a result of the difficult market conditions in the key markets of Sri Lanka, South Africa and Chile. During the year under review, your Company sold 27,763 vehicles [including 452 vehicles sourced from the erstwhile "Truck and Bus Division of MTBL"] and 1,896 three-wheelers in the Overseas market as compared to 30,231 vehicles [including 209 vehicles sourced from the erstwhile

“Truck and Bus Division of MTBL”] and 2,225 three-wheelers in the previous year.

During the year under review, your Company sold 5,876 Light Commercial Vehicles (“LCVs”) and 2,285 Heavy Commercial Vehicles (“HCVs”) [comprising of the erstwhile “Truck and Bus Division of MTBL”] as compared to 8,925 LCVs and 2,977 HCVs in the previous year of the erstwhile “Truck and Bus Division of MTBL”. During the year under review, the overall Commercial Vehicle Industry (3.5 Tonne to 49 Tonne) was down by 23.2% and HCV Industry (25 Tonne to 49 Tonne) was down by 24.2% as compared to the previous year.

Spare parts sales for the year stood at Rs. 1,427.81 crores (including exports of Rs. 92.98 crores) as compared to Rs. 1,190.30 crores (including exports of Rs. 90.30 crores) in the previous year, registering a growth of 20%.

#### **Farm Division:**

Your Company’s Farm Division (including Swaraj Division) recorded sales of 2,68,487 tractors as against 2,24,844 tractors sold in the previous year, recording a growth of 19.4%.

In the Financial Year 2013-14, the Indian tractor industry enjoyed good growth. The domestic market recorded sales of 6,33,656 tractors as compared to 5,27,384 tractors in the previous year, recording a growth of 20.2%.

Your Company performed marginally better than the tractor industry with domestic sales of 2,58,339 tractors as compared to 2,12,555 tractors in the previous year recording a growth of 21.5%. Your Company’s domestic market share now stands at 40.6% as compared to 40.1% in the previous financial year, thus completing 31 years of leadership in the Indian tractor industry. Your Company exported 10,148 tractors which is a decline of 17.4% over the previous year.

Beyond tractors, your Company has presence in crop care solutions and distribution of seeds. The focus of this business is to provide quality inputs and help improve farm productivity. In the Financial Year 2013-14, this business saw a good growth of 46% in terms of revenue.

Beyond agriculture, in the power generation space under the Mahindra Powerol Brand, your Company earned a revenue of Rs. 775.5 crores in the current Financial Year as against Rs. 936.8 crores in the previous year. The decline in revenue has mainly been the result of an Industry slowdown. While retaining the leadership position in the genset market catering to the telecom space, your Company has improved its presence

in the retail segment and also made its entry into the ‘Energy Management Solutions’ space.

## **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 many of which were implemented by the Company, even before they were mandated by law. Your Company is committed to transparency in all its dealings and places high emphasis on business ethics.

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

## **Share Capital**

During the year under review, your Company has allotted 19,11,628 Ordinary (Equity) Shares of Rs. 5 each to the Trustees of Mahindra & Mahindra Employees’ Stock Option Trust. Consequently, the issued, subscribed and paid-up Share Capital of the Company stood at Rs. 308 crores comprising of 61,58,92,384 Ordinary (Equity) Shares of Rs. 5 each fully paid-up.

## **Finance**

The Financial Year 2013–14 saw the global economy operating at differing speeds. While amongst the developed world, the USA showed signs of recovery leading to the tapering of Quantitative Easing, Europe witnessed signs of stabilisation. The emerging economies which had experienced a slowdown in the previous year, encountered new domestic and international headwinds during the year 2013. While China embarked on a soft landing programme by curtailing credit led growth, countries like Brazil, Russia and South Africa faced problems in commodity led growth apart from political and social issues. The latest outlook published by IMF anticipates a continued recovery for the global economy in the Calendar Year 2014, showing upward growth for the developed world, while emerging economies as a whole are expected to record a moderate growth, less than the high growth rates they had witnessed until a couple of years ago.

In the domestic front, tight liquidity conditions prevailed throughout the year, while interest rates remained high,

mainly to contain inflationary pressures. During the year, to counter the inflationary pressures, Reserve Bank of India ("RBI") increased repo rate by 50 bps (net). The year also witnessed high volatility in exchange rates, the impact of which RBI countered by effectively using the swap window and by interest rate management. By employing a combination of hikes in short term interest rates and restricting access to liquidity adjustment facility ("LAF"), RBI kept liquidity in the market on a tight leash. However, even in tight liquidity conditions, good companies with strong governance did not face a dearth of liquidity and finance was available to them at very competitive rates. Further, the current outlook on the domestic economy is turning positive, with drags on growth bottoming out, inflation moderating and reduction in current account deficit, auguring well for the financial markets.

Your Company continued to focus on managing cash efficiently and ensured that it had adequate liquidity and back up lines of credit. During the course of the year, your Company repaid Rs. 474 crores of borrowings from internal accruals. The Company's Bankers continue to rate your Company as a prime customer and extend facilities/services at prime rates.

Your Company follows a prudent financial policy and aims not to exceed an optimum financial gearing at any time. The Company's total Debt to Equity Ratio was 0.24 as at 31<sup>st</sup> March, 2014. Your Company raised Rs. 500 crores by way of private placement of 9.55%, Listed, Rated, Unsecured, Senior, Redeemable Non-Convertible Debentures with a 50 years' maturity, to part finance its various ongoing modernisation and expansion programmes. The debenture issuance by your Company was the first of its kind in the Indian debt market, creating a benchmark 50 year debt instrument. The issue was dual rated by CRISIL Limited and ICRA Limited. CRISIL Limited and ICRA Limited have respectively assigned "AA+/Stable" and "[ICRA]AA+ (stable)" rating to these debentures indicating high credit quality.

Your Company has been rated by CRISIL Limited, ICRA Limited ("ICRA") and Credit Analysis & Research Limited ("CARE") for its banking facilities under Basel II norms. While they have all re-affirmed the highest credit rating for your Company's Short Term facilities, CRISIL maintained the rating for your Company's Long Term Banking facilities at "AA+/Stable", ICRA maintained the Long Term Rating of "[ICRA]AA+ (stable)" and CARE also maintained the rating "CARE AA+".

Your Company was also rated by India Ratings and Research (Ind-Ra, a Fitch Group Company). Citing the resilience shown by the Company over multiple business cycles over the last 19 years as a key rating driver, India Ratings & Research has

assigned your Company a Long-Term Issuer Rating of 'IND AAA' with a Stable Outlook. The recent rating upgrade is an acknowledgement of the strong credit profile that the Company has maintained over the years thereby offering it flexibility to finance its future growth plans. The AAA rating indicates highest degree of safety regarding timely servicing of financial obligations and is also a vote of confidence reposed in your Company's Management by the rating agency.

During the year the innovative treasury initiatives taken by the Company earned recognition from the prestigious Treasury Management International ("TMI").

## **Investor Relations ("IR")**

In the continuous search for excellence, your Company continued to engage with investors in many ways, including extensive one on one meetings, telepresence meetings, participations in investor conferences, quarterly earnings calls during the year and an annual analyst meet in May, 2013. Your Company interacted with 520 Indian and overseas investors and analysts in all (excluding quarterly earnings calls) during the year. Your Company continuously strove to improve IR engagement with International and Indian investors and has set up feedback mechanism to measure IR effectiveness. Structured concalls and periodic investor/analyst interactions with the Chairman & Managing Director and Business Heads were organised during the year. Your Company has introduced an IR App for Investor Relations which now can be conveniently accessed from hand-held devices. A user friendly investor relations page on the Company's corporate website ensures the benefit of easy access to relevant information for investors.

## **Acquisitions and other matters**

### **1. Demerger of the Truck and Bus Businesses of Mahindra Trucks and Buses Limited**

Mahindra Trucks and Buses Limited ("MTBL"), a wholly owned subsidiary of your Company was engaged in the businesses of designing, developing, marketing and distribution of Light Commercial Vehicles ("LCVs") and Medium and Heavy Commercial Vehicles ("M&HCVs") including but not limited to (a) vehicles such as trucks, buses, tippers and tractors and (b) license fees and marketing service charges for lubricants and trading in spare parts and accessories.

MTBL, earlier known as Mahindra Navistar Automotives Limited, was a Joint Venture between Navistar Inc. and its affiliates ("Navistar") and your Company. Navistar had entirely exited from the Joint Venture in February, 2013.

Consequent to the divestment of Navistar from the Joint Venture, your Company had assumed full control over the activities of MTBL.

Your Company is already dealing in all segments of automobile industry e.g. passenger vehicles, commercial vehicles and three-wheelers. M&HCVs and LCVs would be a perfect fit with the existing product portfolio of the Company.

Due to the divestment of Navistar and in order to consolidate, it was proposed to demerge the Truck and Bus Businesses of MTBL into your Company. A Scheme of Arrangement has been approved by the Hon'ble High Court on 7<sup>th</sup> March, 2014 whereby MTBL would demerge the Truck and Bus Businesses into your Company. MTBL being a wholly owned subsidiary of your Company, the Hon'ble High Court dispensed with the requirement of filing an application by your Company and the consequent processes, including Shareholders' Meeting. The demerger is effective from 30<sup>th</sup> March, 2014. The appointed date of the Scheme is 1<sup>st</sup> April, 2013. As per the Scheme, your Company's investment cost in MTBL stands reduced proportionate to the net worth of Truck and Bus Businesses vis-à-vis total net worth of MTBL.

## 2. New Investors in Mahindra Two Wheelers Limited

During the Financial Year 2013-14, your Company has sold 4,97,51,640 shares in Mahindra Two Wheelers Limited ("MTWL") to Kinetic Engineering Limited ("KEL"). As part of its strategy to focus on building its existing businesses, KEL has sold its entire stake to SAMENA Capital, a private equity investment group focused on Asia and the Middle East. Further, during the year, Emerging India Fund, a fund managed by ICICI Investment Management Company Limited participated in a preferential equity issuance by MTWL. Post the above two transactions, your Company now holds 88.46% in MTWL.

## 3. Buyout of minority stake in Mahindra Europe S.r.l.

As a part of its strategy to expand its automotive operations in the European market, your Company had appointed Mahindra Europe S.r.l. ("ME Srl") erstwhile Eurasia Motors in Italy, as a distributor of your Company's vehicles. In December, 2005, your Company, through Mahindra Overseas Investment Company (Mauritius) Limited ("MOICML") had acquired 80% of the equity ('Quota') capital of ME Srl. During the year under review, your Company through MOICML has acquired the balance equity ('Quota') capital of 20% in ME Srl. Accordingly,

MOICML, a wholly owned subsidiary of the Company, now holds 100% of the equity ('Quota') capital of ME Srl.

## 4. Mahindra Group and CIE Automotive forms Global Alliance in Auto Components

It had always been your Company's stated intent to merge all of its Auto Component subsidiaries into one listed entity to provide size and scale and a "one stop shop" for its global customers. Your Company is now in the process of executing this vision much beyond the scale originally envisaged, by forging a Global alliance partnership with CIE Automotive S.A. ("CIE"). An agreement for this purpose was entered into on 15<sup>th</sup> June, 2013. The transaction leverages your Company's presence in India and Europe with that of CIE's in Europe and Latin America with a complementary set of customers thus creating a Global Auto Component Alliance. The transaction has various stages of execution. On completion of these stages, your Company will hold 21.78%\* of the paid-up capital in the unified entity i.e. Mahindra CIE Automotive Limited (the erstwhile Mahindra Forgings Limited). Your Company through Mahindra Overseas Investment Company (Mauritius) Limited ("MOICML") is also the second largest shareholder in CIE Automotive, S.A. of Spain, holding 13.5% of the Equity Share Capital. CIE, through Autometal S.A. (downstream listed entity in Brazil) will be indirectly holding 53.40%\* of the paid-up capital in Mahindra CIE Automotive Limited ("Mahindra CIE") on completion of the transaction.

\* Estimated as of 30<sup>th</sup> May, 2014 and subject to listing agreement regulations.

This transaction being complex in nature, required your Company to also take some critical steps including:

1. Buyout of Mahindra Ugine Steel Company Limited's ("MUSCO") stake in Mahindra Sanyo Special Steel Private Limited ("MSSPL") and additional land held by MUSCO.
2. Sale of Stake by the Company in Mahindra Forgings Limited ("MFL")\*\*, Mahindra Hinoday Industries Limited ("MHIL") and Mahindra Composites Limited ("MCL") to Participaciones Internacionales Autometal Dos, S.L. ("PIA 2"), a downstream subsidiary created by CIE Group.
3. Sale of stake by Mahindra Holdings Limited in MCL to PIA 2.
4. PIA 2 acquires 26% stake in MCL and MFL respectively via open offers to public shareholders.

5. Acquisition of 13.5% stake in CIE Automotive, S.A.
6. Schemes of Merger.

*\*\* M&M holds 0.32% of the paid-up share capital of Mahindra CIE as on 30<sup>th</sup> May, 2014.*

In June, 2013, the Board of MCL approved the Scheme of Merger (“Composites Scheme”) involving merger of MCL with MFL. The approved share exchange ratio under the said scheme is 100 Equity Shares of MCL for every 90 Equity Shares of MFL.

Additionally, the individual Boards of MFL, MHIL, MUSCO, Mahindra Gears International Limited (“MGIL”), Mahindra Investments (India) Private Limited (“MIPL”) and Participaciones Internacionales Autometal Tres, S.L. (“PIA 3”) approved an Integrated Scheme of Merger (“Integrated Scheme”) of the respective companies into MFL. The approved share exchange ratio of the said Scheme is as follows:

- (i) 110 Equity Shares of MFL for 100 Equity Shares of MHIL;
- (ii) 17 Equity Shares of MFL for 100 Equity Shares of MIPL;
- (iii) 20 Equity Shares of MFL for 100 Equity Shares of MGIL;
- (iv) 284 Equity Shares of MFL for 100 Equity Shares of MUSCO;
- (v) 105 Equity Shares of MFL for 100 Equity Shares of PIA 3.

The Appointed Date of the Schemes is proposed to be 1<sup>st</sup> October, 2013.

These Schemes are subject to the approval of the Hon’ble High Court.

All these investments have created value for all Shareholders, including (as your Company is particularly pleased to report) for all the minority Shareholders of all the constituent companies.

##### **5. Mahindra Engineering Services Limited to merge with Tech Mahindra Limited to boost Engineering Prowess**

In order to create a unified engineering services Division within the Mahindra Group with very strong aerospace and automotive verticals, Mahindra Engineering Services Limited, a subsidiary of your Company agreed to merge with another Group Company, Tech Mahindra Limited on 29<sup>th</sup> November, 2013. The combined Division under Tech

Mahindra Limited would have benefits of operational synergies in terms of economies of scale, single ‘go-to-market’ strategy, sourcing benefits, vendor rationalisation, more focused operational efforts and enhanced depth and breadth of capabilities, translating into increased business opportunities and reduced expenses. The approved share exchange ratio under the Scheme of Amalgamation is 5 Equity Shares of Tech Mahindra Limited for every 12 Equity Shares of Mahindra Engineering Services Limited held by your Company. The Appointed Date of the Scheme is proposed to be 1<sup>st</sup> April, 2013. The Scheme is subject to the approval of the Hon’ble High Court.

### **Stock Options**

During the year under review, on the recommendation of the Governance, Nomination and Remuneration Committee (erstwhile Governance, Remuneration and Nomination Committee) of your Company, the Trustees of the Mahindra & Mahindra Employees’ Stock Option Trust have granted 4,50,382 Stock Options to Eligible Employees under the Mahindra & Mahindra Limited Employees Stock Option Scheme – 2010. Further, no Stock 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**

On the Industrial Relations front, a major feat was accomplished by signing eight wage settlements across Plants for the Automotive and Farm Equipment Sectors. The Company was successful in maintaining a cordial industrial relations environment across its manufacturing units. A slight unrest was experienced at the Igatpuri Plant when the workmen went on a 13 day ‘tool down’ from 9<sup>th</sup>–21<sup>st</sup> April, 2013. However, this did not affect the production schedule of the Plant.

Employees have always been valuable assets of the Company and major focus was laid in propagating proactive and employee centric practices at the shop floor. There was a focus on ensuring transparent communication of overall business goals and efficient concern resolution mechanism. Over the past few years, your Company has adopted a more holistic approach to enhance capabilities of employees at the shop floor which goes beyond mere technical skills.

Operators are trained and encouraged to generate ideas for resolving quality concerns, reducing cost, ensuring safety and improving productivity. For the year under review, the workmen generated about 20 ideas per person.

The proactive approach and quick response to situations benefited the Company with zero production loss in the Financial Year 2013-14 and a conducive work environment.

### **Safety, Occupational Health and Environment**

The Safety and Occupational Health of its employees is embedded as a core organisational value through crusading initiatives of the Company. The Policy, inter alia, covers and ensures safety of all stakeholders i.e. employees, public, plant and machinery, ensures compliance on a monthly basis, imparts education and training to all its employees and stakeholders. External surveillance audits of its facilities as per legal and other statutory requirements are conducted regularly. Internal and external medical check-ups of its employees and contractors are conducted to promote healthy environment and sustainable activities.

Your Company continues to demonstrate a strong commitment towards Safety, Health and Environment and as a part of the same, multiple measures and actions are implemented through Safety System Standardisation and Safety Culture and Focus initiatives. Your Company has a well-established Occupier's Safety, Occupational Health & Environmental Policy. This is in line with the National Safety, Occupational Health & Environmental Policy. Objectives and Targets derived from the new amended Safety, Occupational Health & Environmental Policy ("SH&E Policy") is duly signed by the new Executive Director & President and Occupier for the Automotive and Farm Equipment Sectors. This Policy is supported by various Management Programs. Hence there is a strong commitment towards statutory compliance.

Road Safety Week, National Safety Day/Month and Fire Service Week, World Environment Day, Sustainability Month and Energy Conservation Week are being celebrated. Daily Work Management ("DWM") includes review of Safety, Occupational Health & Environment systems, Behavioural Based Safety ("BBS") observations, Plant Officers observations and Safety observations tours ("SoT"). Awareness (internal and external) on Safety, Occupational Health and Environment training with benchmarks on overall SH&E performance are conducted in line with the Policy. Your Company's Plants continued their commitment to create a culture of safe environment, openness and improvement of the well being of its employees and contract workmen by organising Occupational Health

Examination Camps, expert advice on health topics, special medical check-ups, consultation and counselling, etc.

Through stakeholders' engagement and employees' involvement, your Company demonstrates tracking the objectives and targets as per the road map on the fundamentals of triple bottom line approach. Various green projects have been implemented by your Company in the areas of abatement of Air Pollution, elimination, recycling and reduction, conservation of water and solid waste management with the goal of inculcating world class green supply chain standards. Steps have been taken for reduction of Green House Gases ("GHG") in the areas of Inbound and Outbound logistics.

#### ***Certifications/Recertifications***

All Plants of the Automotive Division have been certified with amended Standard for ISO 14001: 2004 & OHSAS 18001:2007. Your Company's commitment to the environment stems from the Mahindra Group's abiding concern for social issues. A healthy work place is provided to its employees and environment friendly business is conducted. Besides, to create a safe culture focused initiatives are carried out with the underlying objective of risk free operations. Proactive sharing of information across the value chain has also been initiated to bring sensitivity to the Company's supplier and dealer community.

External surveillance audit for Safety, Occupational Health & Environment is conducted every year and all the Company's Plants of the Automotive Division have been certified during the year.

Safety, Occupational Health & Environment Management System is well established in your Company and the periodic structured reviews are undertaken to track the ongoing progress in performance.

The Company has a Sustainability Reporting System on the lines of the framework of GRI G3.1 Guidelines. Balanced Score Cards are aligned to the goals, continuously reviewed and revised, thus helping to improve ambient air quality, recycled water and controlled waste.

Safety, Occupational Health and Environment practices are followed by introducing Initiatives such as Human Error Prevention, Visitor Management, improving culture through education, training and communication. Standardisation is brought about through generic and specific signage's and visuals at manufacturing facilities.

Your Company has received several SH&E & Sustainability Awards and accolades for Safety Innovation.

## Corporate Social Responsibility

Since its inception, the Company has been a socially responsible Corporate making investments in the community which go beyond any mandatory legal and statutory requirements. The 'Core Purpose' of the Company is to "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". In line with the Company's Core purpose, the Corporate Social Responsibility ("CSR") vision is to focus efforts within the constituencies of girls, youth and farmers by innovatively supporting them through programs in the domains of education, health and environment, while harnessing the power of technology. By investing in CSR efforts in these critical constituencies that contribute to nation building and the economy, the Company will enable its stakeholders and communities to RISE.

Some of the major initiatives in which the Company has invested during the Financial Year 2013-14 are described below:

### A. Project Nanhi Kali – for the Girl Child

The Mahindra Group has supported the education of 36,248 underprivileged girls through Project Nanhi Kali which was started by the K. C. Mahindra Education Trust ("KCMET") in 1996 and is jointly managed by KCMET and Naandi Foundation since 2005. The Nanhi Kali sponsorship provides underprivileged girls not only with academic support classes where concepts of Maths, Science and Language are taught but also with material support comprising uniforms, school bags, shoes, socks, etc. which free their families from the hidden costs of education and enable them to attend school with dignity. In the last Financial Year, KCMET garnered support from 8,289 individuals and Corporates resulting in 91,537 underprivileged girls accessing quality remedial classes across 9 States of India. The significant impact of this is evident from the fact that there was an 10% increase in learning outcomes across all project areas and 90% of girls remained in school to continue their education.

### B. Mahindra Pride Schools – Skilling Program for Youth

The Mahindra Pride Schools ("MPS") through its one-of-a-kind livelihood training program continues to take forward its vision to not only train youth from socially and economically disadvantaged communities but

also place them in high growth service sector careers after a 90 day intensive training course. In Financial Year 2013-14 a total of 2,233 Scheduled Caste/Scheduled Tribe students received training at the 5 MPSs in Pune, Chennai, Patna, Chandigarh and Srinagar, in one of the three areas of Hospitality Craft, Information Technology Enabled Services (ITES - for BPOs & KPOs) and CRM. The total number of MPS students trained since its inception is 8,677. Post training, the MPS students have been recruited by hospitality chains such as McDonald's, Pizza Hut, KFC, Café Coffee Day, Marriott Group and Hotel Le Meridien, department stores such as Westside, Mom & Me, BPOs and KPOs such as Wipro, Capgemini, Syntel, HCL, TCS, Dell, Cognizant, Tech Mahindra and Mphasis. The highlight of the placement process has been 100% placement of students in lucrative jobs and a consistent increase in average salary per batch to over Rs. 10,000 per month currently.

### C. Scholarships and Grants

#### 1. Mahindra All India Talent Scholarships – Vocational Education

Instituted in 1995, Mahindra All India Talent Scholarships ("MAITS") are awarded to students from lower socio economic strata to enable them to pursue a job oriented diploma course at a recognised Government Polytechnic in India. Approximately 500 scholarships are given every year to students who undergo a three year course. In Financial Year 2013-14, 550 students were awarded the MAITS and this scholarship has benefitted 6,904 students till date.

#### 2. K. C. Mahindra Scholarships for Post Graduate Studies Abroad

The K. C. Mahindra Scholarship for Post Graduate Studies Abroad is an interest free loan scholarship which is awarded to deserving graduates interested in pursuing their post graduate studies overseas. This scholarship has been ongoing since 1956. In the Financial Year 2013-14, 43 students were awarded this interest free loan scholarship of Rs. 2 lakhs each and 3 students were awarded Rs. 8 lakhs each from the K. C. Mahindra Fellows Fund. These scholarships were given to students who gained admission in renowned Universities such as Harvard, Yale, Stanford, Massachusetts Institute of Technology, Carnegie Mellon, London School of Economics, across a wide



variety of disciplines. The total number of scholarships awarded till date is 1,115.

### 3. *K. C. Mahindra United World College Scholarships*

Till date 78 students have benefited from the K. C. Mahindra United World College Scholarships enabling them to study at the Mahindra United World College of India. During Financial Year 2013-14, 10 students were given these scholarships.

### 4. *Mahindra Search for Talent Scholarship*

This scholarship which rewards excellence in academics has been set up in 37 institutions in India. In addition, students who receive the Mahindra Search for Talent Scholarship for two consecutive years also receive the Honours Scholarship Award comprising a cash prize of Rs. 5,000 and a citation from the Trust.

## D. **Mumbai Public School Initiative**

The Mahindra Group supported 28 Mumbai Public Schools (BMC English medium schools run by Naandi Foundation) enabling 12,174 children to access quality education. In the last Financial Year, the project had a noteworthy impact including 13% increase in enrollment numbers, 50% increase in Government teacher recruitment and formation of 24 School Management Committees.

## E. **Disaster Relief and Rehabilitation**

In response to the catastrophic calamity caused by the incessant rain and flash floods which struck Uttarakhand in June, 2013, the Mahindra Group immediately responded to the appeal put forth by the Chief Minister and contributed Rs. 1 crore to the Chief Minister's Relief Fund (Uttarakhand). Further, employees of the Mahindra Group donated one day's salary to the Mahindra Foundation with a specific intent to donate Mahindra vehicles such as Scorpio, Trucks, Buses and Bolero Pik-Ups to support rehabilitation efforts being undertaken by the State Government of Uttarakhand. Apart from these vehicles, 300 solar lanterns, 150 solar street lights and a mobile DG set were also donated to the State of Uttarakhand on 30<sup>th</sup> December, 2013. Further, Rs. 1 crore was donated to the 'Maharashtra Chief Minister's Drought Relief Fund' to support the Government in its efforts to counter the serious drought situation in the State of Maharashtra.

The Company also supported the education of 1,000 underprivileged children in Udaipur and Rajsamand districts of Rajasthan, through the NGO partner Seva Mandir.

## Employee Social Options (Esops)

Esops stands for Employee Social Options. At Mahindra, all employees are encouraged to contribute towards building a sustainable society; one which is healthier, cleaner, greener and more literate where people work with passion for social objectives. Through the Esops program many Mahindra employees are contributing towards making a difference to society.

The Company's Esops program supports employees in creating 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.

Amongst the notable Esops initiatives this year was the Lifeline Express at Karad, Maharashtra where 2,614 patients were treated by performing surgeries, giving medicines and distribution of aids and appliances free of cost. The Company also over-achieved the one million tree plantation (per year) target of Mahindra Hariyali by planting more than 1.49 million trees in the Financial Year 2014. Accolades such as Esops Awards – 2013, Esops Star Performers Awards, Group level Esops Champions Meet, etc. recognised outstanding contributions from employees.

The other Esops activities included numerous initiatives in the areas of Education, Health, Environment, etc. that have a short term as well as a long term social impact.

Esops is also a culture that the Mahindra Group has cultivated as an ethic. Esops platforms and a set of structures and protocols are created to make it easier and possible for every employee, who wishes to make a contribution to society, to do so.

## 'Sustainability' Initiatives

During the year under review, the Sustainability Report for the year 2012-13 was released. As in the earlier five years this Report was also externally assured by KPMG with GRI checked application level A+.

Your Company continued its 'Sustainability' journey using resource efficiency and social commitment as important drivers of profitable growth. Retaining the focus on the Environmental, Social and Governance ("ESG") parameters, initiatives of the previous years were consolidated and fresh ones were taken up.

While energy conservation continued to hold center stage on the sustainability agenda, water, an equally essential resource was also retained on the radar. Relentless R&D on use of light weighting alternate materials, start-stop technology, low friction lubrication, downsizing engines to improve fuel efficiency of the products, coupled with a host of energy and water efficiency programs at the operations level, have resulted in improved trends in eco-efficiency. Taking the water conservation agenda beyond the organisation, your Company entered into a collaboration with the Government of Madhya Pradesh, to work on an Integrated Watershed Management Project at Damoh. This partnership is structured to offer holistic solutions for improving the quality of life of 20,000 Indians across 32 villages and while the project is still in progress, it is already showing positive impact in farm productivity, water availability and local employment.

Your Company also believes in actively collaborating with other players in Indian Industry to respond to the country's energy and water challenges. Hence, your Company has signed up to be a Member of the 'Working Group for developing an India Specific Water Measurement Tool', led by World Business Council for Sustainable Development ("WBCSD") and plans to be part of the 'India GHG Program' initiated by World Resources Institute ("WRI") in collaboration with CII and TERI-BCSD.

Complete details of the Sustainability performance for 2013-14 will be elaborated in the GRI Report which is under preparation and will be ready for release shortly.

Your Company's consistent performance on the ESG dimensions was recognised during the year, by way of:

- Retaining its position in top 10 in the India 200 Carbon Disclosure Leadership Index 2013.
- Getting listed on the Dow Jones Sustainability Index – 2013 under the 'Emerging Market Index'.
- The bestowal of the Sustainable Development Leadership Award 2014 on Mr. Anand G. Mahindra by The Energy & Research Institute ("TERI") is a recognition of the leadership's commitment to sustainable and responsible business growth.

## Business Responsibility Report

Your Company has continued including 'Business Responsibility Report' ("BRR") as a part of the Company's Annual Report in the prescribed format in compliance with Clause 55 of the Listing Agreement, introduced by Securities and Exchange Board of India ("SEBI") in August, 2012. This disclosure on certain non-

financial parameters is a mandatory requirement for the top 100 listed companies (based on market capitalisation) on the National Stock Exchange of India Limited and BSE Limited. The BRR of your Company for the year 2013-14 forms part of this Annual Report, in compliance with the requirement of SEBI.

Your Company strongly believes that sustainable and inclusive growth is possible only when its performance on the environmental and social front is aligned to the performance on the economic front, ensuring continued growth and development in business. Your Company is committed to further leverage the 'Alternative Thinking' mantra to achieve high shareholder returns through good governance, customer centricity, innovation, inclusive human development and by being environmentally conscious.

## Directors

Mr. Bharat Doshi, Executive Director & Group Chief Financial Officer of the Company, after 40 illustrious years of service in the Mahindra Group (of which 21 years were as an Executive Director) decided to step down from his executive position with effect from the close of working hours on 13<sup>th</sup> November, 2013.

The Board has placed on record its deep appreciation of Mr. Doshi's immense contribution and valuable services during his long association with the Company and acknowledged Mr. Doshi's outstanding experience and expertise in serving the Mahindra Group since 1973 including his contribution as an Executive Director of the Company from 1992 onwards.

Considering his experience and expertise, Mr. Bharat Doshi, pursuant to the recommendation of the Governance, Nomination and Remuneration Committee (earlier known as Governance, Remuneration and Nomination Committee) was appointed as an Additional Director of the Company with effect from 14<sup>th</sup> November, 2013 at the Meeting of the Board of Directors of the Company held on 13<sup>th</sup> November, 2013.

The Board of Directors has, pursuant to the recommendation of the Governance, Nomination and Remuneration Committee approved the appointment of Dr. Pawan Goenka as an Additional Director of the Company with effect from 23<sup>rd</sup> September, 2013 and also as the Executive Director for a period of 5 years from 23<sup>rd</sup> September, 2013 to 22<sup>nd</sup> September, 2018, subject to the approval of the Members to be obtained at the ensuing Annual General Meeting of the Company.

Dr. Goenka joined the Company as General Manager (R&D) in the year 1993. During his R&D tenure he led the development of the Scorpio SUV. He was appointed as COO (Automotive Sector) in April, 2003, President (Automotive Sector) in September, 2005 and President (Automotive & Farm Equipment Sectors) with effect from April, 2010.

A brief resume of Dr. Goenka including his qualification, nature of his expertise and names of companies in which he holds Directorships and Memberships/Chairmanships of Board Committees and shareholding is provided in the Corporate Governance Report forming part of the Annual Report.

As reported in the Annual Report for the Financial Year 2012-13, the Company received an intimation from Life Insurance Corporation of India ("LIC") on 10<sup>th</sup> June, 2013, to the effect that Mrs. D. Vijayalakshmi had resigned from the Board of the Company with effect from 5<sup>th</sup> June, 2013.

Pursuant to the recommendation of the Governance, Nomination and Remuneration Committee, the Board at its Meeting held on 13<sup>th</sup> November, 2013, appointed Mr. S. B. Mainak as an Additional Director of the Company representing LIC with effect from 13<sup>th</sup> November, 2013, in place of Mrs. D. Vijayalakshmi, such appointment to be valid upto the next Annual General Meeting of the Company.

Mr. Mainak is a Chartered Accountant and is the Managing Director of LIC since 9<sup>th</sup> July, 2013 and is also on the Boards of various companies.

Mr. Doshi, Dr. Goenka and Mr. Mainak hold office upto the date of the ensuing Annual General Meeting of the Company.

The Company has received Notices in writing from Member(s) proposing Mr. Doshi, Dr. Goenka and Mr. Mainak for appointment to the office of Directors at the forthcoming Annual General Meeting.

In terms of the Articles of Association of the Company, Mr. M. M. Murugappan, Mr. Narayanan Vaghul and Mr. A. K. Nanda retire by rotation and are eligible for re-appointment. However, Mr. Narayanan Vaghul and Mr. A. K. Nanda have expressed their desire not to seek re-appointment. It is proposed not to fill up the vacancies thereby caused.

Mr. Vaghul was appointed as a Director on the Board of the Company with effect from 31<sup>st</sup> October, 1996 and has made notable contributions towards effective functioning of the Board. He has been acting as the Chairman of the Governance, Nomination and Remuneration Committee of the Company since 20<sup>th</sup> December, 2000.

The Board placed on record its deep appreciation of the invaluable counsel rendered by Mr. Vaghul to the Company. The 18 years that Mr. Vaghul was on the Board of the Company were critical years in the Company's history.

Mr. Vaghul's immense knowledge and financial expertise helped the Board and the Company negotiate these sweeping changes with boldness while at the same time adhering strictly to sound financial discipline and ethical and corporate values of the highest order.

Quote from Chairman Emeritus

*"Mr. Narayanan Vaghul joined the Board of M&M in 1996 and has shared his vast knowledge and experience with us over many years. His unflinching adherence to the highest standard of ethics and integrity while seeking excellence were significant contributions by him as he chaired the Governance, Nomination and Remuneration Committee.*

*Personally Mr. Vaghul is a valued and a trusted friend. His wise guidance on prudent fiscal management combined with his institution building instincts and formidable strategic skills were invaluable to us. While he retires, his offer of support to the management is most comforting. I wish him many years of good health and happiness."*

The Board placed on record its deep appreciation of the valuable services rendered by Mr. Nanda during his tenure as a Director of the Company.

Mr. Nanda, who is stepping down from the Board of the Company after a total tenure of 22 years, brought to the Board an ebullient and entrepreneurial spirit and a flair for reasoned risk taking, combined with a strict adherence to values and ethics. This rare combination of qualities has added a valuable perspective and dimension to the deliberations and decision making authority of the Board.

Although Mr. Nanda is retiring from the Board of the Company, he continues to be actively associated with several other initiatives of the Mahindra Group.

Quote from Chairman Emeritus

*"Mr Arun Nanda joined the Board of Directors in 1992, and served as Executive Director till 2010 and as Non-Executive Director thereafter. Through his entrepreneurial spirit, commercial acumen and strong 'hands on' approach, he has imparted great value to the deliberations of the Board. During the many years he served as Company Secretary he built up an admirable rapport with our shareholders and served them diligently.*

*I believe Arun embodies all that is best in the M&M culture. Both as a Director and as a very long time employee and colleague, he has spotted opportunities where others see problems, and brought an innovative mind and a pioneering direction to the strategies of the Board and the companies on which he serves.*

*We are fortunate that even though he is stepping down from the Board, he will continue to be associated with other areas of the Mahindra Group."*

In view of the provisions of section 149 of the Companies Act, 2013, the Board of your Company has proposed the appointment of Mr. M. M. Murugappan, Mr. Deepak S. Parekh, Mr. Nadir B. Godrej, Mr. R. K. Kulkarni, Mr. Anupam Puri, Dr. Vishakha N. Desai and Mr. Vikram Singh Mehta as Independent Directors at the ensuing Annual General Meeting of the Company. The Company has received the requisite Notices in writing proposing the appointment of them as Independent Directors.

### **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, 2014 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 and Associate Companies**

The Group Companies continue to contribute to the overall growth of the Company. Major subsidiaries such as the Group's Korean subsidiary Ssangyong Motor Company turned

in a significantly improved performance with a 20% growth in revenue and posted a profit in the Financial Year 2013-14 as compared to a loss in the previous year.

Tech Mahindra Limited, ("TML") the Company's flagship company in the IT Sector, has reported a consolidated revenue at Rs. 18,831.38 crores in the current year. During the year, Satyam Computer Services Limited (earlier an associate company) merged with TML. On a comparable basis, the consolidated revenue of TML grew by 31.4% and Profit after Tax grew by 54.9% as compared to the previous year.

The Group's finance company, Mahindra & Mahindra Financial Services Limited ("MMFSL"), maintained a healthy growth of business and profits despite slowdown in the auto industry and continuing high cost of borrowings through control of transaction cost and high collection efficiency levels. It reported a total consolidated income of Rs. 5,300.55 crores during the current year as compared to Rs. 4,112.96 crores in the last year – a growth of 28.9%. The consolidated profit after tax of MMFSL for the Financial Year 2013-14 grew from Rs. 927.03 crores in the previous year to Rs. 954.42 crores in the current year.

The consolidated Group Profit for the year after exceptional items, tax and after deducting minority interests is Rs. 4,666.93 crores as against Rs. 4,099.20 crores earned in the previous year.

During the year under review, Mahindra Investments (India) Private Limited, Mahindra Investments (International) Private Limited, Mahindra Offgrid Services Private Limited, Cleansolar Renewable Energy Private Limited, Brightsolar Renewable Energy Private Limited, Mahindra Auto Steel Private Limited, Mahindra North American Technical Center, Inc. and Mahindra 'Electoral Trust' Company became wholly owned subsidiaries of your Company and Mahindra Telephonics Integrated Systems Limited, Mahindra Asset Management Company Private Limited, Mahindra Trustee Company Private Limited, Gateway Housing Finance Corporation Limited, Mahindra Construction Company Limited, became subsidiaries of your Company.

During the year under review, Mahindra Homes Private Limited (earlier known as Watsonia Developers Private Limited and prior to that Watsonia Developers Limited), Mahindra Forgings Limited, Mahindra Hinoday Industries Limited, Mahindra Forgings International Limited, Mahindra Forgings Europe AG, Gesenkschmiede Schneider GmbH, Jeco-Jellinghaus GmbH, Falkenroth Umformtechnik, GmbH, Stokes Group Limited, Stokes Forgings Dudley Limited, Stokes Forgings Limited,

Mahindra Forgings Global Limited, Schöeneweiss & Co. GmbH, Ssangyong (Yizheng) Auto Parts Manufacturing Company Limited, MHR Hotel Management GmbH, BAH Hotelanlagen AG, ceased to be subsidiaries of your Company.

Subsequent to the year end, Gateway Housing Finance Corporation Limited and Mahindra Holidays and Resorts USA Inc. ceased to be subsidiaries of your Company.

During the year, Mahindra Navistar Automotives Limited has changed its name to Mahindra Trucks and Buses Limited and Mahindra Navistar Engines Private Limited has changed its name to Mahindra Heavy Engines Private Limited.

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, Statement of Profit and Loss 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 AS 21 form part of this Annual Report.

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

### Auditors

Messrs. Deloitte Haskins & Sells, Chartered Accountants, retire at the conclusion of the ensuing Annual General Meeting. They have been Statutory Auditors of the Company since Financial Year 2008 i.e. for a continuous period of 7 years including Financial Year 2014. In terms of the Companies Act, 2013 ("the new Act") and the Rules framed thereunder, it is proposed to appoint them as Statutory Auditors of the Company to hold office from the conclusion of the ensuing Annual General

Meeting, until the conclusion of the 71<sup>st</sup> Annual General Meeting of the Company to be held in the Year 2017 (subject to ratification of their appointment by the Members at every Annual General Meeting held after the ensuing Annual General Meeting).

As required under the provisions of section 139(1) of the new Act, the Company has received a written consent from Messrs. Deloitte Haskins & Sells, Chartered Accountants to their appointment and a Certificate, to the effect that their re-appointment, if made, would be in accordance with the new Act and the Rules framed thereunder and that they satisfy the criteria provided in section 141 of the new Act.

The Members are requested to elect Auditors as aforesaid and fix their remuneration.

### Cost Auditors

As per the Order of the Central Government and in pursuance of section 148 of the Companies Act, 2013, 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, 2013, was 180 days from the closure of the Company's Financial Year. The combined Cost Audit Report for the Farm Equipment Sector and Motor Vehicles for the Financial Year ended 31<sup>st</sup> March, 2013 was filed on 26<sup>th</sup> September, 2013 in the XBRL format. The Central Government approved the appointment of M/s. N. I. Mehta & Co., Cost Accountants as Cost Auditors for conducting Cost Audit for the Financial Year 2013-14.

Pursuant to section 148 of the Companies Act, 2013, the Board of Directors on the recommendation of the Audit Committee appointed M/s. N. I. Mehta & Co., Cost Accountants, as the Cost Auditors of the Company for the Financial Year 2014-15. M/s. N. I. Mehta & Co. have confirmed that their appointment is within the limits of section 139(9) read with section 141(3)(g) of the Companies Act, 2013 and have also certified that they are free from any disqualifications specified under sections 141(3) and 141(4) read with proviso to section 148(3) of the Companies Act, 2013.

The Audit Committee has also received a Certificate from the Cost Auditors certifying their independence and arm's length relationship with the Company.

### Public Deposits and Loans/Advances

Out of the total 8,825 deposits of Rs. 7,075.63 lakhs from the Public and Shareholders as at 31<sup>st</sup> March, 2014, 104 deposits

amounting to Rs. 42.56 lakhs had matured and had not been claimed as at the end of the Financial Year. Since then, 18 of these deposits of the value of Rs. 5.45 lakhs have been claimed.

The Company has discontinued the Fixed Deposits Scheme for 36 months with effect from the close of office hours on 31<sup>st</sup> January, 2014 and has also discontinued acceptance of Fixed Deposits with effect from 1<sup>st</sup> April, 2014.

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, 2014 to 29<sup>th</sup> May, 2014, 60,323 vehicles were despatched as against 60,067 vehicles during the corresponding period in the previous year. During the same period, 44,849 tractors were despatched as against 43,103 tractors despatched during the corresponding period in the previous year.

Looking forward, your Company believes that the economy has weathered the worst and is now poised for a decisive, albeit gradual, turnaround in growth. There are several factors that underlie the current optimism. First, the country's macro economic indicators are in far-better shape today than they were a year ago, making it much more resilient to risks emanating from US Fed's monetary policy actions. Second, with economic recovery in developed countries gaining strength and the Indian Rupee more competitively valued than before, exports are likely to witness a robust pick-up in the current year. Last, but perhaps most important, given the strong mandate delivered by the recently concluded Lok Sabha elections, swifter and more decisive policy actions are expected to be undertaken by the Central Government in the coming months, with special attention being paid to reviving

manufacturing activity and economic growth, as, seizing the historic opportunity before it, the Government strives to fulfill the 'development with jobs' agenda laid out in its election manifesto.

While El Nino risks cloud the immediate future, it is expected, premised on the reasons outlined above, that the economy will witness a nascent, infrastructure activity-led recovery in the current year, followed by stronger, more broad based consumption-led growth through Financial Year 2016, leading to a deeper, investment-led economic cycle taking root in 2016-17, with growth reverting to levels of 7% or more by the end of that year.

### **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 265 employees who were in receipt of remuneration of not less than Rs. 60,00,000 during the year ended 31<sup>st</sup> March, 2014 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, whereupon a copy would be sent.

For and on behalf of the Board

**ANAND G. MAHINDRA**  
Chairman & Managing Director

Mumbai, 30<sup>th</sup> May, 2014

**ANNEXURE I TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2014**

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") – 1,52,00,898 Mahindra & Mahindra Limited Employees Stock Option Scheme - 2010 ("2010 Scheme") – 48,87,568															
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	11 <sup>th</sup> Tranche	1 <sup>st</sup> Tranche	2 <sup>nd</sup> Tranche	3 <sup>rd</sup> Tranche	4 <sup>th</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	Discount of 4.98% on the average price preceding the specified date – 7 <sup>th</sup> August, 2012	Options issued at Par specified date – 29 <sup>th</sup> October, 2010	Options issued at Par specified date – 9 <sup>th</sup> December, 2011	Options issued at Par specified date – 25 <sup>th</sup> October, 2012	Options issued at Par specified date – 13 <sup>th</sup> November, 2013	
		Average price		– Average of the daily high and low of the prices for the Company's Equity Shares quoted on BSE Limited during 15 days preceding the specified date.													
		The specified date		– Date on which the Governance, Nomination and Remuneration Committee decided to recommend to the Mahindra & Mahindra Employees' Stock Option Trust ("Trust"), the grant of Options.													
c	Options vested	2000 Scheme – 1,41,17,126 2010 Scheme – 21,45,174															
d	Options exercised	2000 Scheme – 1,12,54,748 2010 Scheme – 15,95,815															
e	The total number of shares arising as a result of exercise of option	2000 Scheme – 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. 2000 Scheme – 66,66,045 Equity Shares of Rs. 5 each. These were transferred from the Trust to the Eligible Employees during the period 1 <sup>st</sup> April, 2010 to 31 <sup>st</sup> March, 2014. 2010 Scheme – 15,95,815 Equity Shares of Rs. 5 each. These were transferred from the Trust to the Eligible Employees during the period 1 <sup>st</sup> April, 2011 to 31 <sup>st</sup> March, 2014.															
f	Options lapsed	2000 Scheme – 16,00,530 2010 Scheme – 4,31,298															
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. 2,78,46,02,712 2010 Scheme – Rs. 79,79,075 This amount was received by the Trust.															
i	Total number of options in force	2000 Scheme – 23,45,620 2010 Scheme – 28,60,455															
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*	Names	Options granted during the year ended 31 <sup>st</sup> March, 2014
	Mr. Raghunath Murti	15,000	Mr. Pranab Datta	15,240	Mr. Rajesh Jejurikar	36,901
	Mr. Hemant Luthra	15,240	Mr. Rajeev Dubey	15,000**	Mr. Ramakrishna Subbaraman	23,146
	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. 61.07					
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 lower by Rs. 2.70 crores, profit after tax higher by Rs. 2.70 crores and the basic and diluted earnings per share would have been higher by Re. 0.05 and Re. 0.04 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.	2000 Scheme			2010 Scheme		
	Options Grant Date	Exercise price (Rs.)	Fair value (Rs.)	Options Grant Date	Exercise price (Rs.)	Fair value (Rs.)
	—	—	—	13 <sup>th</sup> November, 2013	5.00	850.46



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:	2000 Scheme	2010 Scheme
			The fair-value of the stock options granted under 2000 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,	—	8.83%
	(ii) expected life,	—	3.25 years
	(iii) expected volatility,	—	31.59%
	(iv) expected dividends, and	—	1.45%
	(v) the price of the underlying share in market at the time of option grant.	—	Rs. 895.35

### STATEMENT ATTACHED TO ANNEXURE I TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2014

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 October, 2005 (#)	Options granted in September, 2006* (\$\$)	Options granted in July, 2007* (\$\$\$)	Options granted in August, 2008* (\$\$\$\$)	Options granted in August, 2012 (\$\$\$\$\$)	Options granted in January, 2011 (\$\$\$\$\$)
Mr. Bharat Doshi	1,00,000	*10,000***	Nil	11,345***	8,362***	29,039***	Nil	71,080
Dr. Pawan Goenka	25,290	*7,500	*15,000***	*11,345***	12,543***	37,336***	Nil	71,080
Mr. Deepak S. Parekh	20,000	*5,000	Nil	Nil	Nil	Nil	Nil	Nil
Mr. Nadir B. Godrej	20,000	*5,000	Nil	Nil	Nil	Nil	Nil	Nil
Mr. M. M. Murugappan	20,000	*5,000	Nil	Nil	Nil	Nil	Nil	Nil
Mr. A. K. Nanda	1,00,000	*10,000	Nil	11,345***	8,362***	24,890***	Nil	Nil
Mr. Narayanan Vaghul	20,000	*5,000	Nil	Nil	Nil	Nil	Nil	Nil
Mr. R. K. Kulkarni	20,000	*5,000	Nil	Nil	Nil	Nil	Nil	Nil
Mr. Anupam Puri	20,000	@5,000***	Nil	Nil	Nil	Nil	Nil	Nil
Dr. Vishakha N. Desai	Nil	Nil	Nil	Nil	Nil	Nil	10,000	Nil
Mr. Vikram Singh Mehta	Nil	Nil	Nil	Nil	Nil	Nil	10,000	Nil

@ unexercised options lapsed

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***
(#) October, 2005	Already vested in October, 2006	Within five years from the date of vesting	Rs. 361 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***
(\$\$\$\$\$) August, 2012	Four equal instalments in August, 2013, 2014, 2015 and 2016 respectively	On the date of vesting or within five years from the date of vesting	Rs. 662 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 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.

\*\*\* 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, 2014

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, 2014

### (A) Conservation of Energy

Your Company has considered Sustainability as one of the strategic priority across all processes. Various initiatives are considered for reducing the overall carbon footprint. Continuous efforts are put in for conservation of energy and natural resources. The Company has been consciously making efforts year on year towards improving the energy performance. Energy efficiency improvement initiatives have been implemented across all the Plants and Offices by undertaking various energy conservation projects.

Your Company ensures strict compliance with all the statutory requirements and has taken several sustainable steps voluntarily to contribute towards better environment such as:

- ▶ Reduction in Special carbon footprint inspite of production being increased continuously.
- ▶ Effective effluent and Sewerage treatment, recycle and reuse of water.
- ▶ Reduce, Reuse, Recycle of Waste and Eco-friendly waste disposal.
- ▶ Reduction in water footprint and encouraging rain water harvesting.
- ▶ Saving of natural resources like Electricity, Oil, Fuel, etc.
- ▶ Use of Renewable Energy in Manufacturing.
- ▶ Use of natural lighting and natural ventilation.

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

##### (i) Engineering Initiatives

- ▶ Installation of solar street lights and LED Lamps.
- ▶ Replacement of conventional lamps with energy efficient Mag-coupled Magnetic lamps.
- ▶ Elimination of electrical heating system by providing waste heat recovery system on furnace exhaust.
- ▶ Installation of heat pump on washing machine thereby eliminating electrical heating.
- ▶ Installation of waste heat recovery on oven exhaust to preheat the combustion air.

- ▶ Installation of gas ionizers for burners of heat treatment furnaces and thermopacs in paint shop.
- ▶ Replacement of old inefficient pumps with energy efficient pumps at various locations.
- ▶ Installation of VFD's at select locations.
- ▶ Installation of air demand controller in paint shop.
- ▶ Voltage optimisation for lighting load.
- ▶ Transparent FRP sheets on roof.
- ▶ DG set voltage optimisation and Power factor improvement.

##### (ii) Process Improvement

- ▶ Cycle Time reduction in various manufacturing processes through introduction of new technology and Kaizens.
- ▶ Optimising temperature settings in HVAC units and automatic temperature controls.
- ▶ PNG consumption optimisation by reducing the skid weight at PT-CED.
- ▶ Eliminating electrical heating system for sand solidification by replacing the hold box process with cold box process.
- ▶ Optimising the loading of parts on furnace by modification of loading tray.
- ▶ Ducting modification to reduce frequency of ASU blower in paint shop.
- ▶ Load Carrier trolley length optimisation and Processing 4 passengers per skid (Zaheerabad).
- ▶ Optimisation of frequency of Roller Motor in TCF.
- ▶ Piping modification for Shower Testing along with installation of VFD.

##### Improvements through small group activities

- ▶ Auto Switching for Lighting for energy optimisation.
- ▶ Centralised Switches at Offices for Zero Consumption during night periods.
- ▶ Timers for blowers, fans and lights.
- ▶ Lighting sensor auto-switches for lighting.
- ▶ Energy Savers for Air-conditioners.

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

- ▶ Energy Conservation Week Celebration at all Plants.
- ▶ Energy Conservation Oath at all locations.

- ▶ E-mailer's and Wallpapers for awareness.
- ▶ Display of posters and slogans on energy conservation.
- ▶ Conducted slogan, poster and suggestion competition for employees on energy efficiency.
- ▶ Release of Mahindra Energy Management System Assessment model.
- ▶ Energy Quiz and Suggestion Competition.
- ▶ Publication and release of E-Booklet containing ENCON initiatives.
- ▶ Extensive involvement of shop floor operating teams in improvement activities and projects.
- ▶ Spreading the importance of energy conservation in nearby schools and colleges.
- ▶ Energy conservation poster competition for children of employees.
- ▶ Energy audit at few key suppliers.
- ▶ Air Leakage month celebrated at Haridwar with Tags distributed to Operators to reduce Air Leakage.
- ▶ Gemba audits to identify the scope of energy conservation.

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

- ▶ Purchasing of power from Open Access ("OA") at Zaheerabad instead of running DG resulting in diesel consumption reduction and cost saving.
- ▶ Installation of small 66 kw solar power plant and wind mill in parking area at Igatpuri.
- ▶ Natural Light pipe installation at Nashik.
- ▶ Use of Alternate Fuel – LNG in place of LPG (Nashik).

**(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.

Specific Electrical energy consumption is reduced by 3.4% over the previous year and Specific Thermal energy consumption is reduced by 11.2% over the previous year. Overall energy consumption is reduced by 7.2%.

**(d) Total energy consumption and energy consumption per unit of production as per Form A of the Annexure to the Rules in respect of industries specified in the Schedule thereto**

Not Applicable.

## **(B) Technology Absorption**

### **Research & Development**

#### **1. Specific areas in which Research & Development is carried out:**

During the year under review, the focus of Automotive Division continued on developing new products and technologies to meet the ever growing customer needs and regulatory requirements of emission and safety.

The Mahindra Technical Academy ("MTA") at Chennai, Mahindra Research Valley ("MRV") will train and coach the new graduate engineers in various system domains to deliver robust designs. At MRV, the test tracks for validation of tractors, the advanced NVH labs and the primary safety assessment labs are operational. All the new technology and product programs are already operating from MRV.

A couple of Product Development programs for the Automotive Division, have been started at the Mahindra North American Technical Center at Detroit in USA.

Sustainable mobility solutions was the key focus area. Some of the key thrust areas in this direction were weight reduction by using alternate materials, designing modularity to take care of variants, Value Analysis Value Engineering ("VAVE") approach for meeting cost pressures. Development and adaptation of safety technologies and technologies for achieving emission targets were also the key focus areas.

Farm Equipment Sector focussed on improving tractor and engine technologies, while meeting emission norms and delivering enhanced value for the farmer. The new product development continued to focus on developing new platforms, in line with the upcoming requirements of the next generation farmers. The value engineering also continued in the right earnest to make the Company's products competitive.

#### **2. Benefits derived as a result of the above R&D efforts:**

Some significant achievements in the Automotive Division include launch of variants like new BMT Plus, Bolero Pik-up Single Cab Refresh, Verito Vibe and Xylo D2 Maxx with 9 seater with side facing rear seats.

New BMT Plus had a longer cargo for more loading capacity. Verito Vibe is a compact variant of the Verito. It has a restyled rear and retains the original

driveability of the Verito. Xylo D2 Maxx is a category creating product. Over the year, 10 variants were introduced in Domestic market whereas 24 variants were launched in Europe, Chile, South Africa and Italy. In the Farm Division, in the domestic market, the Company has successfully launched the Arjun Inline tractor, thus increasing volumes in 50 plus HP segment. The domestic common rail system and Customer Value Enhancement features were also successfully piloted on the Arjun range of tractors and customers' feedback has been encouraging. The Company successfully productionised 27 new variants for the domestic market and 17 new variants for the export markets on current Bhoomiputra and Sarpanch platforms.

In the international space, the Company successfully introduced tractors meeting US emission norms, effective January, 2013 in the segments of both < 50 HP and the 50 HP – 74 HP categories. The integrated cabin tractor, was extended to 75 HP segment – Model mPower 75. Compact tractor with integrated cabin, was also showcased in the US market and the feedback was good.

In the case of Powerol business, improved fuel efficiency solution in the telecom space has been introduced. The launch of AC variable speed DG sets and the 82.5 KVA DG sets are newly introduced in the retail space. For niche applications, in the telecom market segment, the Company has introduced ultra-super silent 25 KVA DG sets.

During the year, the Automotive and Farm Divisions filed 65 new patents, while 4 patents were granted.

### **3. Future plan of action:**

Your Company shall continue its efforts on developing new products and technologies to meet the ever growing customer needs, regulatory requirements and competitive pressures.

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 developing efficient aggregates with less frictional losses. To develop 'First Time Right Products' and 'Every Time Right Products' were the key thrust areas. Front loading of the lessons learnt in past programs and early supplier involvement in the development phase were the actions taken. This approach will make the design and development robust and reliable.

Farm Equipment Design remains committed to offering Farm Tech prosperity to the customers by increasing the productivity and efficiency of the Company's farm machines.

### **4. Expenditure on R&D:**

The Company spent Rs. 1,300.94 crores (including Rs. 660.67 crores on Capital Expenditure) for Research & Development work during the year, which was approximately 2.97% of the total turnover.

### **Technology absorption, adaptation and innovation:**

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

During the year under review, the focus of Automotive Division continued on technology upgradation and capability development in the core areas of Power train, Safety, weight reduction, alternate material and developing capabilities for increasing reliability in Automotive Electronics.

Your Company has continued its endeavour to develop and absorb advanced technologies for its product range to meet the requirements of a globally competitive market. Special focus and efforts have resulted in electronic engine on Tractors which provides optimum fuel consumption with enhanced comfort for the farmers. The Company continues its experimental research on alternate fuel technologies like Bio Fuel, CNG, Hydrogen and other fuel cells. Many programs are being done jointly with industry and academia to keep these technologies ready for commercial deployment, should the opportunities arise.

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

- ▶ Special focus and efforts have resulted in electronic engine on Tractors which provides much higher fuel consumption with enhanced NVH and comfort for the farmers.
- ▶ Emphasis on use of new materials to reduce weight of aggregates and parts.
- ▶ Develop new technologies and keep them ready for deployment on products in the field of:
  - Advanced Electronics
  - Alternate fuels
  - High performance lubricants

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

Sr. No.	Technology Imported	Year of Import	Status
1.	Start Stop Micro Hybrid	2009	Technology Absorbed
2.	New Generation Engine Management System	2009	Technology Absorbed
3.	CNG Engines for Pickups/3 Wheelers	2009	Technology Absorbed
4.	Electronic Programs for Safety, Stability & Steering Control	2009	Technology Absorbed
5.	CAN Based Networking	2009	Technology Absorbed
6.	New Airbag Program	2009	Technology Absorbed
7.	Advanced Materials Technologies	2009	Technology Absorbed
8.	Development of components using alternate materials and advanced manufacturing processes	2010	Technology Absorbed
9.	Engine upgrades and Emission improvement technologies	2010	Technology Absorbed
10.	New transmissions for compact vehicles and Utility vehicles	2010	Technology Absorbed
11.	Technology for NVH management	2010	Technology Absorbed
12.	Electrical and electronic technologies for safety, infotainment and convenience feature addition	2010	Technology Absorbed
13.	Alternate fuel technologies	2010	Technology Absorbed
14.	New suspension system for improved comfort	2010	Technology Absorbed
15.	Development of digital service interface	2010	Technology Absorbed
16.	Agri Implements Technology transfer	2010	In the process of Absorption
17.	Electric Vehicle Technology	2011	In the process of Absorption
18.	Advanced Engine Technologies	2011	Technology Absorbed
19.	Advanced Propulsion Technologies	2011	In the process of Absorption
20.	Duel Fuel Technology	2012	Technology Absorbed
21.	Technology for NVH Improvement	2012	In the process of Absorption
22.	Hybrid Vehicle Technology	2012	In the process of Absorption
23.	CNG Injection Technology	2013	In the process of Absorption
24.	Hydrogen Fuel Technology	2013	In the process of Absorption
25.	Duel Clutch Transmission Technology	2013	In the process of Absorption
26.	Advanced Engine Exhaust After Treatment Technology	2013	In the process of Absorption
27.	Vehicle Comfort & Handling Technology	2013	In the process of Absorption
28.	Aero acoustics development	2014	In the process of Absorption
29.	Electrical and electronics architecture validation technology	2014	In the process of Absorption
30.	Electrical and electronic technologies for infotainment validation	2014	Technology Absorbed
31.	New 6 Speed Transmission technology	2014	In the process of Absorption

All imported technologies 'In the process of Absorption' would be absorbed as per the respective Technology Absorption Schedule.

### (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

**ANAND G. MAHINDRA**  
Chairman & Managing Director

Mumbai, 30<sup>th</sup> May, 2014

**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, 2014</b>	<b>Maximum outstanding during the year</b>
Mahindra & Mahindra Financial Services Limited	—	200.00
Mahindra Gujarat Tractor Limited	1.00	1.00
Mahindra Shubhlabh Services Limited	0.68	7.26
Bristlecone Limited	108.69	108.69
Mahindra Overseas Investment Company (Mauritius) Limited	80.40	110.72
Mahindra Two Wheelers Limited	235.50	340.00
Mahindra Heavy Engines Private Limited	18.00	18.00
Mahindra Retail Private Limited	15.00	40.00
Mahindra Gears International Limited	45.32	57.81
Ssangyong Motor Company	—	564.80

*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**





# MANAGEMENT DISCUSSION AND ANALYSIS

Mahindra & Mahindra Limited ("M&M") or ("Mahindra") is the flagship brand of the Mahindra Group which consists of 140 companies with diverse businesses across the globe and aggregate revenues of US \$ 16.5 billion. The Financial Year 2013-14 was a challenging one with several shocks in the global and domestic environment. Your Company, however, fortified by its Rise philosophy of accepting no limits, thinking innovatively and driving positive change in the lives of others, successfully took on the challenge of performing in a very volatile environment.

The Automotive and Farm Equipment Sectors of M&M worked together with distinct and strong customer focus at the front end and structured synergy at the back end. In the Financial Year 2013-14, your Company sold 268,487 tractors (a growth of 19.4% in comparison to the previous year) and 499,015 vehicles (a degrowth of 9.5% over the previous year).

The Automotive and Farm Equipment Sectors, along with their subsidiary companies and joint ventures, achieved global sales of 957,797 vehicles and tractors (657,145 vehicles and 300,652 tractors).

## Industry Structure, Overview and Trends

The Indian automotive industry comprises of a number of Indian-origin and multinational players with varying degrees of presence in different segments. Today, nine of the top ten global automotive manufacturers have a presence in India which clearly points to its importance as a strategic market. Similarly, the domestic tractor market also has a mix of Indian origin and international manufacturers and is segmented by horsepower.

### Global Automotive Industry

In the calendar year ("CY") 2013, global automotive sales stood at a record 85.4 million vehicles, which was a growth of

3.9% over the previous year. This growth was primarily driven by China, USA and UK, which collectively account for 47% of the global automotive market. *Source: OICA (Organisation Internationale des Constructeurs d'Automobiles).*

China retained the crown of being the world's largest automotive market for the 5<sup>th</sup> consecutive year with total sales of 21.9 million vehicles, a growth of 14%. The US market which had hit a low in 2008, has been on a slow recovery path and posted a growth of 7% in CY 2013. However, the China-US market size gap widened to 6.1 million vehicles from 4.5 million vehicles in CY 2012.

European auto sales continue to slide, with key markets of Germany at -4%, France at -6% and Italy at -8%. However, the UK market posted 11% growth on the back of stronger consumer confidence. The European market as a whole has shown some signs of recovery in H2 CY2013.

The automotive market in Brazil was also down by 1% after posting growth for seven consecutive years, while the Russian automotive market posted a 6% degrowth.

### Indian Automotive Industry

The Financial Year 2013-14 was an extremely challenging year for the Indian auto industry. The year ended with a meagre growth of 3.5%. However, industry volumes (excluding two wheelers) de-grew by 9.5% over the previous year. This is the worst ever degrowth since the year 1975-76. Every segment of the auto industry, except Pik-UPs (LCV 2 to 3.5T GVW) and two wheelers, posted a degrowth during the Financial Year 2013-14. This dismal performance was due to the cascading effect of low economic growth, weak consumer sentiment over uncertainty about the future, increase in cost of vehicle ownership because of high vehicle financing rates and high fuel prices.

The table below shows the size of various segments of the Indian auto industry and their growth rates, spanning Financial Year 2011-12 to Financial Year 2013-14.

Industry Segment	Industry Volume			YoY Growth	
	FY12	FY13	FY14	FY13	FY14
Passenger Cars	2,031,306	1,874,055	1,786,899	-7.7%	-4.7%
Utility Vehicles	363,772	553,662	525,942	52.2%	-5.0%
MPV (Vans)	234,761	237,298	190,844	1.1%	-19.6%
<b>Passenger Vehicles</b>	<b>2,629,839</b>	<b>2,665,015</b>	<b>2,503,685</b>	<b>1.3%</b>	<b>-6.1%</b>
MHCV	349,216	268,689	200,627	-23.1%	-25.3%
<i>MHCV Passenger</i>	<i>49,882</i>	<i>46,913</i>	<i>38,709</i>	<i>-6.0%</i>	<i>-17.5%</i>
<i>MHCV Goods</i>	<i>299,334</i>	<i>221,776</i>	<i>161,918</i>	<i>-25.9%</i>	<i>-27.0%</i>
LCV	460,283	524,522	432,111	14.0%	-17.6%
<i>LCV Passenger</i>	<i>48,868</i>	<i>47,827</i>	<i>42,799</i>	<i>-2.1%</i>	<i>-10.5%</i>
<i>LCV Goods &lt; 2T GVW</i>	<i>251,030</i>	<i>247,426</i>	<i>166,974</i>	<i>-1.4%</i>	<i>-32.5%</i>
<i>LCV Goods 2-3.5T GVW</i>	<i>110,117</i>	<i>190,442</i>	<i>192,911</i>	<i>72.9%</i>	<i>1.3%</i>
<i>LCV Goods &gt; 3.5T GVW</i>	<i>50,268</i>	<i>38,827</i>	<i>29,427</i>	<i>-22.8%</i>	<i>-24.2%</i>
<b>Total CV</b>	<b>809,499</b>	<b>793,211</b>	<b>632,738</b>	<b>-2.0%</b>	<b>-20.2%</b>
<b>3 Wheelers</b>	<b>513,281</b>	<b>538,290</b>	<b>479,634</b>	<b>4.9%</b>	<b>-10.9%</b>
<i>3W Passenger</i>	<i>406,260</i>	<i>441,124</i>	<i>384,923</i>	<i>8.6%</i>	<i>-12.7%</i>
<i>3W Goods</i>	<i>107,021</i>	<i>97,166</i>	<i>94,711</i>	<i>-9.2%</i>	<i>-2.5%</i>
<b>2 Wheelers</b>	<b>13,409,150</b>	<b>13,797,185</b>	<b>14,805,481</b>	<b>2.9%</b>	<b>7.3%</b>
<i>Motorcycles</i>	<i>10,073,303</i>	<i>10,085,000</i>	<i>10,479,817</i>	<i>0.1%</i>	<i>3.9%</i>
<i>Scooter</i>	<i>2,558,981</i>	<i>2,923,424</i>	<i>3,602,744</i>	<i>14.2%</i>	<i>23.2%</i>
<i>Mopeds</i>	<i>776,866</i>	<i>788,761</i>	<i>722,920</i>	<i>1.5%</i>	<i>-8.3%</i>
<b>Total Industry</b>	<b>17,361,769</b>	<b>17,793,701</b>	<b>18,421,538</b>	<b>2.5%</b>	<b>3.5%</b>
<b>Industry (Exc. 2W)</b>	<b>3,952,619</b>	<b>3,996,516</b>	<b>3,616,057</b>	<b>1.1%</b>	<b>-9.5%</b>

In the Financial Year 2012-13, the Utility Vehicle ("UV") segment posted record growth on the back of new launches. The year also witnessed the entry of MNCs into the UV segment and a wide price gap between petrol and diesel fuels. In the

Financial Year 2013-14, the growth tapered on account of high base effect, increase in excise duty and narrowing of the gap between petrol and diesel fuels. However, the ratio of UVs to Passenger vehicles remained at 21%.

The commercial vehicle industry was worst affected because of the slowdown in industrial activity including manufacturing and mining. Slowdown in infrastructure development also adversely impacted the commercial vehicle industry. The Medium and Heavy Commercial Vehicles (“MHCV”) segment posted its lowest volume since Financial Year 2010. The only positive story was in the Pick-Up segment (LCV 2 to 3.5T GVW), where volumes were driven by good growth in the agri sector and new product launches.

### Indian Tractor Industry

In Financial Year 2014, the Indian tractor market (the world’s largest by volume), grew by 20.2% to reach 633,656 units, crossing the 600,000 mark for the first time. A good monsoon in Financial Year 2014 boosted the Indian agriculture sector which is expected to grow by 4.6% as compared to 1.4% last year. The Kharif and Rabi sowing has been higher and as per the third advance estimates, the food grain production is expected to be at an all time high.

All states registered growth, with the exception of Tamil Nadu where the industry is yet to pick up after three successive crop failures. The central region showed good growth with

Chhattisgarh growing over 50%, the highest among all states. The growth rate in Madhya Pradesh was 24%. In the western region, growth was led by Maharashtra which saw a resurgence of demand and grew more than 47%, while in the South, Andhra Pradesh and Karnataka saw a revival in demand after a drop last year. Amongst the Northern states, Uttar Pradesh retained its No. 1 position registering the most tractor sales with over 98,000 units sold, a growth of 13% over last year.

The table below summarises the growth across various HP segments of the tractor industry.

Segment	Industry		
	FY14	FY13	Growth PY
Total	633,656	527,384	20.2%
<20	22,252	18,551	20.0%
20-30	48,562	48,462	0.2%
30-40	223,141	191,923	16.3%
40-50	308,482	239,894	28.6%
>50	31,219	28,554	9.3%



# YOUR COMPANY'S PERFORMANCE

## Automotive Sector

During the year under review, your Company's performance was adversely impacted by the severe slowdown in the Indian auto industry. The Automotive Sector, including the Truck and Bus Division, achieved overall volumes of 477,517 vehicles in the domestic market, a degrowth of 10.1% over the previous year.

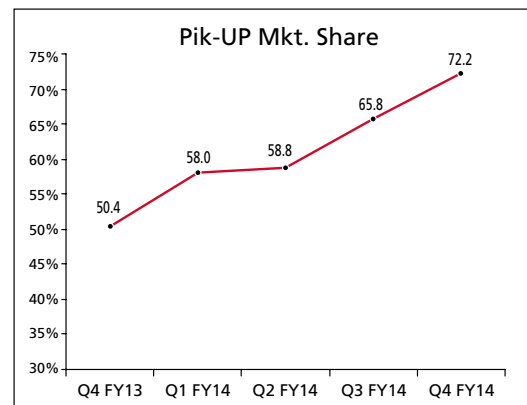
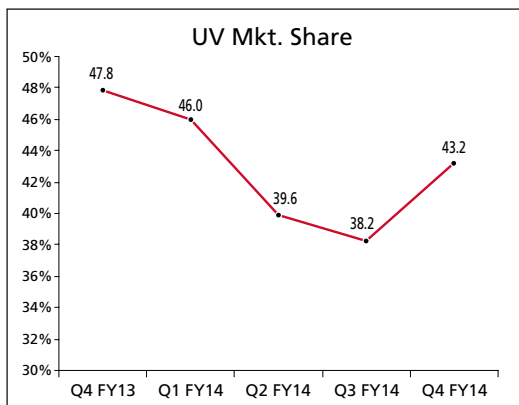
For the year under review, your Company is the 3<sup>rd</sup> largest Passenger Vehicle company and by volume, the 2<sup>nd</sup> largest Commercial Vehicle company in India, with its share of the total Indian Auto Industry standing at 13.2%.

The table below summarises your Company's performance across all industry segments.

Industry Segment	M&M AS		Industry		M&M Mkt. Share	
	FY14	Growth (%)	FY14	Growth (%)	FY14 (%)	FY13 (%)
UV Total	219,421	-16.9	525,942	-5.0	41.7	47.7
Cars (Verito)	9,734	-36.6	346,524	31.1	2.8	5.8
MPV Total	25,189	-19.9	190,844	-19.6	13.2	13.2
LCV < 2T	29,223	-26.8	166,974	-32.5	17.5	16.1
2T > LCV < 3.5 T	123,175	19.7	192,911	1.3	63.9	54.0
3W Total	62,614	-4.4	479,634	-10.9	13.1	12.2
<b>AD (Dom.) Total</b>	<b>469,356</b>	<b>-9.6</b>	<b>1,902,829</b>	<b>-6.3</b>	<b>24.7</b>	<b>25.5</b>
LCV > 3.5 T Total	5,876	-34.2	72,226	-16.7	8.1	10.3
MHCV (Goods)	2,285	-23.2	88,123	-24.2	2.6	2.6
<b>AS (Dom.) Total</b>	<b>477,517</b>	<b>-10.1</b>	<b>2,063,178</b>	<b>-7.7</b>	<b>23.1</b>	<b>23.8</b>

Your Company maintained its leadership position in the domestic UV market with a 41.7% share. The Scorpio continues to strengthen its iconic status with sales crossing 50,000 units for the third consecutive year. The Scorpio also posted its highest ever sales since launch. The Bolero continued its stellar performance with sales crossing 100,000 units for the third successive year. The Bolero retained the title of India's largest selling UV for the 8th consecutive year. It is also the 5th highest selling passenger vehicle in India and the only UV to feature on the list of Top 10 selling passenger vehicles in India. The XUV500 continues to be the customer's choice, with average 3,300 units sold per month in Q4 Financial Year 2014.

The graphs below show the movement of the Company's market share in the UV and Pik-UP segments in the four quarters of Financial Year 2014. Market share in the UV segment is on an upswing while the Company has consistently improved its market share in the Pik-UP segment.



## Product Launches and Customer Centricity

At Mahindra, customers are at the core of its business processes and new product development, with our products and initiatives focused on catering to the diverse needs of our customers.

In the Financial Year 2013-14, the Company launched four new product variants – the Bolero Maxi Truck Plus (“BMT Plus”), the New Bolero PU Flat Bed, the XUV500 W4 and the Verito Vibe which is a compact sub 4 m variant of the Verito car.



The Bolero Maxi Truck Plus has been designed to cater to the challenges of transportation in urban areas. The product easily manoeuvres through heavy traffic, narrow city lanes and numerous flyovers, while still ensuring best-in-class fuel economy. This is enhanced by a higher load carrying capacity and improved safety measures for customers.



The new Bolero Pick-Up Flat Bed with more modern, macho and stylish looks and superior fuel efficiency is also a step forward in this direction as it delivers greater earning potential for customers while retaining the basic tough and rugged DNA associated with Mahindra vehicles.



Since its launch in 2011, the XUV500 has carved a special niche for itself in the minds of Indian consumers. The new entry level W4 variant makes the XUV500 proposition accessible to a larger base of customers who aspire to be proud owners of this award winning vehicle inspired by the Cheetah. With no change in powertrain, the W4 variant offers a high level of technology and aims to attract sedan and compact SUV buyers who wish to upgrade.

Over the past few years, the Company has worked tirelessly to improve customer satisfaction at the product as well as the dealership level. The results of these efforts can be seen from the score and rank received by the Mahindra brand in the JD Power CSI and SSI surveys for 2013. Mahindra was ranked 4<sup>th</sup> (along with Toyota) in the JD Power CSI study, while in the JD Power SSI survey, Mahindra was ranked 2<sup>nd</sup> along with Toyota and Hyundai.

In line with its philosophy of customer centricity, your Company has expanded its network, reaching out to 477 districts in India out of a total of 657. Vehicles from the Mahindra stable can now be serviced even in the remotest areas of the country like Kargil, Port Blair and Reckong Peo in Himachal Pradesh.



## Automotive Sector — Overseas Operations

The Automotive Sector of your Company exported a total of 29,659 vehicles during the Financial Year 2013-14, posting a degrowth of 8.6% over the previous year. The Scorpio continues to take the largest share of the exported product pie, followed by the Maxximo. The XUV500 also performed well in South Africa and Chile. In 2013-14, Sri Lanka, Chile, South Africa and Nepal continued to be the largest overseas markets. While the degrowth for the year is primarily driven by the change of duty structure in Sri Lanka, there was good growth in Nepal, Bangladesh, Peru and Tunisia. The Company continues to focus on building the brand and channel in focused markets.



## Gearing Up for Tomorrow

Over the last four years, your Company has taken many steps on its journey towards becoming a globally recognised automotive manufacturer. Some of the key initiatives were (i) setting up the Mahindra Vehicle Manufacturers Ltd. ("MVML") plant in Chakan, near Pune in Maharashtra (ii) establishing a modern product development facility, the Mahindra Research Valley ("MRV") near Chennai (iii) acquisition of Ssangyong Motor Company in South Korea and (iv) acquisition of a majority stake in Mahindra Reva Electric Vehicles Private Limited ("Mahindra Reva").

MVML (a 100% subsidiary of your Company) which has its plant at Chakan is the largest manufacturing facility for your Company, producing over 100,000 vehicles in the Financial Year 2013-14. The plant manufactures a wide range of products, including the XUV500, the Rexton by Mahindra, the Genio Pick Up, the Maxximo range of vehicles and trucks made by Mahindra's Truck & Bus Division and the Pik-UP range of products for the export market.

The MRV, which was inaugurated in April 2012, houses all new technology and product programmes of your Company and is home to over 2,500 engineers.

The acquisition of a majority stake in Ssangyong Motor Company in 2011 was a significant step towards realising your Company's global ambitions. This acquisition was aimed at expanding our range of SUVs and also delivering synergy benefits in the areas of product development, sourcing and expanding global reach. Today, work is underway for joint development of a new vehicle platform and a new engine family with both diesel and gasoline fuel options.

Mahindra Reva, which is focused on developing electric powertrains, has already launched the Mahindra e2o in India, Nepal and Bhutan and work is currently underway for developing variants for other export markets as well. The Company also displayed the Mahindra Halo at the Delhi Auto Show in February 2014.

Mahindra displayed its most diverse portfolio across product categories at the Auto Expo, showcasing 'Accessible Technology' ranging from SUVs and future ready electric mobility solutions to its commercial vehicle portfolio and exciting new motorcycles from Mahindra Two Wheelers. The product pipeline included the range from Mahindra and SsangYong, electric mobility solutions from Mahindra Reva and a diverse range of commercial vehicles and two wheelers.



## Farm Equipment Sector

With its quest to deliver 'Farm Tech Prosperity' to the Indian farmer, the Financial Year 2013-14 saw numerous initiatives by the Farm Equipment Sector in the area of farm mechanisation, knowledge dissemination and interventions across the agriculture value chain.

## Tractor and Farm Mechanisation Business

The Financial Year 2013-14 saw 31 years of M&M leadership in the domestic tractor market, with a market share of 40.6%. In addition to this, the Swaraj and Mahindra brands enjoyed the distinction of being No. 1 and No. 2 in Customer Satisfaction (TNS survey 2013).

In this period, the Company sold 268,487 tractors, (domestic plus export), under the Mahindra and Swaraj brands, as against 224,844 tractors sold in the previous year, registering a growth of 19.4%. This growth was due to sales in almost all states, with Andhra Pradesh, Karnataka and Maharashtra leading the way. A key contributor to this growth was the launch of multiple tractor variants to meet customer requirements across a variety of applications.

The year was also made memorable by some landmark events. The Swaraj Division rolled out the 1 millionth tractor from its Plant and brand Mahindra Tractors received the award for Asia's Most Promising Brands.

### Global Footprint

The Sector continued to strengthen its global footprint with a focus on the key markets of USA and China, amongst other regions. Total tractor volumes outside India stood at 40,612 tractors, with exports from India contributing 10,148 tractors.

### USA

Mahindra USA celebrated 20 years of incorporation in the USA. The company once again crossed the 10,000 annual volume mark, and had its highest ever billings and retails. It also achieved an all-time high market share of 8% in the 0-80 HP segment in the US market. Mahindra USA continues to expand its reach by making significant efforts to strengthen the Mahindra brand in this market, especially enhancing its presence in the digital space.

### China

China is the second largest tractor market in the world, but the industry is in the midst of turbulent times. Volumes from the Mahindra Yueda (Yancheng) Tractor Company Limited ("MYTCL") saw a marginal decline to 19,042 units in the domestic market, as compared to 19,622 units sold in the same period last year. At the same time, exports from China saw a growth of 5.4% to 2,579 units, as compared to 2,447 units the previous year.

### Rest of the World

Continuing last year's trend, the growth story for Rest of the World operations was in Africa, with Algeria emerging as the biggest market for Mahindra Tractors. However, the SAARC region remained a challenge, with declining industry growth in Bangladesh, Sri Lanka and Nepal adversely impacting volumes.

### Towards Farm Tech Prosperity

Agriculture in India faces three key challenges. These are low productivity as compared to developed countries, increasing labour scarcity and high labour costs and small farm sizes.

To address these challenges, Mahindra offers a whole range of mechanisation solutions, tractors for small and large farms, micro-irrigation units, crop care products, seeds and modern agronomy know-how to farmers.

### Farm Mechanisation – Mahindra AppliTrac

Farm mechanisation is a key enabler to address the problem of farm productivity and labour shortage. In this direction, Mahindra AppliTrac ("AppliTrac") offers efficient and affordable mechanisation solutions across the spectrum of farming operations. AppliTrac continued to grow the market for mechanisation in the country, playing its part in boosting agricultural productivity. In the Financial Year 2013-14, AppliTrac growth was led by rotary tillers and harvesters. Beyond this, AppliTrac has developed and offers a range of farm machinery including rice transplanters, sprayers, mulchers and balers to fulfil the needs of farm mechanisation.

### Mahindra Samriddhi

The focus of Mahindra Samriddhi is to offer knowledge and knowhow on modern farming technologies. Today we have more than 160 Mahindra Samriddhi centres which were accessed by over 90,000 farmers in the Financial Year 2013-14. The Mahindra Samriddhi India Agri Awards continues to be the premier event in the field of Indian agriculture. It is graced by leading luminaries from the field of agriculture and honours the torch bearers of farm prosperity across the nation.



## Seeds and Crop Care

Use of improved seeds, especially hybrids, is one of the key drivers of higher quality produce and superior yield. With a portfolio of quality seeds spanning field crops, cash crops and vegetables, this business reaches out to farmers across India. The business has doubled its revenue this year and is poised for good growth in coming years.

During the growth phase, crops are under the constant threat of virus, disease and nutrient deficiency. The Company's Crop Care business offers a range of herbicides, pesticides and fungicides, mitigating the risk of crop loss. The business has grown ~25% over the previous period, aided by the launch of eight new products.

Mahindra branded seeds and crop care products are available at Mahindra Samridhi centres as well as through independent channel partners.

## Micro-irrigation business

Micro-irrigation offers tremendous benefits to the farmer, including water savings of more than 25%, reduced expenditure on labour and fertiliser and higher productivity.

The Company had forayed into micro-irrigation in 2011, through the acquisition of a stake in EPC Industriè Limited, one of India's leading micro-irrigation companies. Its business for the Financial Year 2013-14 grew 8% while the industry degrew by around 8% to 10%.

## Construction Equipment – Mahindra EarthMaster

With a slowdown in infrastructure spending and the ban on mining in the country, the backhoe loader market declined by 18% as compared to the previous year. However, the Mahindra EarthMaster maintained its volume in this declining industry, the only player to do so. In the process, the Mahindra EarthMaster gained market share and jumped three ranks to reach the 5<sup>th</sup> position.



## Mahindra Powerol

For Mahindra Powerol, the Financial Year 2013-14 was a challenging one. The company's revenue was down by around 17% with the industry de-growing in the telecom and retail DG segment. However, Mahindra Powerol improved its market share in both segments with its telecom market share reaching 64% as compared to 54% last year. In the retail DG segment, the company enjoys a market share of 29.5%, the second largest in this space. It also achieved the No.1 position in the Customer Satisfaction Index ("CSI") in the retail segment.

In its pursuit of becoming future ready, the business is looking for emerging segments and has also entered into Energy Management Solutions, having already established over 600 sites.



## Opportunities and Threats

### Automotive Sector

In spite of the current slowdown, the mid to long term growth forecast for the Indian economy remains healthy. As a result of an increase in income levels and lifestyle aspirations, the potential size of the Indian vehicle market (Passenger Vehicles + Commercial Vehicles) by the Financial Year 2017-18 is likely to be as large as ~4.5 million vehicles (current size 3.13 million), with a growth rate of 10% per year (Source: SIAM). Also, given the importance of the automobile industry to the economy, its potential for employment and its backward and forward linkages with several sectors, the Government is keen to support its development.

On the other hand, there is a continuous need to globally reduce emissions from automobiles, leading to the need for ongoing investment in technology and alternate energy powertrains. Growing environmental consciousness among consumers, government regulations to manage traffic congestion, as well as improvement in public transport infrastructure are



trends that will have a significant impact on the future of the automotive industry.

For Commercial Vehicles (“CVs”), the growth in agriculture and industrial production, spend on infrastructure projects, the spread of organised retail 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. In the mid to long term, stricter implementation of norms related to road worthiness will also lead to considerable expansion in the market for CVs.

### **Farm Equipment Sector**

Continued Government support for agriculture and rural development, greater adoption of improved agricultural practices and broad basing of the rural economy are positive developments that will drive sustainable agriculture and rural growth.

Within India there are several regions with low tractor penetration, especially among the large base of small and marginal farmers. With increasing labour cost and scarcity, greater adoption of various forms of mechanization is the way forward. In this scenario, the market for tractors and other farm equipment is expected to grow in the long term. Going forward, the competitive intensity is expected to increase, leading to frequent product launches and product offerings at high value points, in turn raising customer expectations of performance, quality and technology. New launches and the need for improved performance with modern technology will put pressure on costs.

The rising demand for power and infrastructure development will create opportunities in the power generation and infrastructure equipment space. This is an opportunity for the Company to grow its offerings in power solutions and construction equipment.

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

The Company’s business is exposed to many internal and external risks and it has consequently put in place robust systems and processes, along with appropriate review mechanisms to actively monitor, manage and mitigate these risks.

### **Commodity Prices**

Globally, commodity prices declined in the first half of the Financial Year 2013-14, but sharp rupee depreciation restricted

the price decline in India, resulting in moderate commodity inflation. Your Company successfully mitigated the material cost impact through cost reduction and value engineering. In the second half of the Financial Year 2013-14, your Company was successful in containing commodity inflation with minimum impact, supported by rupee stabilization.

In the first half of Financial Year 2014-15, commodity prices are seen to be largely stable with favourable currency and weak industrial growth both globally and in India. Prices are expected to firm up in the second half with expectations of the economy improving both globally and in India. There are also cost pressures due to the increase in power and fuel costs and your Company is focusing on minimizing the impact of this through constant cost re-engineering.

### **Capacity**

The Company has built adequate manufacturing capacity for the immediate future and is planning to invest in additional capacity in preparation for the mid to long term.

On the supplier end, the Company is working closely with its key suppliers to minimise any supply constraints through capacity planning and longer term contracts. At the same time, opportunities for global sourcing are also being actively explored.

### **Competitive Intensity**

Keeping in mind the high growth potential of the Indian automotive market, all Original Equipment Manufacturers (“OEMs”) are actively investing in new product development and product technology upgrades in India. Multinational OEMs are increasingly becoming India focused and developing India centric products. Further, with increased local sourcing and development taking place in India, cost structures of multinational corporations are becoming more competitive. Moreover, in the past, most MNC OEMs entering India were focused on the car market. Now they have an active presence in the UV and CV segments as well, leading to intense competition in this space as well.

With improvement in infrastructure and strengthening of the hub and spoke transportation model, the need for commercial vehicles across product categories is expected to multiply. The medium and heavy commercial vehicle segment features two dominant domestic players and in the recent past it has also witnessed the entry of MNCs. The need for efficient logistics in the feeder and distributor routes has led to growth in the small

commercial vehicle category. Your Company has a presence across the commercial vehicle segment and continues to invest in new product development as well as technology upgrades and will continue its focus on delivering customer centric products and network expansion to reach out to customers at their doorstep.

### **Tax and Excise Duty Regulations**

In India, there is a large differential between 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 UVs and the large car segment. Certain products of key competitors have the benefit of lower excise duty. Your Company is working on plans to meet the changing regulatory environment.

### **Diesel – Petrol price parity**

Traditionally, there has been a wide gap between petrol and diesel prices in India, leading to a preference for diesel passenger vehicles. The Government of India has been working to reduce this gap through the reduction in subsidies on diesel fuel and in January 2013, the Government of India announced a policy for partial deregulation of diesel prices. As a result of this, the diesel – petrol price gap has narrowed from Rs. 32 in May 2012 to Rs. 17.68 in March 2014. This will impact the cost of ownership and may have an impact on the demand for your Company's products, as almost all its products are diesel powered.

### **Environment and Alternate fuels**

Stringent regulatory norms are being introduced to safeguard the environment, especially in the area of emissions. Your Company has invested in appropriate technologies to meet these regulations. At present, there is demand for vehicles powered by CNG and LPG. Your Company is well prepared to meet this demand and has proactively invested in the development of vehicles that run on CNG, Biodiesel and Hydrogen. The Company also offers Micro hybrid technology across its product range of UVs and Pik-UPs. Substantial progress has also been made in the development of a hybrid powertrain. The XUV500 Hybrid was also displayed at the Auto Expo 2014 in New Delhi.

The launch of the battery operated electric vehicle, the Mahindra e2o, in March 2013 was an important milestone in the direction of sustainable mobility. The vehicle was launched by Mahindra Reva Electric Vehicles Private Limited, a subsidiary

of your Company. The company continues its effort to develop the Electric Vehicle (EV) market and upgrade EV technology capabilities.

### **Financial Market Conditions**

The financial markets remained volatile for most part of the year. The tapering of Quantitative Easing initiated by the US Fed in the summer of 2013 created widespread rebalancing of emerging market assets by fund managers, which affected Indian financial markets too. The RBI stepped in to contain the fallout of the taper, including steps to curtail excessive gold import, opening of special forex swap windows for oil remittances and FCNR deposits. Exports gained momentum on the back of rupee depreciation during the year. Thus, the full year CAD was contained below 2% of GDP. Capital flows during the year slowed to \$ 49 billion versus \$ 89 billion in Financial Year 2013. Both portfolio flows and trade credits during the year showed lower prints than the previous year, partly balanced by resilient FDI/ECB flows. The BoP ended with a surplus of \$ 15.50 billion in Financial Year 2014. The rupee had a roller coaster ride through the year, rising from Rs. 54 levels at the close of Financial Year 2013, showing signs of weakness since May, and reaching a top of Rs. 68 in August, finally settling just below Rs. 60 as at the close of the year.

The RBI remained focussed on inflation and the year saw a net increase in repo rates by 50 bps, mostly in the latter part of Financial Year 2014. After the last increase on 28<sup>th</sup> January 2014, the RBI has maintained a pause in the last two monetary policy reviews, with suggestions of rate cuts in line with lower inflation prints. CRR and SLR were left untouched but the RBI did exercise tight monitoring over liquidity in the system, yet ensuring availability, by using LAF. Consequently, the yields on 10 year Govt bonds increased by almost 80 bps from the previous year's close and the interest rates remained elevated for borrowers and consumers for most part of the year. Attesting to the fact of the FIIs' weakening interest in EM debt, the Indian debt markets saw a net outflow, as they pulled out \$ 4.6 billion during the year.

The Sensex posted a strong growth during the year, posting a 19% growth on YoY basis, the most in four years. Most of the gains came at the end of the year on expectations of an election outcome favouring a stable government. In the month of March alone, the FIIs ploughed \$ 3.2 billion into equities.

With the formation of a new government at the centre, expectations on new thrust to investment activities, infrastructure and concerted policy actions are running high. The risks arising out of fiscal deficits or CAD have moderated and interest rates and the rupee are generally expected to be range bound. During the Financial Year 2014, your Company borrowed Rs. 500 crore as 50 year bullet unsecured NCD at 9.55% in July 2013, in challenging market conditions. With its strong credit profile, it will face very little of interest rate or liquidity mismatch as the funding sources remain diversified and flexible. Your Company retained a healthy cash surplus throughout the year in Financial Year 2014. Its foreign currency risks stayed within tolerance levels despite volatilities seen during the year. With the stable outlook coupled with the policy of prudent hedging policies, the Company will be in a position to mitigate risks to the Fx portfolio.

Though the outlook is stable, your Company is in readiness to meet any unforeseen challenges to availability of liquidity or interest rate or foreign exchange volatilities by following a well laid risk management framework, preservation of its credit profile and therefore, access to institutional credit lines, both domestic and international and retention of a certain level of cash at all times.

In May this year, your Company was awarded a rating of "IND AAA" with a Stable Outlook by India Ratings and Research (Ind-Ra, a Fitch Group Company). The key driver for this highest credit rating cited by the rating agency was the resilience shown by the Company over multiple business cycles in the last 19 years. The recent rating upgrade is an acknowledgement of the strong credit profile that the Company has maintained over the years, ensuring its flexibility to finance all its future growth plans. The AAA rating indicates the highest degree of safety regarding timely servicing of financial obligations and is also a vote of confidence reposed in your Company's management by the rating agency.

### **New projects**

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

### **Monsoon**

A normal monsoon is important for both agriculture as well as the rural economy. The tractor business in particular and the

automotive business to some degree, run the risk of a drop in demand in case of a significant variation in the monsoon, both positive and negative. In addition, an untimely monsoon and uneven spread have the potential of adversely impacting the business.

## **Outlook – Automotive & Farm Equipment Sectors**

Both the Automotive and Farm Equipment Sectors with their updated product portfolios strive to maintain their leadership position in the domestic market and at the same time explore global opportunities. Simultaneously, your Company continues its focus on achieving cost leadership through focused cost optimisation, productivity improvements, value engineering, improved efficiency measures like supply chain management and exploiting synergies between its Sectors.

The long term outlook for the automotive industry is robust, though in the near term there are some challenges relating to economic growth, inflation, cost of ownership, consumer confidence and sentiment which has always been a key determinant of automobile sales. Also, any steep increase in commodity prices will lead to increase in vehicle prices which could be a dampener.

In the long term, the Indian economy is projected to grow rapidly and demand conditions are expected to remain strong. According to long term forecasts from SIAM (Society of Indian Automobile Manufacturers), the Indian automobile industry is expected to grow at an annual average rate of ~10%. However, in the near term, the challenges as outlined above will have a bearing on demand and OEM profitability.

For the Financial Year 2014-15, SIAM has projected a growth of 4-6% for the passenger vehicle segment, 4-7% for LCV Goods in the less than 3.5T segment and 3-7% for the MHCV goods segment. 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 include enriching the product portfolio to strengthen presence across various product segments, continually

refreshing and updating products and strengthening R&D and technology capabilities. In addition, your Company is pursuing expansion in overseas markets through organic and inorganic routes. Establishing the channel and building the brand in key focus markets remain the priorities for your Company. With increasing concerns over global warming and the need for sustainable mobility, your Company continues to focus and invest in development of alternate fuel technologies and solutions in this area.

## **Farm Equipment Sector**

The Farm Equipment Sector's strategy is aligned to delivering Farm Tech Prosperity to the farmer. The core business of tractors will deliver this through its range of existing and future products that reduce drudgery and enhance farm productivity. At the same time, the business will continue to expand its global footprint and your Company will also offer a wider range of mechanisation solutions and agri knowledge. The agri business of the Company will continue to build presence across various segments of the agri value chain, creating value for the business and farmers alike. All these together will thus lead to greater farm productivity and deliver prosperity, strengthening the Company's leadership position.

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

The strategic purpose of Human Resources 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 and 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 has been on aligning all the HR levers towards achieving these goals. At the core of all initiatives is the unleashing of human potential through empowerment.

In this overall architecture, some key strategic initiatives that need mention are the Mahindra Leadership University, Reflective Conversations Workshops, employer branding, 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, which included Development Centres,

Individual Development Planning, e-learning, up-skilling programs and action-learning projects. This was supplemented by a continuous dialogue with top management through Intranet and Fireside Chats. We continued to harness the power of IT, and the project of integrating and creating e-enabled services covering 24 HR processes has been nearly completed and we are able to see positive results emerging out of it.

We have created the Mahindra Leadership University ("MLU") to support the process of building the capacity and capability of our leadership pipeline by leveraging a virtual platform. Various leadership, innovation and technical academies have been formed and activated under this University. The academies are chaired by business leaders and include both senior leaders from across Group businesses as well as external experts. The first offerings of the MLU have already been rolled out.

Tie-ups with the Harvard Business School ("HBS"), Wharton School of Management, Ross School of Management – Michigan, Centre for Creative Leadership ("CCL") – USA, Indian Institutes of Management and other leading management institutions in the country have helped us in building capability. The 3E approach (Experience, Exposure and Education) towards capability building has been integrated into the development process and capability building. Experience is delivered by providing people with meaningful roles/projects, Exposure happens through coaching and mentoring by leaders and Education by building mental acumen through development programmes and classroom training.

Additionally, in an effort to build the Mahindra Group into a Reflective Organization, Group HR conceptualized and rolled out 'Reflective Conversations Skill Building Workshops' throughout the organization. The objective is to help Mahindra Leaders develop an appreciation of how conversations with colleagues based on self-appraisal and 360 degree feedback can lay the ground for reflection, active listening and asking powerful questions, subsequently leading to high performance in teams. So far, close to 300 senior leaders of the Mahindra Group have been covered in the US, UK, Singapore and India.

At the Automotive and Farm Equipment Sectors ("AFS"), we have conceptualized our Employee Value Proposition ("EVP"), 'CAPable people, REAL experience'. For delivering our EVP, we have launched a plethora of offerings like Emerging Leaders Program, online career tool, MPower, Young Mahindra for Gen Y, Idea Drive and many more at the workplace. This year, our focus was on creation of a distinct employer

brand on social media platforms with emphasis on our EVP offerings. Our efforts in transforming our workplace has been recognized by the Great Places to Work (India) Study 2013 in which we are ranked third in the Manufacturing and Production domain and are also ranked amongst the Top 50 workplaces in India.

Needless to say, unleashing of potential applies 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. The Transformational Work Culture Committee (TWCC) is working on a long term strategy and approach with a view to ensure a productive shop-floor and build competitiveness in the marketplace. Although the overall Industrial Relations climate in the country and the industry has been adverse, we have largely been able to maintain cordial relations. Our philosophy of solving issues through dialogue and building trust has helped us to a large extent in maintaining harmony on the shop floor. This enabled us to sign eight wage settlement agreements across different plant locations during the period under review. In order to foster togetherness at the workplace, we organized training and engagement programs across all locations for developing behavioural and technical skills of workmen. These training programmes covered a wide range of topics, including Positive Attitude, Stress Management, Creativity, Team Effectiveness, Safety and Environment, Quality Tools, TPM, Dexterity and Technical Training. The permanent employee strength of Mahindra & Mahindra Limited as on 31<sup>st</sup> March, 2014 was 19,427.

### Internal Control Systems

The Company maintains adequate internal control systems commensurate with the nature of its business and size and complexity of its operations. These are regularly tested for their effectiveness by Statutory as well as Internal Auditors. In the highly networked IT environment of the Company, validation of IT Security receives focused attention from IT specialists and Statutory Auditors. The Company has a strong and independent internal audit function consisting of professionally qualified accountants and engineers. The Chief Internal Auditor reports directly to the Chairman of the Board. Significant observations made by the internal audit team and the follow up actions thereon are reported to the Audit Committee. The Audit Committee reviews the adequacy and effectiveness of the Company's internal control environment and monitors the implementation of audit recommendations.

## 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 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.

### Financial Information [Standalone]

#### Fixed Assets:

As at 31<sup>st</sup> March, 2014, the Fixed Assets stood at Rs. 7,105.39 crores as compared to Rs. 5,821.34 crores as at 31<sup>st</sup> March, 2013. During the year, the Company incurred capital expenditure of Rs. 1,704.30 crores (previous year Rs. 1,435.62 crores). The major items of capital expenditure were on New Product Development, Capacity Enhancement and Research & Development.

#### Inventories:

	31 <sup>st</sup> March, 2014	31 <sup>st</sup> March, 2013
Raw materials and bought out components as a % of cost of materials consumed	3.78%	3.85%
Finished goods and Stock-in-trade as a % of sales of products	3.93%	3.11%

The reduction in raw material and bought out components as a percentage of consumption is due to better materials planning and control. However, finished goods as a percentage of sales of products have increased during the current year due to the slowdown being witnessed in the auto industry, mix of finished goods and build up for upcoming seasonal demand in the tractor division.

#### Trade Receivable:

Trade Receivable is Rs. 2,509.84 crores as at 31<sup>st</sup> March, 2014, as compared with Rs. 2,208.35 crores as at 31<sup>st</sup> March, 2013. Also, as a percentage of Gross revenue from sales of products and services, trade receivable is higher at 5.90% for the year ended 31<sup>st</sup> March, 2014, as compared to 5.15% for the previous year. The increase in the trade receivable levels during the current year is due to growth in the volume of tractor sales.

## Long Term & Short Term Borrowings:

Borrowings (including current maturities of long term debt and unclaimed matured deposits) have increased from Rs. 3,489.29 crores in the previous year to Rs. 4,045.76 crores in the current year. The increase is primarily on account of issue of Senior Redeemable Non-Convertible Debenture in the current year.

## RESULTS OF OPERATIONS

### Income:

(Rs. crores)

Particulars	FY2014		FY2013		Inc./(Dec.)
	Amount	%	Amount	%	%
Sales of Products	42,240.60	104.28	42,502.27	105.10	(0.62)
Sale of Services	334.44	0.83	372.34	0.92	(10.18)
Other Operating revenue	545.14	1.34	538.04	1.33	1.32
Gross Sales & Income from Operations	43,120.18	106.45	43,412.65	107.35	(0.67)
Less : Excise Duty on Sales	2,611.68	6.45	2971.49	7.35	(12.11)
Net Sales & Income from Operations	40,508.50	100.00	40,441.16	100.00	0.17
Other Income	717.99	1.77	549.17	1.36	30.74

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

In the wake of a good monsoon, the tractor business witnessed a robust growth of 19.64% but the challenging times in the automotive industry led to deceleration in the auto business by 7.88%, leading to the net sales and income from operations of the Company being flat as compared to the previous year.

Other income during Financial Year 2014 at Rs. 717.99 is higher than Rs. 549.17 crores earned in the previous year due to higher dividend income from subsidiaries and higher interest income.

(Rs. crores)

Particulars	FY2014		FY2013		Inc./(Dec.)
	Amount	% to Net Sales & Income from Operations	Amount	% to Net Sales & Income from Operations	%
Material Costs	29,432.33	72.66	30,424.52	75.23	(3.26)
Employee Benefits Expense	2,163.72	5.34	1,866.45	4.62	15.93
Finance Costs	259.22	0.64	191.19	0.47	35.58
Depreciation and Amortisation Expense	863.34	2.13	710.81	1.76	21.46
Other expenses	4,191.24	10.35	3,440.89	8.51	21.81
<b>Total Expenses</b>	<b>36,909.85</b>	<b>91.12</b>	<b>36,633.86</b>	<b>90.59</b>	<b>0.75</b>

### Expenditure:

The total expenditure during the year as a percentage of Net sales/Income from Operations is 91.12 % as compared to 90.59 % in the previous year.

**Material Cost:**

The decrease in material cost is mainly due to benign commodity prices, better mix and continued cost reduction initiatives undertaken by the Company.

**Personnel Cost:**

Personnel cost has increased by 15.93% to Rs. 2,163.72 crores from Rs. 1,866.45 crores in the previous year. This is mainly due to annual increments, strength increase and merger of trucks business of Mahindra Trucks and Buses Limited during the year.

**Other Expenses:**

Other expenses as a percentage of net sales and operating income shows an increase over the previous year. Expenses in absolute terms too are higher due to merger of the trucks business of Mahindra Trucks and Buses Limited. The expense has also increased on account of difference in exchange, freight, marketing related expenses on incentives, advertisement and sales promotion to support and enhance sales in a challenging market and for brand building.

**Depreciation and Amortisation:**

The depreciation and amortisation for the year ended 31<sup>st</sup> March, 2014 at Rs. 863.34 crores as compared to Rs. 710.81 crores in the previous year is due to merger of the trucks business of Mahindra Trucks and Buses Limited and full year impact of capitalisation of assets during the previous year and the impact in the current year on account capitalisation of assets during the year.

**Finance Costs:**

The interest expense for the year ended 31<sup>st</sup> March, 2014 is Rs. 259.22 crores as compared to Rs. 191.19 crores in the previous year. This is mainly due to new borrowing of Senior Redeemable Non-Convertible Debenture and interest cost on borrowings taken over on merger of trucks business of Mahindra Trucks and Buses Limited.

**Exceptional Items:**

The profit from Exceptional items during the year ended 31<sup>st</sup> March, 2014 is Rs. 52.79 crores as against Rs. 90.62 crores in the previous year. The profit in the current year is on account of profit earned on sale of shares of Mahindra Logistics Limited and Mahindra Two Wheelers Limited. In the previous year, it was on account of profit earned on sale of shares of Mahindra Holidays & Resorts India Limited.

**Provision for taxation:**

The provision for current tax and deferred tax for the year ended 31<sup>st</sup> March, 2014 as a percentage to profit before tax is lower than the previous year, because the tax charge was lower in the current year due to the unabsorbed tax losses of the trucks business of Mahindra Trucks & Buses Limited ("MTBL") which became available on the merger of the trucks business of MTBL with the Company, increased research and development expenditure and investment allowance on plant and machinery which became applicable in the current year.

**Consolidated Financial Position of the M&M Group**

As on 31<sup>st</sup> March, 2014, the Group comprised of the flagship holding company, Mahindra & Mahindra Limited, 118 Subsidiaries, 7 Joint Ventures and 14 Associates.

The Gross Revenue and Other Income for the year ended 31<sup>st</sup> March 2014 of Consolidated Mahindra Group is Rs. 78,735.72 crores as against Rs. 74,360.82 crores for the previous year. The Group's net revenue and other income grew by 7.9% to Rs. 74,506.02 crores in the current year from Rs. 69,082.43 crores in previous year. The profit before exceptional items and tax for the current year is Rs. 5,501.75 crores as compared to Rs. 5,127.87 crores in the previous year. The consolidated Group Profit for the year after exceptional items and tax and after deducting minority interest is Rs. 4,666.93 crores as against Rs. 4,099.20 crores earned in the previous year.

Tech Mahindra Limited, ("TML") the Company's Flagship Company in the IT Sector, has reported a consolidated revenue at Rs. 18,831.38 crores in the current year and consolidated PAT of Rs. 3,028.81 crores. During the year, Satyam Computer Services Limited (earlier an associate company) merged with Tech Mahindra. On a comparable basis, the consolidated revenue of TML grew by 31.4% and PAT grew by 54.9% as compared to the previous year.

The Group's finance company, Mahindra & Mahindra Financial Services Limited ("MMFSL"), maintained a healthy growth of business and profits despite slowdown in the auto and tractor industry and continuing high cost of borrowings through control of transaction cost and high collection efficiency levels. During the year ended 31<sup>st</sup> March, 2014, MMFSL registered a disbursement of Rs. 25,400 crores and maintained its leadership position for vehicle and tractor finance in the rural and semi urban markets. MMFSL has taken special efforts to ensure controlling of NPA accounts. The new branches

opened by MMFSL at the village levels are aimed at improving collections and providing services closer to the customer's doorstep. MMFSL currently has a network of 893 offices and Total Assets Under Management of Rs. 34,133 crores as on 31<sup>st</sup> March, 2014 as against Rs. 27,913 crores as on 31<sup>st</sup> March, 2013, a growth of 22%. It reported a total consolidated income of Rs. 5,300.55 crores during the current year as compared to Rs. 4,112.96 crores in the previous year – a growth of 28.9%. The consolidated profit after tax for Financial Year 2014 grew from Rs. 927.03 crores in the previous year to Rs. 954.42 crores in the current year.

The Group's Korean subsidiary, Ssangyong Motor Company Limited turned in a significantly improved performance with a 20% growth in revenue and posted a profit in Financial Year 2014 as compared to a loss in the previous year.

Mahindra Lifespace Developers Limited ("MLDL"), the Group's subsidiary in the business of real estate and infrastructure registered a consolidated operating income of Rs. 705.26 crores as compared to Rs. 738.34 crores in the previous year. On an overall basis, the current year was subdued as investment decisions by households and corporates were postponed and

approval cycles lengthened. The consolidated profit after tax after minority interest for the year is Rs. 100.63 crores as compared to Rs. 141.37 crores in the previous year.

### Segment Results (before exceptional item)

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

(Rs. crores)

	Segments	FY2014	FY2013
1.	Automotive	2,358.05	2,330.01
2.	Farm Equipment	2,479.76	1,827.56
3.	Financial Services	1,460.93	1,284.03
4.	Steel Trading & Processing	95.35	88.09
5.	Infrastructure	160.64	242.58
6.	Hospitality	120.56	141.11
7.	IT Services	30.35	221.78
8.	Systemtech	(26.85)	(44.42)
9.	Others	(502.84)	(295.31)
10.	Eliminations	2.04	25.63
	<b>Total</b>	<b>6,178.00</b>	<b>5,821.06</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, tax regimes, economic developments within India and the countries in which the Company conducts business and other incidental factors.



**CORPORATE  
GOVERNANCE**





# CORPORATE GOVERNANCE

Your Company has a strong legacy of fair, transparent and ethical governance practices and ensures that its goals are met with integrity. The Company believes that good governance goes beyond working results and financial propriety and is a pre-requisite for attainment of excellence in performance.

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

Recently, SEBI has sought to amend Clause 49 of the Listing Agreement to bring in additional Corporate Governance norms for listed companies. The amendments will be effective from 1<sup>st</sup> October, 2014.

## I. Board of Directors

The composition of the Board of your Company is in conformity with Clause 49 of the Listing Agreement, as amended from time to time. The Chairman & Managing Director of the Company, though a Professional Director in his individual capacity, 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 the management to ensure that the long term objectives of enhancing stakeholders' value are met.

Mr. Anand G. Mahindra, Chairman & Managing Director and Dr. Pawan Goenka, Executive Director (appointed with effect from 23<sup>rd</sup> September, 2013) are the Whole-time Directors of your Company. Mr. Bharat Doshi, Executive Director & Group Chief Financial Officer of the Company, has resigned with

effect from the close of working hours on 13<sup>th</sup> November, 2013 and has been appointed as Non-Executive Director on the Board of Directors of the Company with effect from 14<sup>th</sup> November, 2013. The remaining Non-Executive Directors, comprising of nine Independent Directors and one Non-Independent Non-Executive Director as on 31<sup>st</sup> March, 2014 possess the requisite qualifications and experience in general corporate management, finance, banking, insurance, economics 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 were entitled to under the Companies Act, 1956 as Non-Executive Directors and the remuneration that a Director received 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 is 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 and Independent Director is a partner, amounted to Rs. 347.70 lakhs (including out of pocket expenses).

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

The Board comprised of thirteen Directors as on 31<sup>st</sup> March, 2014. 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/she is a Director.

Directors	Category	Total Number of Directorships of public companies*, Committee Chairmanships and Memberships as on 31 <sup>st</sup> March, 2014		
		Directorships\$	Committee Chairmanships+	Committee Memberships+
<b>NON-EXECUTIVE</b>				
Mr. Deepak S. Parekh	Independent	8	2	5
Mr. Nadir B. Godrej	Independent	10	1	3
Mr. M. M. Murugappan	Independent	11	3	4
Mr. Bharat Doshi@@	Non-Independent	7	1	3
Mr. A. K. Nanda	Non-Independent	12	5	7
Mr. Narayanan Vaghul	Independent	7	4	4
Dr. A. S. Ganguly**	Independent	–	–	–
Mr. R. K. Kulkarni	Independent	8	2	6
Mr. Anupam Puri	Independent	4	–	2
Dr. Vishakha N. Desai	Independent	1	–	–
Mr. Vikram Singh Mehta	Independent	8	–	2
Mrs. D. Vijayalakshmi@ [Nominee of Life Insurance Corporation of India ("LIC")]	Independent	–	–	–
Mr. S. B. Mainak^ (Nominee of LIC)	Independent^^	3	–	–
<b>EXECUTIVE</b>				
Mr. Anand G. Mahindra (Chairman & Managing Director)	Promoter	8	–	1
Dr. Pawan Goenka++ (Executive Director)	Non-Independent	12	–	5

\* 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 Stakeholders Relationship Committee, including that of Mahindra & Mahindra Limited. Committee Membership(s) and Chairmanship(s) are counted separately.

@@ Resigned as the Executive Director and also as a Director of the Company with effect from the close of working hours on 13<sup>th</sup> November, 2013. He has been appointed as an Additional Director on the Board of Directors of the Company, with effect from 14<sup>th</sup> November, 2013.

\*\* Ceased to be a Director with effect from 13<sup>th</sup> August, 2013.

@ Appointed as an Additional Director with effect from 25<sup>th</sup> October, 2012 and resigned with effect from 5<sup>th</sup> June, 2013.

^ Appointed as an Additional Director with effect from 13<sup>th</sup> November, 2013.

^^ Non-Independent Director with effect from 1<sup>st</sup> April, 2014 as per the Companies Act, 2013.

++ Appointed as an Executive Director with effect from 23<sup>rd</sup> September, 2013.

## B. Board Procedure

A detailed Agenda folder, which is sent to each Director in advance of the Board Meetings and of the Committee Meetings as well as soft copy of the said Agenda(s), Presentation(s), etc. are also uploaded on the Board Portal to provide web-based solution that acts as a document repository. To enable the Board to discharge its responsibilities effectively, the Chairman & Managing Director apprises the Board at every Meeting of the overall performance of the Company, followed by Presentations by the concerned Sector President(s). A detailed functional Report is also presented at the Board Meeting(s). The Board also, inter alia, reviews strategy and business plans, annual operating and capital expenditure budget(s), investment and exposure limit(s), compliance report(s) 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 subsidiary companies, significant transactions and arrangements entered into by the unlisted subsidiary companies, approval of quarterly/half-yearly/annual results, significant labour issues, presentations and note on safety and

risk management, 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, 2013 to 31<sup>st</sup> March, 2014, six Board Meetings were held on the following dates – 30<sup>th</sup> May, 2013, 14<sup>th</sup> June, 2013, 13<sup>th</sup> August, 2013, 13<sup>th</sup> November, 2013, 14<sup>th</sup> & 15<sup>th</sup> February, 2014 (one meeting) and 28<sup>th</sup> March, 2014. The gap between two Meetings did not exceed four months. These Meetings were well attended. The 67<sup>th</sup> Annual General Meeting ("AGM") of the Company was held on 13<sup>th</sup> August, 2013.

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

Directors	Number of Board Meetings attended	Attendance at the AGM
Mr. Anand G. Mahindra	6	Yes
Dr. Pawan Goenka\$	3	N.A.
Mr. Bharat Doshi#	6	Yes
Mr. Deepak S. Parekh	4	Yes
Mr. Nadir B. Godrej	6	Yes
Mr. M. M. Murugappan	6	Yes
Mr. A. K. Nanda	5	Yes
Mr. Narayanan Vaghul	5	Yes
Dr. A. S. Ganguly**	2	No
Mr. R. K. Kulkarni	6	Yes
Mr. Anupam Puri	5	Yes
Dr. Vishakha N. Desai	3	Yes
Mr. Vikram Singh Mehta	5	Yes
Mrs. D. Vijayalakshmi@	0	N.A.
Mr. S. B. Mainak^	2	N.A.

\$ Appointed as an Executive Director with effect from 23<sup>rd</sup> September, 2013.

# Resigned as the Executive Director and also as a Director of the Company with effect from the close of working hours on 13<sup>th</sup> November, 2013. He has been appointed as an Additional Director on the Board of Directors of the Company, with effect from 14<sup>th</sup> November, 2013.

\*\* Ceased to be a Director with effect from 13<sup>th</sup> August, 2013.

@ Appointed as an Additional Director with effect from 25<sup>th</sup> October, 2012 and resigned with effect from 5<sup>th</sup> June, 2013.

^ Appointed as an Additional Director with effect from 13<sup>th</sup> November, 2013.

## D. Meetings of Independent Directors

The Independent Directors of the Company meet before the Board Meetings to examine various Corporate Governance issues, functioning of the Company and of the Group and other issues without the presence of Chairman & Managing Director or Executive Director or CFO, Group CIO & Executive Vice President – Group M&A or any other 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 Appointment/Re-appointment

### Dr. Pawan Goenka

Often referred to as the father of the Scorpio, Dr. Goenka is President of the Automotive and Farm Equipment Sectors of the Group. He joined the Company in October, 1993 as General Manager, R&D. In April, 2003 he was appointed COO of the Automotive Sector, in September, 2005 he became President, and in April, 2010 he assumed responsibility for both the Automotive and Farm Equipment Sectors. He was appointed to the post of Executive Director of Mahindra & Mahindra Limited in 2013.

Dr. Goenka holds a Bachelor of Science in Mechanical Engineering from IIT, Kanpur. Post his Engineering degree, he earned his PhD from Cornell University, USA. He is also a Graduate of the Harvard Business School Advanced Management Program. He is an internationally acknowledged scientist-manager with several citations to his credit.

Before joining the Company, Dr. Goenka spent 14 years with General Motors ("GM") in Detroit, USA and is credited with pioneering research in engine design and development. His methods for the analysis of engine bearings and engine friction are still in use 20 years later, and in 2007 he was honoured as 'Man of the Year' by Autocar Professional, India's leading auto magazine. In 2011, he was named 'Automotive Man of the Year' at the annual NDTV Car & Bike Awards. He is a fellow of SAE International and of the Indian National Academy of Engineers. Dr. Goenka is the past President of SIAM, Society of Indian Automobile Manufacturers and ARAI Governing Council, and is currently on the Board of National Skills Development Corporation ("NSDC"). He is also a National Council Member of Confederation of Indian Industry ("CII") and Chairman of Board of Governors of IIT, Madras.

Dr. Goenka is the Chairman of Mahindra Vehicle Manufacturers Limited, Mahindra Reva Electric Vehicles Private Limited,

Mahindra USA Inc., Mahindra & Mahindra South Africa (Pty.) Limited and Ssangyong Motor Company. He is also on the Boards of Mahindra & Mahindra Limited, Mahindra & Mahindra Financial Services Limited, Mahindra Engineering Services Limited, Sylvan Realty Private Limited, Mahindra First Choice Wheels Limited, Mahindra Two Wheelers Limited, Association of Indian Automobiles Manufacturers, Jiangxi Mahindra Yueda Tractor Company Limited, Mahindra Yueda (Yancheng) Tractor Company Limited, Swaraj Engines Limited, Mumbai Mantra Media Limited, National Skill Development Corporation and Mahindra 'Electoral Trust' Company.

Dr. Goenka is a Member of the following Board Committees:

Sr. No.	Name of the Company	Name of the Committee	Position held
1.	Mahindra & Mahindra Limited	Corporate Social Responsibility Committee	Member
		Research & Development Committee	Member
2.	Mahindra Engineering Services Limited	Audit Committee	Member
3.	Mahindra & Mahindra Financial Services Limited	Loans & Investment Committee	Member
4.	Mahindra Vehicle Manufacturers Limited	Audit Sub-Committee	Member
		Nomination & Remuneration Committee	Member
5.	Mahindra Two Wheelers Limited	Audit Committee	Member
		Nomination & Remuneration Committee	Member
6.	Mahindra Reva Electric Vehicles Private Limited	Nomination & Remuneration Committee	Chairman
7.	Swaraj Engines Limited	Remuneration Committee	Member
8.	Ssangyong Motor Company	Management Committee	Chairman
9.	Mahindra Heavy Engines Private Limited*	Audit Committee	Member
		Borrowing Committee	Member
		Nomination & Remuneration Committee	Member
10.	Mahindra Trucks and Buses Limited**	Audit Committee	Member
		Nomination & Remuneration Committee	Member

\* Ceased to be a Member with effect from 26<sup>th</sup> April, 2014.

\*\* Ceased to be a Member with effect from 30<sup>th</sup> April, 2014.

Dr. Goenka holds 1,50,768 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 ("ICAI") and The Institute of Company Secretaries of India ("ICSI") and has a Master's Degree in Law from the University of Bombay. He has also 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 was designated as Executive Director and Group Chief Financial Officer (Group CFO) from October, 2007 to November, 2013. In November, 2013, he transitioned from his position as Executive Director & Group CFO to Non-Executive Director.

Mr. Doshi is a Trustee of the Mahindra Foundation and the K. C. Mahindra Education Trust. He is on the Board of Governors of Indian Institute of Management, Tiruchirappalli. He has been associated with the Bombay Chamber of Commerce & Industry (BCCI) for over 30 years and served as its President for the year 2009-10. 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. Mr. Doshi was a Member of the Securities and Exchange Board of India ("SEBI") Committee on Disclosures and Accounting Standards (SCODA).

Mr. Doshi was 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 Non-Banking Financial Companies ("NBFCs") Sector". He was also a Member of the RBI constituted Committee of Comprehensive Financial Services for Small Businesses and Low-Income Households (CCFS).

Mr. Doshi is a Member of CII National Council on Corporate Governance & Regulatory Affairs.

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 inducted by CFO India as a Founding Member to the CFO Hall of Fame in recognition of an exemplary career and a lifetime of contribution to the field of Finance. In February, 2013, he was awarded the CA Business Achiever – Corporate Award by ICAI for his exceptional performance and achievements in the sphere of business.

Mr. Doshi is the Chairman of Mahindra & Mahindra Financial Services Limited and Mahindra Intertrade Limited. He is on the Boards of several companies viz. Mahindra & Mahindra Limited, Tech Mahindra Limited, Mahindra Holdings Limited, The Mahindra United World College of India, Indian Council on Global Relations, Mahindra Foundation (USA) and Mahindra Foundation (UK). He is an Independent Director on the Boards of Godrej Consumer Products Limited and NSE.IT Limited.

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

Sr. No.	Name of the Company	Name of the Committee	Position held
1.	Mahindra & Mahindra Limited	Audit Committee	Member
		Stakeholders Relationship Committee (earlier known as Share Transfer and Shareholders/Investors Grievance Committee)	Member
		Loans & Investment Committee	Member
		Research & Development Committee	Member
		Corporate Social Responsibility Committee	Member
		Strategic Investment Committee	Member
2.	Mahindra Intertrade Limited	Nomination & Remuneration Committee	Member
3.	Godrej Consumer Products Limited	Audit Committee	Chairman
		Nomination & Remuneration Committee	Member
4.	Mahindra & Mahindra Financial Services Limited	Corporate Social Responsibility Committee	Chairman
		Nomination & Remuneration Committee	Member
		Loans & Investment Committee	Member
5.	Mahindra Holdings Limited	Loans & Investment Committee	Member
6.	Tech Mahindra Limited	Executive Committee	Member

Mr. Doshi holds 5,95,508 Ordinary (Equity) Shares in the Company.

### Mr. Deepak S. Parekh

Mr. Deepak Parekh spearheads India's premier housing finance company, Housing Development Finance Corporation Limited ("HDFC"), which has turned the dream of owning a home into a reality for millions across the country. His astute business acumen and farsightedness has not only made HDFC the leader in Mortgages, but has also transformed it into India's leading Financial Services Conglomerate with presence in Banking, Asset Management, Life Insurance, General Insurance, Real Estate Venture Fund and Education Loans.

In addition to being known for his vociferous views seeking standardisation and transparency in the real estate sector, Mr. Parekh is dubbed as the unofficial crisis consultant of the Government. Be it his role of reviving Satyam (2009) and getting UTI from the mess (late '90s), it is his quality of a trouble-shooter that has made him a guiding force and an active member of high-powered Advisory Committees and Task Forces. Some of the current ones are:

- Chairman of CERC Compensation and Tariff Committee;
- Committee to look at enhancing domestic production of oil and gas and sustainable reduction in import dependency by 2030;
- Chairman of High level Committee on Financing Infrastructure;
- Sub-Committee of PM's Council on Trade & Industry for promoting Financial Inclusion.

Some of the international organisations which Mr. Parekh is associated with in an advisory capacity, include Indo US CEO Forum, City of London, Nehru Trust for Cambridge University (Trustee), Euro India Centre, INSEAD, Indo – German Chamber of Commerce, Asia Society and Indian School of Business.

Government and Industry have honoured him with several awards, some of the most important ones are; the Padma Bhushan in 2006; Republic of France conferred the honour, "Knight in the Order of the Legion of Honour" one of the highest distinction by the French Republic in 2010 and he was also the first international recipient of the Institute of Chartered Accountants in England and Wales' Outstanding Achievement Award – 2010.

Mr. Parekh is the Non-Executive Chairman of Housing Development Finance Corporation Limited, HDFC Asset Management Company Limited, HDFC Standard Life Insurance Company Limited, HDFC ERGO General Insurance Company

Limited, GlaxoSmithKline Pharmaceuticals Limited and Siemens Limited. He is on the Boards of The Indian Hotels Company Limited, Mahindra & Mahindra Limited and International Boards of D P World – UAE and Vedanta Resources Plc. He is an Alternate Director on the Board of Zodiac Clothing Company Limited. He is also on the Advisory Boards of several Indian Corporates and MNCs.

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

Sr. No.	Name of the Company	Name of the Committee	Position held
1.	Mahindra & Mahindra Limited	Audit Committee	Chairman
		Strategic Investment Committee	Member
2.	GlaxoSmithKline Pharmaceuticals Limited	Investors Grievance Committee	Chairman
		Audit Committee	Member
3.	The Indian Hotels Company Limited	Audit Committee	Member
4.	Siemens Limited	Remuneration Committee	Member
		Audit Committee	Member

Mr. Parekh holds 1,12,180 Ordinary (Equity) Shares in the Company.

### Mr. Nadir B. Godrej

Mr. Nadir Godrej holds a Bachelor's degree of Science (Chemical Engineering) from Massachusetts Institute of Technology, a Master's degree in Chemical Engineering from Stanford University and a Master's degree in Business Administration from Harvard Business School. He has over 38 years of experience in the Chemicals and Agribusiness industry. He is a Member of various Committees of the Confederation of Indian Industry ("CII"), a Member of the Board of Trustees and various Committees at the Foundation for Medical Research. He is also, currently, the Chairman of the CII National Committee on Chemicals and the President of Alliance Francaise De Bombay. He has previously worked with Godrej Soaps Limited and Gujarat-Godrej Innovative Chemicals Limited as a Director and Managing Director, respectively.

Mr. Godrej is currently the Managing Director of Godrej Industries Limited. He is the Chairman of Godrej Agrovet Limited, Godrej Tyson Foods Limited and Poultry Processors' Association of India. He is also on the Boards of Godrej & Boyce Manufacturing Company Limited, Godrej Properties



Limited, Godrej Consumer Products Limited, Mahindra & Mahindra Limited, Tata Teleservices (Maharashtra) Limited, Isprava Technologies Limited, The Indian Hotels Company Limited, Godrej International Limited, Godrej Consumer Products (UK) Limited, Godrej Global Mid East FZE, ACI Godrej Agrovet Private Limited, Bangladesh and Godrej South Africa (Pty) Limited.

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

Sr. No.	Name of the Company	Name of the Committee	Position held
1.	Mahindra & Mahindra Limited	Audit Committee	Member
		Strategic Investment Committee	Member
		Research & Development Committee	Member
		Governance, Nomination and Remuneration Committee (earlier known as Governance, Remuneration and Nomination Committee)	Member
2.	Godrej Consumer Products Limited	Stakeholders' Committee	Chairman
		CSR Committee	Chairman
3.	The Indian Hotels Company Limited	Nomination Committee	Member
4.	Godrej Industries Limited	Corporate Social Responsibility Committee	Chairman
		Stakeholders Relationship/ Shareholders Committee	Member
		Nomination and Compensation Committee	Member

Mr. Godrej holds 3,83,086 Ordinary (Equity) Shares in the Company.

#### Mr. M. M. Murugappan

Mr. M. M. Murugappan serves as the Vice Chairman of the Corporate and Supervisory Board of the Murugappa Group. As a Member of the Board, he chairs the Investment Committee and oversees Technology and Research across the Murugappa Group. In addition, he is the Chairman of businesses falling under the Engineering Sector i.e. Tube Investments of India Limited ("TIIL") and Carborundum Universal Limited ("CUMI") of the Murugappa Group.

After a brief stint in the field of Environmental Engineering Design in the United States, Mr. Murugappan joined CUMI in the year 1979.

In January, 2004, Mr. Murugappan took over as the Chairman of CUMI, playing a pivotal role in transforming CUMI into

an international company. He has broken new grounds in positioning CUMI as a technology and innovation-driven organisation. His strategic approach towards business partnerships with global leaders has been one of the key factors contributing to CUMI's consistent growth, internationally.

In April, 2006, Mr. Murugappan was appointed as the Chairman of TIIL. At TIIL, he is very involved, together with the Team, in developing a strong engineering focused business to address opportunities in the Transportation Sector as a critical component supplier. Here too, he has facilitated relationships with global leaders and has encouraged research, innovation and strong customer partnerships.

As Trustee of the Group's AMM Foundation, he is actively involved in the development of various citizenship initiatives, particularly in education and health care.

Mr. Murugappan holds a Bachelor's degree in Chemical Engineering from the AC College of Technology and a Master of Science Degree also in Chemical Engineering from the University of Michigan, USA. He is a Member of the American and Indian Institutes of Chemical Engineers and the Plastics & Rubber Institute. He was recently elected as a Fellow Member of the Indian Ceramic Society.

Mr. Murugappan currently has a host of other responsibilities ranging from being Chairman of Carborundum Universal Limited, Wendt India Limited, Shanthi Gears Limited, Foskor Zirconia Limited (South Africa), CUMI Abrasives and Ceramics Company Limited, China, Murugappa Morgan Thermal Ceramics Limited, MEL Systems & Services Limited, Cholamandalam MS Risk Services Limited and Net Access India Limited. He is on the Boards of several other companies such as Mahindra & Mahindra Limited, Cyient Limited, Tube Investments of India Limited, Thukela Isithebe Proprietary Limited, South Africa, Parry Enterprises India Limited, Ambadi Investments Private Limited, Idea Lab (India) Private Limited, New Ambadi Estates Private Limited, M M Muthiah Research Foundation, Murugappa Educational and Medical Foundation, A M M Medical Foundation and Volzhsky Abrasive Works, Russia. Mr. Murugappan is also Vice Chairman of Murugappa Holdings Limited. Mr. Murugappan served on the Board of Governors of IIT Madras, for six years till November, 2011 and has enabled many industry – academic partnerships. He now serves on the Board of the IIT-Madras Research Park.

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

Sr. No.	Name of the Company	Name of the Committee	Position held
1.	Mahindra & Mahindra Limited	Research & Development Committee	Chairman
		Audit Committee	Member
		Governance, Nomination and Remuneration Committee (earlier known as Governance, Remuneration and Nomination Committee)	Member
2.	Carborundum Universal Limited	Shareholders and Investors' Grievance Committee	Chairman
3.	Tube Investments of India Limited	Shareholders and Investors' Grievance Committee	Chairman
		Loans Committee	Member
		Shares & Debentures Committee	Member
		Compensation and Nomination Committee	Member
4.	Wendt India Limited	Shareholders and Investors' Grievance Committee	Chairman
5.	Cyient Limited (Formerly known as Infotech Enterprises Limited)	Audit Committee	Chairman
		Compensation & Nomination Committee	Chairman
6.	Shanthi Gears Limited	Audit Committee	Member

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

#### Mr. R. K. Kulkarni

Mr. R. K. Kulkarni, B.Sc., LL.M, is a practicing Advocate and Solicitor and is a Senior Partner in Khaitan & Co., Advocates & Solicitors.

He has immense experience in all aspects of Corporate law; Mergers & Acquisitions - such as due diligence, structuring documentation involving listed companies, cross-border transactions in Capital Markets - such as advice and documentation relating to domestic IPOs and GDR/FCCB offerings of securities by Indian companies; in Securities Law - such as insider trading, takeover-code, public offers, buyback of securities, etc.; in Restructuring - such as advice and documentation involving creditors restructuring, sick companies, demergers, spin-offs, sale of assets, etc. In Privatisation - such as advice and documentation in relation to privatisation of Government business and companies in India on behalf of several bidders, etc.; in Foreign investment, Joint Venture and Foreign Collaboration - such as advice and

documentation, obtaining regulatory approvals, joint venture and licensing, shareholder agreements and arrangements, technology transfers, import of plant and equipment, etc. In Infrastructure and Project Financing - such as advice and documentation relating to corporate financing, debt issues, including concession agreements, construction contracts, operation & maintenance contracts, etc. He has also considerable experience in litigation having handled writs and civil litigation.

He advises a range of large Indian and multinational clients in various business sectors, including infrastructure, power, telecom, automobile, engineering, steel, cement, agriculture and agri-products, software and information technology, retail services, etc.

Mr. Kulkarni is on the Boards of various companies such as Mahindra & Mahindra Limited, Elantas Beck India Limited, Styrolution ABS (India) Limited, Entertainment Network (India) Limited, Khaitan Consultants Limited, Lavgan Dockyard Limited, Tech Mahindra Limited, Chowgule Steamships Limited and Shamrao Vithal Co-op. Bank Limited.

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

Sr. No.	Name of the Company	Name of the Committee	Position held
1.	Mahindra & Mahindra Limited	Audit Committee	Member
		Stakeholders Relationship Committee (earlier known as Share Transfer and Shareholders/Investors Grievance Committee)	Member
		Governance, Nomination and Remuneration Committee (earlier known as Governance, Remuneration and Nomination Committee)	Member
		Loans & Investment Committee	Member
		Corporate Social Responsibility Committee	Member
2.	Elantas Beck India Limited	Audit Committee	Chairman
3.	Tech Mahindra Limited	Remuneration Committee	Chairman
		Investor Grievances and Share Transfer Committee	Chairman
4.	Entertainment Network (India) Limited	Audit Committee	Member
		Remuneration Committee	Member
5.	Styrolution ABS (India) Limited	Audit Committee	Member
		Remuneration Committee	Member

Mr. Kulkarni holds 83,088 Ordinary (Equity) Shares in the Company.

### Mr. Anupam Puri

Mr. Anupam Puri holds an M.Phil. in Economics from Nuffield College, Oxford University, 1969; an M.A. in Economics from Balliol College, Oxford University, 1967; and a B.A. in Economics from Delhi University, India, 1965. Mr. Puri was a Management Consultant with McKinsey & Company from 1970 to 2000. He has worked globally with corporate clients in several industries on strategy and organisational issues and has also served several Governments and multilateral institutions on public policy. Mr. Anupam Puri spearheaded the development of McKinsey's India practice, oversaw the Asian and Latin American offices and was an elected Member of the Board.

Mr. Puri is currently a Member on the Boards of Dr. Reddy's Laboratories Limited, Mahindra & Mahindra Limited, Tech Mahindra Limited and Mumbai Mantra Media Limited as well as on the Advisory Boards of Corsair Capital and Spencer Stuart, India.

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

Sr. No.	Name of the Company	Name of the Committee	Position held
1.	Mahindra & Mahindra Limited	Strategic Investment Committee	Member
2.	Dr. Reddy's Laboratories Limited	Governance and Compensation Committee	Chairman
3.	Tech Mahindra Limited	Audit Committee	Member
		Compensation Committee	Member
4.	Mumbai Mantra Media Limited	Audit Committee	Member

Mr. Puri does not hold any Ordinary (Equity) Shares in the Company.

### Dr. Vishakha N. Desai

Dr. Vishakha N. Desai is Special Advisor for Global Affairs to the President of Columbia University and Professor of Professional Practice at the School of International and Public Affairs. She also serves as Senior Advisor for Global Programs to the Solomon R. Guggenheim Foundation. From 2004 through 2012, Dr. Desai served as President and CEO of the Asia Society, a global organisation dedicated to strengthening partnerships between Asia and the U.S. Under her leadership, the Society expanded the scope and scale of its activities with the opening of new Offices in India and Korea, a new center of U.S.-China Relations, internationally recognised education programs, and inauguration of two new architecturally distinguished facilities in Hong Kong and Houston.

In 2012, in recognition of Dr. Desai's leadership in the museum field, President Barack Obama appointed her to serve on the National Museum and Library Services Board. She is an Advisory Trustee of the Brookings Institution and a Trustee of the Bertelsmann Foundation, AFS Intercultural Programs. She serves as a Member of the International Advisory Committee for the Auroville Foundation, India, as well as on the Corporate Board of Mahindra & Mahindra Limited, one of India's largest global corporations.

Dr. Desai holds a B.A. in Political Science from Bombay University and an M.A. and Ph.D. in Asian Art History from the University of Michigan, in addition to honorary degrees from Williams College, MA 2014, Centre College, 2008; Pace University, 2008; The College of Staten Island, NY 2006; and Susquehanna University, PA, 1996.

Apart from Mahindra & Mahindra Limited, Dr. Desai is not on any other Boards. She is a Member of Corporate Social Responsibility Committee of the Company. She does not hold any Ordinary (Equity) Shares in the Company.

### Mr. Vikram Singh Mehta

Mr. Vikram Singh Mehta was until November, 2012 Chairman of the Shell Group of companies in India. Mr. Mehta's career began as a Member of the Indian Administrative Service of the Government of India in 1978.

Mr. Mehta completed his Bachelor's Degree in Mathematics (Hons.) from St. Stephens College, Delhi University. He has a Master's Degree in Politics and Economics (Hons.) from Magdalen College, Oxford University, UK and a Master's Degree in Energy Economics from the Fletcher School of Law and Diplomacy, Tufts University in USA.

Mr. Mehta is the recipient of Asia House (London), "Businessmen of the Year" Award 2010; he is the Co-Chairman of Energy Committee - Confederation of Indian Industry; Member of Board of Governors - Pandit Deendayal Petroleum University and Member, Board of Overseers - Fletcher School of Law and Diplomacy, Tufts University. He was the former Chairman, Young Peoples Award Programme India (erstwhile Duke of Edinburgh's Award) and Member, Board of Governors, Indian Public Schools' Society. He has a monthly column "Over the Barrel" in the Indian Express and Financial Express.

Mr. Mehta is the Chairman of the think tank Brookings India. He is a Non-Executive Director of Mahindra & Mahindra Limited, Larsen & Toubro Limited, Vodafone India Limited, United Spirits Limited, Thomson Reuters Founder Share Company, Colgate-Palmolive (India) Limited, Hindustan Media Ventures Limited, N V Advisory Services Private Limited, Brookings Institution India Center, Apollo Tyres Limited, Mahindra 'Electoral Trust' Company and L&T Hydrocarbon Engineering Limited.

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

Sr. No.	Name of the Company	Name of the Committee	Position held
1.	Mahindra & Mahindra Limited	Loans & Investment Committee	Member
		Strategic Investment Committee	Member
2.	Colgate-Palmolive (India) Limited	Audit Committee	Member
3.	Larsen & Toubro Limited	CSR Committee	Chairman
		Power Business Units	Member
4.	Vodafone India Limited	Remuneration Committee	Chairman
5.	United Spirits Limited	Audit Committee	Member

Mr. Mehta does not hold any Ordinary (Equity) Shares in the Company.

#### Mr. S. B. Mainak

Mr. S. B. Mainak, Managing Director of Life Insurance Corporation of India ("LIC"), is a Chartered Accountant. Prior to his joining as Managing Director, he was Executive Director (Investment Operations) managing LIC's funds of more than Rs. 14 lakh crore. He joined LIC as a Direct Recruit Officer (CA Batch) in the year 1983.

During his stint in LIC he has acquired a wide range of experience working not only in Finance and Accounts, but also in Marketing assignment as Senior Branch Manager, Divisional Manager of Pension & Group Superannuation and in various capacities in Investment Department and in Academics during a stint in National Insurance Academy ("NIA"), Pune as Professor (Life Insurance) and Head of Finance Department of NIA where he has been instrumental in creating new teaching programs relating to finance and investment for officials of Insurance Companies.

He was instrumental in setting up LIC Pension Fund Company Private Limited. During his recent stint in Investment Department as Executive Director (Investment Operations) there has been an appreciable increase in profits generated by churning of Securities, including Debt and Equities and niftier investment of funds generating improved investment yields.

He is Deputy President of Insurance Institute of India and Member of Governing Board of NIA, Pune. He was also appointed by the Government of India on the Board of Satyam Computer Services Limited as Independent Director for restructuring the company. He was on the Board of Stock Holding Corporation of India Limited.

He has been earlier conferred with "NDTV Profit Business Leadership Award" 2009, "CNN-IBN Indian of the Year Award" 2009 and "Dataquest IT Persons of the Year" 2009.

Mr. Mainak is currently the Managing Director of LIC of India. He is the Chairman of LIC Nomura Mutual Fund Trustee Company Private Limited. He is also on the Boards of National Stock Exchange of India Limited, Mahindra & Mahindra Limited, ITC Limited, LIC Cards Services Limited and LIC (Nepal) Limited. He was on the Boards of Stock Holding Corporation of India and LIC Pension Fund Company Limited.

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

Sr. No.	Name of the Company	Name of the Committee	Position held
1.	LIC of India	Investment Committee	Member
		Executive Committee	Member
		Social Security Committee	Member
		Grievance Redressal Committee	Member
2.	LIC (Nepal) Limited	Audit Committee	Chairman
		Risk Management Committee	Member
3.	National Stock Exchange of India Limited	Committee for Approval of Acquisition of premises (CAAP)	Member
4.	ITC Limited	CSR & Sustainability Committee	Member

Mr. Mainak does not hold any Ordinary (Equity) Shares in the Company.

## F. Codes of Conduct

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

The Code of Conduct for the Board Members of the Company has been amended in line with the provisions of section 166 of the Companies Act, 2013.

The Board further has also laid down a Code for Independent Directors, which is a guide to professional conduct for Independent Directors of the Company pursuant to section 149(8) and Schedule IV of the Companies Act, 2013.

## G. CEO/CFO Certification

As required under Clause 49 V of the Listing Agreement with the Stock Exchanges, the Chairman & Managing Director and the CFO, Group CIO & Executive Vice President – Group M&A of the Company have certified to the Board regarding the Financial Statements for the year ended 31<sup>st</sup> March, 2014.

## II. Remuneration to Directors

### A. Remuneration Policy

While deciding on the remuneration for Directors, Key Managerial Personnel and other employees, the Board and the Governance, Nomination and Remuneration Committee (earlier known as the Governance, Remuneration and Nomination Committee) ("Committee") takes into consideration the performance of your Company, the current trends in the industry, the qualification of the appointee(s), positive attributes, their independence, 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 the Company's remuneration policy(ies) from time to time.

### B. Remuneration to Non-Executive Directors for the year ended 31<sup>st</sup> March, 2014

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.

During the year under review, the Non-Executive Directors were paid a commission of Rs. 661.59 lakhs (provided in the accounts for the year ended 31<sup>st</sup> March, 2013), distributed amongst the Directors as under:

(Rs. in Lakhs)

Directors	Commission for the year ended 31 <sup>st</sup> March, 2013, paid during the year under review
Mr. Keshub Mahindra@	519.95
Mr. Deepak S. Parekh	14.00
Mr. Nadir B. Godrej	14.00
Mr. M. M. Murugappan	14.00
Mr. A. K. Nanda	14.00
Mr. Narayanan Vaghul	14.00
Dr. A. S. Ganguly\$	14.00
Mr. R. K. Kulkarni	14.00*
Mr. Anupam Puri	14.00
Mrs. D. Vijayalakshmi^ (Nominee of LIC)	6.10#
Mr. Vikram Singh Mehta	11.77
Dr. Vishakha N. Desai	11.77

@ Relinquished his office as Chairman and Director of the Company at the conclusion of the 66<sup>th</sup> AGM of the Company held on 8<sup>th</sup> August, 2012.

\$ Ceased to be a Director with effect from 13<sup>th</sup> August, 2013.

\* The commission was paid to Khaitan & Co., in which Mr. R. K. Kulkarni is a Partner.

^ Appointed as an Additional Director with effect from 25<sup>th</sup> October, 2012 and resigned with effect from 5<sup>th</sup> June, 2013.

# The commission was paid to LIC.

A commission of Rs. 221.07 lakhs has been provided as payable to the Non-Executive Directors in the accounts for the year under review. Non-Executive Directors are also paid sitting fees of Rs. 20,000 each for every Meeting of the Board or Committee attended other than Stakeholders Relationship Committee (earlier known as the Share Transfer and Shareholders/Investors Grievance Committee). The sitting fees for Stakeholders Relationship Committee (earlier known as the Share Transfer and Shareholders/Investors Grievance Committee) is Rs. 10,000 each for Non-Executive Director per Meeting.

The sitting fees paid to Non-Executive Directors and the commission payable to them for the year ended 31<sup>st</sup> March, 2014 along with their respective Shareholdings in the Company are as under:

Directors	Sitting Fees paid for the Board and Committee Meetings held during the year ended 31 <sup>st</sup> March, 2014 (Rs. in Lakhs)	Commission for the year ended 31 <sup>st</sup> March, 2014, provided as payable in the accounts of the Company for the year under review (Rs. in Lakhs)	No. of Ordinary (Equity) Shares held as on 31 <sup>st</sup> March, 2014
Mr. Deepak S. Parekh	2.80	24.00	1,12,180
Mr. Nadir B. Godrej	4.60	20.00	3,83,086
Mr. M. M. Murugappan	3.40	22.52	1,00,000
Mr. Bharat Doshi@	2.20	7.56	5,95,508
Mr. A. K. Nanda	2.60	24.00	2,13,058
Mr. Narayanan Vaghul	2.00	24.00	1,00,000
Dr. A. S. Ganguly\$	0.80	8.88	N.A.
Mr. R. K. Kulkarni	5.60*	20.00	83,088
Mr. Anupam Puri	2.00	20.00	Nil
Mrs. D. Vijayalakshmi (Nominee of LIC)+	—	3.25	N.A.
Mr. S.B. Mainak (Nominee of LIC)++	0.40**	6.85	Nil
Dr. Vishakha N. Desai	0.80	20.00	Nil
Mr. Vikram Singh Mehta	2.80	20.00	Nil

@ Resigned as the Executive Director and also as a Director of the Company with effect from the close of working hours on 13<sup>th</sup> November, 2013. He has been appointed as an Additional Director on the Board of Directors of the Company, with effect from 14<sup>th</sup> November, 2013.

\$ Ceased to be a Director with effect from 13<sup>th</sup> August, 2013.

\* Sitting fees were paid to Khaitan & Co., in which Mr. R. K. Kulkarni is a Partner.

+ Appointed as an Additional Director with effect from 25<sup>th</sup> October, 2012 and resigned with effect from 5<sup>th</sup> June, 2013.

++ Appointed as an Additional Director with effect from 13<sup>th</sup> November, 2013.

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

Details of the Options granted to the Non-Executive 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 Director and Executive Director (Whole-time Directors) for the year ended 31<sup>st</sup> March, 2014

Remuneration to Whole-time Directors is fixed by the Governance, Nomination and Remuneration Committee (earlier known as Governance, Remuneration and Nomination 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, 2014:

Directors	(Rs. in Lakhs)					Contract Period	No. of Options granted in***						
	Salary*	Comm- ission	Company's Contribu- tion to Funds**	Perquisites and Allowances	Total		Decem- ber, 2001	June, 2005	October, 2005	Septem- ber, 2006	July, 2007	August, 2008	January, 2011
Mr. Anand G. Mahindra (Chairman & Managing Director)	125.47	243.94	32.93	116.32	518.66	4 <sup>th</sup> April, 2012 to 3 <sup>rd</sup> April, 2017	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Mr. Bharat Doshi (Executive Director & Group Chief Financial Officer up to the close of working hours on 13 <sup>th</sup> November, 2013)	286.27	107.84	19.41	308.02 <sup>#</sup>	721.54	28 <sup>th</sup> August, 2012 to 13 <sup>th</sup> November, 2013	1,00,000	10,000	—	11,345	8,362	29,039	71,080
Dr. Pawan Goenka (Executive Director with effect from 23 <sup>rd</sup> September, 2013)	67.79	97.04	17.47	54.04	236.34	23 <sup>rd</sup> September, 2013 to 22 <sup>nd</sup> September, 2018+	25,290	7,500	15,000	11,345	12,543	37,336	71,080

\* Includes Privilege Leave Encashment.

\*\* 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.

# Includes Gratuity.

+ Subject to approval of the Shareholders in the forthcoming AGM.

Notes:

- Notice period applicable to each of the Whole-time Directors is 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. The risk management measures and controls are presented to the Members of the Audit Committee and the Board of the Company.

### IV. Committees of the Board

#### A. Audit Committee

This Committee was re-constituted and now comprises of the following Directors viz. Mr. Deepak S. Parekh (Chairman of the Committee), Mr. Nadir B. Godrej, Mr. M. M. Murugappan, Mr. R. K. Kulkarni and Mr. Bharat Doshi. Except Mr. Bharat Doshi, all the Directors are Independent Directors. 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, inter alia, review and monitor the Auditor's independence and performance, effectiveness of audit process, oversight of the Company's financial reporting process and the disclosure of its financial information, reviewing with the management, the quarterly and annual financial statements before submission to the Board for approval, examination of the financial statement and the auditors' report, 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, approval (wherever necessary) of transactions of the Company with related parties including subsequent modifications thereof, scrutiny of inter-corporate loans and investments, valuation of undertakings or assets of the Company, reviewing the risk assessment and minimisation procedures, evaluation of internal financial controls and risk management systems, monitoring end use of the funds, etc.

The Committee is also empowered to, inter alia, review the remuneration payable to the Statutory Auditors and to recommend a change in the Auditors, if felt necessary. Further, the Committee is also empowered to recommend to the Board the appointment and remuneration of the Cost Auditor & CFO and review the functioning of the Whistle Blower Policy/Vigil Mechanism. The Committee also 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, if any. 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) and reviews all the information as prescribed in Clause 49 II (E) of the Listing Agreement. The Meetings of the Audit Committee are also attended by the Chairman & Managing Director, the Executive Director & Group Chief Financial Officer, the CFO, Group CIO and Executive Vice President – Group M&A, the Executive Vice President – Group M&A and Secretarial, the Executive Vice President – Corporate Finance & Investor Relations, the Statutory Auditors, the Chief Internal Auditor, Controller of Accounts, Executive Vice President – Group Legal, Managing Partner – Mahindra Partners and the Company Secretary. The Cost Auditor also attends the Committee Meeting at which the Cost Audit Report(s) are considered. The Chairman of the Audit Committee, Mr. Deepak S. Parekh was present at the 67<sup>th</sup> Annual General Meeting of the Company held on 13<sup>th</sup> August, 2013 to address the Shareholders' queries pertaining to Annual Accounts of the Company.

The Committee met five times during the year under review. The Committee Meetings were held on the following dates – 29<sup>th</sup> May, 2013, 12<sup>th</sup> August, 2013, 11<sup>th</sup> November, 2013, 13<sup>th</sup> February, 2014 and 27<sup>th</sup> March, 2014. The gap between two Meetings did not exceed four months. The attendance at the Meetings was as under:

Members	Number of Meetings attended
Mr. Deepak S. Parekh (Chairman)	5
Mr. Nadir B. Godrej	5
Mr. M. M. Murugappan	4
Mr. R. K. Kulkarni	5
Mr. Bharat Doshi*	2

\* Mr. Bharat Doshi was appointed as a Member of the Audit Committee with effect from 13<sup>th</sup> November, 2013.

## B. Governance, Nomination and Remuneration Committee (earlier known as Governance, Remuneration and Nomination Committee)

The Governance, Nomination and Remuneration Committee (earlier known as Governance, Remuneration and Nomination Committee) has been vested with the authority to, inter alia, recommend nominations for Board Membership, develop and recommend policies with respect to composition of the Board commensurate with the size, nature of the business and operations of the Company, establish criteria for selection to the Board with respect to the competencies, qualifications, experience, track record, integrity, establish Director retirement policies & appropriate succession plans and determine overall compensation policies of the Company.

The Committee also administers the Company's ESOP Schemes formulated from time to time including "Mahindra & Mahindra Limited Employees' Stock Option Scheme - 2000", "Mahindra & Mahindra Limited Employees Stock Option Scheme - 2010" and take appropriate decisions in terms of the concerned Scheme(s).

The scope of the Committee also includes review of market practices and decide on remuneration packages applicable to the Chairman & Managing Director, the Executive Director(s), Presidents, etc., lay down performance parameters for the Chairman & Managing Director, the Executive Director(s), Presidents, etc. and review the same.

In addition to the above, the Committee would identify persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every Director's performance.

The Committee also formulates the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board formulation of a policy, relating to the remuneration for the Directors, Key Managerial Personnel and other Employees.

The Committee comprises of majority of Independent Directors including its Chairman.

Mr. Narayanan Vaghul is the Chairman of the Committee. Mr. Nadir B. Godrej, Mr. M. M. Murugappan and Mr. R. K. Kulkarni are the other Members of the Committee. Mr. Anand G. Mahindra and Mr. Rajeev Dubey, President (Group HR, Corporate Services & After-Market) are permanent invitees to the Committee.

The Committee met five times during the year under review. The Committee Meetings were held on the following dates- 30<sup>th</sup> May, 2013, 13<sup>th</sup> August, 2013, 18<sup>th</sup> September, 2013, 13<sup>th</sup> November, 2013 and 28<sup>th</sup> March, 2014. The attendance at the Meetings was as under:

Members	Number of Meetings attended
Mr. Narayanan Vaghul (Chairman)	4
Mr. Nadir B. Godrej	5
Mr. M. M. Murugappan	4
Mr. R. K. Kulkarni	5

## C. Stakeholders Relationship Committee (earlier known as Share Transfer and Shareholders/Investors Grievance Committee)

The Company's Stakeholders Relationship Committee (earlier known as Share Transfer and Shareholders/Investors Grievance Committee) functions under the Chairmanship of Mr. A. K. Nanda, Non-Independent Non-Executive Director. Mr. Anand G. Mahindra, Mr. Bharat Doshi and Mr. R. K. Kulkarni are also Members of 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/transmission of shares and monitor redressal of the grievances of the security holders of the Company relating to transfers, non-receipt of Balance Sheet, non-receipt of dividends declared, etc. With a view to expedite the process of share transfers, necessary authority has been delegated to the Committee to approve transfers of more than 10,000 Ordinary (Equity) Shares per transfer as well as approve transfer of Ordinary (Equity) Shares where the transferee holds 2,00,000 or more Ordinary (Equity) Shares in your Company. The Committee is also authorised to approve request for issue of duplicate share certificates.

As per section 178(7) of the Companies Act, 2013, the Chairperson of the Committee or, in his absence, any other Member of the Committee authorised by him in this behalf shall attend the General Meetings of the Company.

The Committee met two times during the year. Both the Meetings were well attended by its Members. During the year, 25 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. Corporate Social Responsibility Committee

The Corporate Social Responsibility ("CSR") Committee is a Committee constituted by the Board with powers, inter alia, to make donations/contributions to any Charitable and/or CSR projects or programs to be implemented directly or through an executing agency or other Not for Profit Agency with minimum three years proven track record or through a Corporate Foundation or other reputed Non-Governmental Organisation up to an amount of two percent of the Company's average net profits during the three immediately preceding Financial Years in pursuance of its CSR Policy for the Company's Corporate Social Responsibility Initiatives.

Further, pursuant to Clause 55 of the Listing Agreement with the Stock Exchanges, the scope of functions of the Committee has been enlarged, inter alia, to formulate and recommend to the Board for its approval and implementation, the Business Responsibility ("BR") Policy(ies) of the Company, undertake periodical assessment of the Company's BR performance, review the draft Business Responsibility Report and recommend the same to the Board for its approval and inclusion in the Annual Report of the Company.

Keeping in mind the provisions of the Companies Act, 2013 ("the New Act"), the role of this Committee also includes recommendation of the amount of expenditure to be incurred on the CSR activities as enumerated in Schedule VII of the New Act and also referred to in the amended CSR Policy of the Company as also to monitor the CSR Policy from time to time, etc.

The CSR Policy for the Company as duly amended is displayed on the Company's website <http://www.mahindra.com>

Mr. Anand G. Mahindra is the Chairman of the Committee. Dr. Pawan Goenka, Mr. Bharat Doshi, Mr. A. K. Nanda, Mr. R. K. Kulkarni and Dr. Vishakha N. Desai are the other Members of the Committee out of which two Directors are Independent. The Committee met thrice during the year. All the Meetings were well attended by its Members.

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

The Research & Development ("R&D") Committee, 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

the 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. Mr. M. M. Murugappan is the Chairman of the Committee. Mr. Anand G. Mahindra, Mr. Bharat Doshi, Dr. Pawan Goenka and Mr. Nadir B. Godrej are the other Members of the Committee. The Committee met twice during the year. All the Meetings were well attended by its Members.

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

The Strategic Investment Committee is constituted 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 and monitoring existing investments in Subsidiaries, Joint Ventures and other Group companies, overseeing and reviewing performance of various subsidiaries and make necessary recommendations to the Board from time to time including disinvestments. Mr. Anand G. Mahindra is the Chairman of the Committee. Mr. Bharat Doshi, Mr. Deepak S. Parekh, Mr. Nadir B. Godrej, Mr. Vikram Singh Mehta and Mr. Anupam Puri are the other Members of the Committee. The Committee met five times during the year. All the Meetings were well attended by its Members.

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

The Loans & Investment Committee approves of making of loans and investment, disinvestment, borrowing moneys and related aspects of fund management in accordance with the authority granted and the parameters prescribed by the Board. Mr. Anand G. Mahindra is the Chairman of the Committee. Mr. Bharat Doshi, Mr. A. K. Nanda, Mr. R. K. Kulkarni and Mr. Vikram Singh Mehta are the other Members of the Committee. The Committee met seven times during the year. All the Meetings were well attended by its Members.

## V. Subsidiary Companies

Clause 49 of the Listing Agreement 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 adequate 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 at every quarterly Meeting.

## VI. Disclosures

### A. Disclosure of transactions with Related Parties

During the Financial Year 2013-14, there were no materially significant transactions or arrangements 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 "42" to Annual Accounts in 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, as amended from time to time, 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 advise them on procedures to be followed and disclosures to be made, while dealing with shares of the Company and cautions them of the consequences of violations.

## VII. Shareholder Information

### 1. 68<sup>th</sup> Annual General Meeting

Date : 8<sup>th</sup> August, 2014  
 Time : 3:30 p.m.  
 Venue : Birla Matushri Sabhagar, 19, Sir Vithaldas Thackersey Marg (New Marine Lines), Mumbai - 400 020.

### 2. Date of Book Closure

Book Closure for Dividend will be from 19<sup>th</sup> July, 2014 to 8<sup>th</sup> August, 2014, both days inclusive.

### 3. Date of Dividend Payment

The Dividend would be paid/despatched on or after 9<sup>th</sup> August, 2014.

### 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, 2014 - Second week of August, 2014

Half-year ending

30<sup>th</sup> September, 2014 - Second week of November, 2014

Quarter ending

31<sup>st</sup> December, 2014 - Second week of February, 2015

Year ending

31<sup>st</sup> March, 2015 - End May, 2015

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 BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE"). The Global Depository 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.

The Company has issued privately placed Non-Convertible Debentures of Rs. 500 crores which are listed on the Debt Segment of BSE.

### 7A. Stock Codes

#### I Equity/GDRs

1. BSE : 500520
2. NSE : M&M
3. Demat International Securities Identification Number (ISIN) for Ordinary (Equity) Shares : INE101A01026
4. GDRs, Luxembourg Stock Exchange (ISIN) : USY541641194
5. London Stock Exchange : MHID

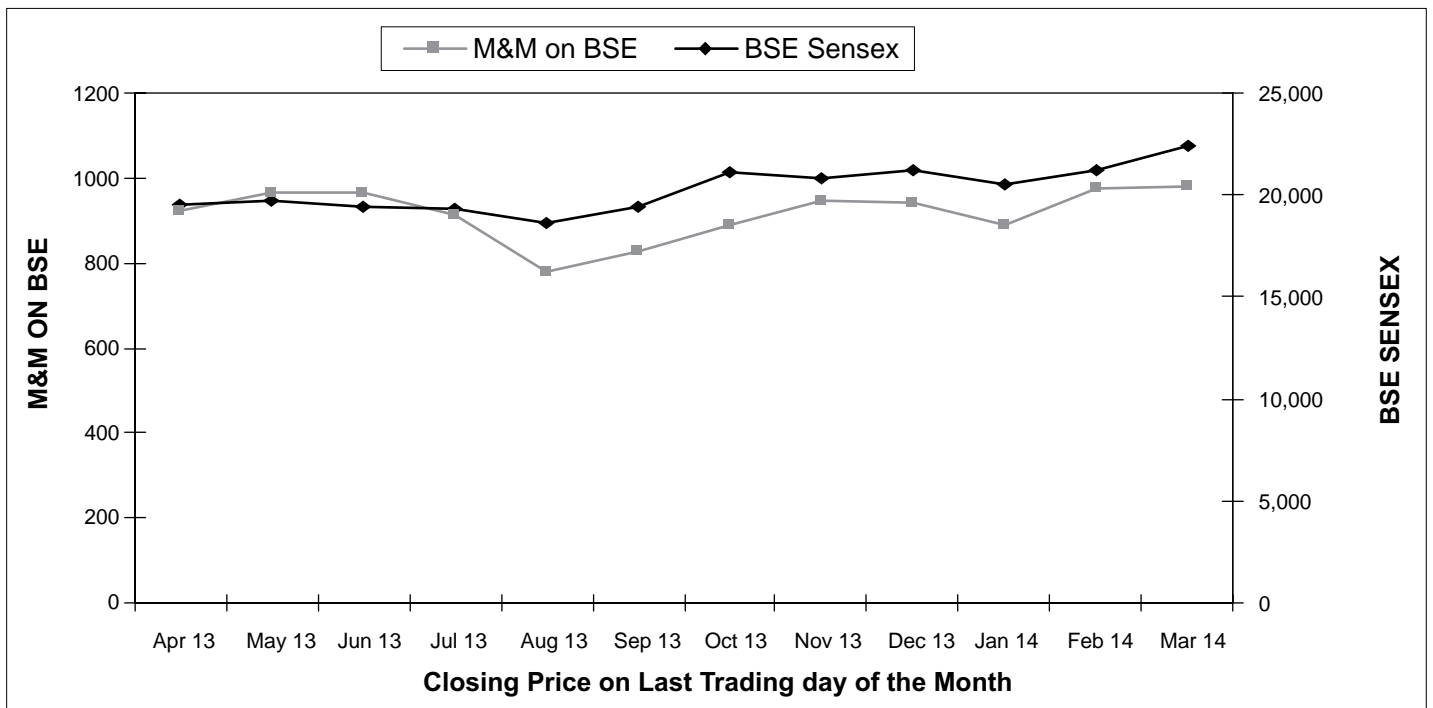
#### II Debentures

1. BSE – Scrip Code : 949342  
 Scrip ID : 955MML2063
2. Demat International Securities Identification Number (ISIN) : INE101A08070

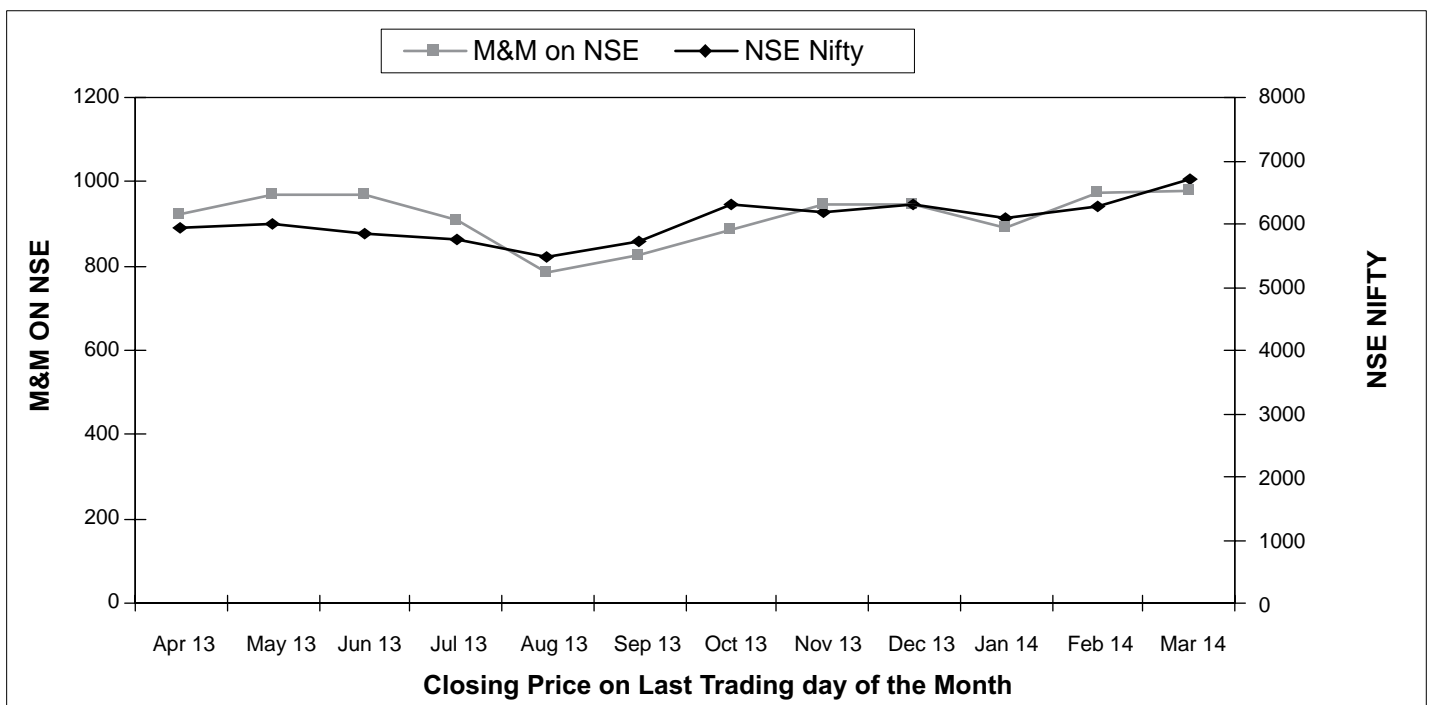
### 7B. Corporate Identity Number : L65990MH1945PLC004558

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	
	BSE Limited		National Stock Exchange of India Limited		Luxembourg Stock Exchange	
	HIGH	LOW	HIGH	LOW	HIGH	LOW
	Rs.	Rs.	Rs.	Rs.	US\$	US\$
April, 2013	930.70	809.00	931.75	808.95	17.17	14.89
May, 2013	1026.45	910.10	1026.00	912.40	17.99	17.09
June, 2013	999.90	907.40	1000.75	904.00	17.42	15.02
July, 2013	992.50	862.80	994.30	862.40	16.52	14.69
August, 2013	922.50	741.50	923.15	740.15	14.41	11.29
September, 2013	891.40	749.00	892.00	747.20	14.05	11.37
October, 2013	908.00	822.25	907.80	821.35	14.68	13.33
November, 2013	965.00	860.25	965.10	840.00	15.37	13.75
December, 2013	979.00	925.10	979.10	923.00	15.82	15.03
January, 2014	958.75	851.00	959.00	849.95	15.02	13.75
February, 2014	975.00	847.00	978.90	846.60	15.77	13.66
March, 2014	1054.00	940.70	1054.90	940.20	16.79	15.34

## 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 No. : +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. : +91-22-22825163

Fax No. : +91-22-22825484

## 11. Share Transfer System

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

Shares sent for transfer in physical form are registered and returned within a period of fifteen days from the date of receipt of the documents, provided the documents are valid and complete in all respects. With a view to expedite the process of share transfers, Mr. V S Parthasarathy, CFO, Group CIO & Executive Vice President – Group M&A or Mr. Zhooben Bhiwandiwal, Executive Vice President – Group Legal, Managing Partner – Mahindra Partners or Mr. S. Durgashankar, Executive Vice President – M&A and Secretarial or 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 Stakeholders Relationship Committee meets as and when required to consider the other transfer proposals and attend to Shareholder grievances.

During the year under review, the nomenclature of the Share Transfer and Shareholders/Investors Grievance Committee was changed to Stakeholders Relationship Committee.

## 12. Distribution of Shareholding as on 31<sup>st</sup> March, 2014:

Number of Shares held	Number of Shareholders	Number of Shares held	% of Share-holding
1 to 1000	1,57,719	1,61,23,401	2.62
1001 to 2000	4,324	62,68,742	1.02
2001 to 10000	3,825	1,56,14,020	2.54
10001 to 20000	433	59,45,302	0.96
20001 and above	775	57,19,40,919	92.86
<b>Total</b>	<b>1,67,076</b>	<b>61,58,92,384</b>	<b>100.00</b>

## 13. Dematerialisation of Shares

98.98% of the paid-up Equity Share Capital is held in dematerialised form with National Securities Depository Limited and Central Depository Services (India) Limited as on 31<sup>st</sup> March, 2014. 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 around 75% and the stock is highly liquid.

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

3,07,31,375 GDRs were outstanding as on 31<sup>st</sup> March, 2014. Since the underlying Ordinary (Equity) Shares represented by GDRs have been allotted in full, the outstanding GDRs have no impact on the Equity of the Company. There are no other convertible instruments outstanding as on 31<sup>st</sup> March, 2014.

## 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.

Tel. No. : +91-22-67720400/300

Fax No. : +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.

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

Fax No. : +91-22-22825484

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 transfer/transmission of Shares, change of Address, change in Bank details, etc.

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

Mahindra Towers,  
5<sup>th</sup> Floor, Dr. G. M. Bhosale Marg,  
Worli, Mumbai – 400 018.

Tel. No. : +91-22-24975074

Fax No. : +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
2011	8 <sup>th</sup> August, 2011	3.30 p.m.	Revision in the scale of salary payable to Mr. Anand G. Mahindra as the Managing Director of the Company designated as Vice - Chairman and Managing Director and revision in the scale of salary and basic salary payable to Mr. Bharat Doshi as the Executive Director designated as Executive Director & Group Chief Financial Officer with effect from 1 <sup>st</sup> August, 2010 for the remainder of their respective terms of Office.
2012	8 <sup>th</sup> August, 2012	3.30 p.m.	<ol style="list-style-type: none"> <li>1. Re-appointment of Mr. Anand G. Mahindra as the Managing Director of the Company designated as Vice-Chairman &amp; Managing Director for a period of 5 years with effect from 4<sup>th</sup> April, 2012 to 3<sup>rd</sup> April, 2017.</li> <li>2. Re-appointment of Mr. Bharat Doshi as the Executive Director of the Company designated as Executive Director &amp; Group Chief Financial Officer with effect from 28<sup>th</sup> August, 2012 to 31<sup>st</sup> March, 2015.</li> <li>3. Amendment of the Articles of Association of the Company to provide for Video Conference facility and/or other permissible electronic or virtual facilities for communication to enable the Shareholders of the Company to participate in General Meetings or other Meetings of the Company and Committees thereof through Video Conference facility and/or other permissible electronic or virtual facilities for communication, provided further that a Director participating in a Meeting through Video Conference facility and/or any other permissible electronic mode of communication shall be counted for the purpose of quorum and to serve documents on any Member by any electronic mode of communication in such manner as may be permitted by any law.</li> </ol>
2013	13 <sup>th</sup> August 2013	3.30 p.m.	No Special Resolution was passed.

The above Meetings were held at Birla Matushri Sabhagar, 19, Sir Vithaldas Thackersey Marg (New Marine Lines), Mumbai - 400 020.

No Extraordinary General Meeting was held during the past 3 years. No Special Resolution(s) requiring a Postal Ballot was passed last year or is being proposed at the ensuing Annual General Meeting.

### 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.

### 4. Management Discussion and Analysis Report

Management Discussion and Analysis Report 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. **Governance, Nomination and Remuneration Committee (earlier known as Governance, Remuneration and Nomination Committee)**

Your Company has set up the Governance, Nomination and Remuneration Committee (earlier known as Governance, Remuneration and Nomination Committee) long before application of Clause 49 of the Listing Agreement.

**b. 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.

**c. Whistle Blower Policy**

The Company promotes ethical behaviour in all its business activities and has put in place a mechanism wherein the Employees are free to report illegal or unethical behaviour, actual or suspected fraud or violation of the Company's Codes of Conduct or Corporate Governance Policies or any improper activity to the Chairman of the Audit Committee of the Company or Chairman of the Company or Corporate Governance Cell. The Whistle Blower Policy has been appropriately communicated within the Company. Under the Whistle Blower Policy, the confidentiality of those reporting violation(s) is protected and they are not subject to any discriminatory practices. No personnel has been denied access to the Audit Committee.

Further, the Whistle Blower Policy has been amended to make it applicable to both the Directors and the Employees of the Company alike, to facilitate implementation of Vigil Mechanism. The Policy

empowers the Chief Ethics Officer/Chairman of the Audit Committee/Chairman of the Company/ Corporate Governance Cell to investigate any protected disclosure including matters concerning financials/ accounting, etc. received from the Employees under this policy.

Whistle Blower Policy of the Company is displayed on the Company's website <http://www.mahindra.com>

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 of enhancing 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, 2014.

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

To

**The Members of Mahindra & Mahindra Limited**

I, Anand G. Mahindra, 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, 2014.

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

30<sup>th</sup> May, 2014

## CERTIFICATE

To  
The Members of  
Mahindra & Mahindra Limited

We have examined the compliance of conditions of Corporate Governance by Mahindra & Mahindra Limited ("the Company") for the year ended 31<sup>st</sup> March, 2014, 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  
(Firm Registration No. 117364W)

Shyamak R Tata  
Partner  
Membership Number: 38320

Mumbai, May 30, 2014



**BUSINESS  
RESPONSIBILITY  
REPORT**





# BUSINESS RESPONSIBILITY REPORT

for the year 2013-14

(Pursuant to Clause 55 of the Listing Agreement)

## Section A: General Information about the Company

1. Corporate Identity Number : L65990MH1945PLC004558 (CIN) of the Company
2. Name of the Company : Mahindra & Mahindra Limited
3. Registered address : Gateway Building, Apollo Bunder, Mumbai - 400 001
4. Website : www.mahindra.com
5. E-mail id : investors@mahindra.com
6. Financial Year reported : 01.04.2013 to 31.03.2014
7. Sector(s) that the Company is engaged in (industrial activity code-wise):

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

8. List three key products/services that the Company manufactures/provides (as in balance sheet):
  - i. Passenger Vehicles (Utility Vehicles, Multi Purpose Vehicles and Cars)
  - ii. Commercial Vehicles
  - iii. Tractors
9. Total number of locations where business activity is undertaken by the Company:
  - i. Number of International Locations: 1
  - ii. Number of National Locations: 44

10. Markets served by the Company – Local/State/National/International: All

## Section B: Financial Details of the Company

1. Paid up Capital (INR) : 307.95 crores
2. Total Turnover (INR) : 41,226.49 crores
3. Total profit after taxes (INR) : 3,758.35 crores
4. Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%) : 0.87%
5. List of activities in which expenditure in 4 above has been incurred
  - a. Education
  - b. Health
  - c. Green Cover
  - d. Relief and Rehabilitation

## Section C: Other Details

1. Does the Company have any Subsidiary Company/Companies?
 

Yes. The Company has 120 subsidiary companies as on 31<sup>st</sup> March, 2014.
2. Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)
 

Yes. Every year the Company releases a Sustainability Report as per the GRI framework which is externally assured. The Company has a Code of Conduct for Employees and Directors as well as a set of Governance Policies. This Code is followed by the Subsidiary Companies also with modifications depending on the business requirement of

the entity. The scope of this report is defined each year. For the year 2013-14, 20 subsidiaries have been included in the scope of Sustainability Report viz. Mahindra & Mahindra Financial Services Ltd. (MMFSL), Mahindra First Choice Services Ltd. (MFCSL), Mahindra Gears and Transmissions Private Limited, Mahindra UGINE Steel Company Limited, Mahindra Holidays and Resorts India Ltd. (MHRIL), Mahindra Lifespace Developers Ltd. (MLDL), Mahindra Insurance Brokers Ltd., Mahindra Intertrade Ltd. (MIL), Mahindra Logistics Ltd. (MLL), Mahindra Reva Electric Vehicles Pvt. Ltd. (MREVA), Mahindra Rural Housing Finance Limited, Mahindra Steel Service Centre Limited, Mahindra Two Wheelers Ltd. (MTWL), Mahindra Vehicle Manufacturers Ltd. (MVML), Mahindra World City Developers Ltd. (MWCDL), Mahindra World City (Jaipur) Ltd. (MWCJL), Mahindra Shubhlabh Services Limited, Mahindra EPC Services Private Limited, EPC Industries Limited and Mahindra Sanyo Special Steel Pvt. Ltd.

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

The Company has longstanding relationships with its dealers and suppliers. In 2013-14 a large number of dealers and suppliers were covered in the sustainability awareness programs conducted by the business. Many dealers and suppliers have instituted sustainability programs at their locations post the awareness building sessions. A roadmap to cover key dealers and suppliers is in place and is being implemented. As on date less than 30% of the dealers and suppliers of the Company are engaged in the Company's BR activities.

**Section D: BR Information**

**1. Details of Director/Directors responsible for BR**

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

- ▶ **DIN Number** : 00254502
- ▶ **Name** : Dr. Pawan Goenka
- ▶ **Designation** : Executive Director and President Automotive and Farm Equipment Sectors

**b. Details of the BR Head**

S. No.	Particulars	Details
1.	<b>DIN Number</b> (If applicable)	00104817
2.	<b>Name</b>	Mr. Rajeev Dubey
3.	<b>Designation</b>	President (Group HR, Corporate Services & After-Market)
4.	<b>Telephone Number</b>	+9122 24975192 +9122 24901441 Extn. 5594
5.	<b>e-mail ID</b>	DUBEY.RAJEEV@mahindra.com

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

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

- P1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.
- P2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.
- P3: Businesses should promote the wellbeing of all employees.
- P4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.
- P5: Businesses should respect and promote human rights.
- P6: Business should respect, protect, and make efforts to restore the environment.
- P7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.
- P8: Businesses should support inclusive growth and equitable development.
- P9: Businesses should engage with and provide value to their customers and consumers in a responsible manner.

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

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

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

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

Note 4 – It has been Company's practice to upload all policies on the intranet site for the information and implementation by the internal stakeholders. The Code of Conduct for Directors, the Code of Conduct for Senior management and Employees, Business Responsibility Policy and CSR Policy is available on the website <http://www.mahindra.com/Investors/Mahindra-and-Mahindra/Governance> and <http://www.mahindra.com/How-We-Help>

Note 5 – The Company has a "Whistle Blower Policy" to address all grievances including those related to human rights. The Corporate Governance Cell deals with all governance issues related to Company.

### 3. Governance Related to BR

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

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

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

Mahindra Group Sustainability Report as per the GRI framework is published annually. All Sustainability Reports from 2007-08 till 2012-13 are GRI compliant and are accessible on the Company website at the hyperlink <http://www.mahindra.com/How-We-Help/Environment/Sustainability>

The Sustainability Report for 2013-14 is under preparation and will be uploaded on the website of the Company in due course of time.

## Section E: Principle-wise performance

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

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

The Company has defined Code of Conduct for Directors as well as the Senior Management and Employees of the Company that covers issues, inter alia, related to ethics, bribery, etc. The Code of Conduct for Senior Management and Employees, inter alia, covers all dealings with Suppliers, Customers and other business partners including Joint Ventures, and other stakeholders.

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

During the reporting year, 25 complaints were received from the Shareholders, all of which were attended to/ resolved till date. An individual who is a shareholder and former employee whose services with the Company were terminated in the year 1991 on proven misconduct frequently writes to the Company, alleging mismanagement of the affairs of the Company, violations

of various statutory provisions as also about his allegedly unjust termination from the services of the Company. The Company has replied to all his allegations.

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

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

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

Product	Social & environmental benefits
1. Passenger Vehicles (UV/ MPV/ Cars)	A Stop/start technology for better Fuel efficiency & CO <sub>2</sub> reduction was introduced in all pick up models.  Low friction lubricants are introduced on all UV models and selected pick up models to get Fuel Efficiency benefit by 3–4% & enhanced oil drain period thus reducing the raw material use and reducing the use of lubricants during life span of vehicle.  Engine downsizing and two stage turbo charging is incorporated on the newly launched small SUV to enhance fuel efficiency.
2. Commercial Vehicles	Fuel Smart technology was introduced in small commercial vehicle segment to reduce fuel consumption and emissions. Small transport vehicles with enhanced load carrying capacity for encouraging self-employment and better livelihood for rural as well as semi-urban people.
3. Low Cost Tractors (Yuvraj)	Specially designed small tractors with low horse power, low weight and high fuel efficiency have been introduced for small & marginalized farmers.

2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product(optional):

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

For the above mentioned products, there is no explicit tracking mechanism in respect of resource use. However, the resource use for entire portfolio is tracked and monitored. Since the products portfolio is distributed across various manufacturing locations of the Company, the resource use is monitored per unit of equivalent vehicle or equivalent tractor manufactured. The performance for current and previous year on Specific Energy Consumption, GHG Emissions and Specific Water Consumption during production is appended below, which is as reported in the Group Sustainability Reports for 2012-13 and 2013-14:

Resource Use	Divisions	Unit of Measurement	Current Year 2013-14	Previous Year 2012-13
Specific Energy Consumption	Automotive	GJ / Equivalent Vehicles	2.290	2.524
	Farm Division (Including Swaraj)	GJ / Equivalent Tractors	1.374	1.762
Green House Gas Emissions (Scope I and II)	Automotive	tCO <sub>2</sub> / Equivalent Vehicles	0.361	0.377
	Farm Division (Including Swaraj)	tCO <sub>2</sub> / Equivalent Tractors	0.221	0.269
Specific Water Consumption	Automotive	KL / Equivalent Vehicles	2.441	2.698
	Farm Division (Including Swaraj)	KL / Equivalent Tractors	1.603	1.815

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

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

3. Does the Company have procedures in place for sustainable sourcing (including transportation)?

i. If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

The Company has been working to enhance the degree of sustainability associated with its sourcing practices. This includes setting up of vendor parks at its new plants, sourcing from tightly knit clusters, optimizing logistics to reduce fuel consumption, emissions and carbon footprint, re-working packaging to minimize waste and maximize re-use. The Sustainability road map of the Company covers these areas and the Company takes steps to ensure that its sourcing methods are sustainable. Almost the entire sourcing work is done from the country with a very small percentage of input being procured from overseas.

The Company has Green Supply Chain Management Policy, which has been shared with all suppliers, under which, the Company is committed to improve the awareness with regard to legal compliances, enhance eco-efficiencies, employee health and safety initiatives etc. at supplier end. This is done by way of continuous engagement with suppliers through supplier meets, business reviews, and training sessions. To motivate the suppliers to take the Sustainability agenda forward, good practices are recognized, by institutionalizing "Pancharatna Sustainability Awards".

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

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

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

The purchasing group has a standard practice of sharing its annual plans and next two year's tentative plans with its key suppliers through communication meets and supplier business reviews.

These suppliers are provided with managerial and technical assistance to train them on practices and procedures that will ensure improvements in Productivity, Quality, Cost, Delivery, Safety and Moral (PQCDSM). This is done by initiatives like Supplier Business Capability Building (SBCB), Mahindra Supplier Evaluation System (MSES), Supply Risk Management (SRM), and technical support for special processes during new product developments, Associate Value Specialist Program, etc. The Company has special focus on creating supplier parks near the plants for e.g. Chakan supplier park and Zaheerabad supplier park. The Company has a focus on buying from local suppliers geographically nearest supplier plant.

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

It is the Company's ongoing endeavour to have a mechanism to recycle its products and limit the waste arising out of production of vehicles and tractors. The Company has initiated well documented processes to ensure compliance with the European Union Directive 2005/64/EC which is now implemented to the vehicles exported to European Union. The Company's objective is to restrict the amount of waste produced from End of Life of vehicles (ELVs) and increase the recovery and recycling of ELVs that arise. The information on recyclable parts and manual for dismantling is provided with export vehicles. The Company follows the ISO 22628:2002 method, to calculate the recyclability rate, the recoverability rate and reusability rate (RRR) of the export vehicles. The Company has already certified 5 of its UV variants to comply European Union Directive 2005/64/EC norms on recyclability. The Company is actively participating in the committee formed by Society of Indian Automobile Manufacturers (SIAM) to frame process and procedure for Product Recycling in India. At present, the batteries used in vehicles are recycled in a structured manner through the battery manufacturing companies in India. Similarly other parts such as tyres, body components, etc. are recycled in an unstructured manner through licensed scrap dealers who either recover the material used or cannibalize/refurbish the parts for reuse but it is not tracked now.

Wastes arising out of processes for manufacturing these products are segregated into Hazardous/Non-hazardous and Wet/Dry for responsible disposal through authorized agencies. Few initiatives introduced are the paint sludge, which is hazardous waste, that is either recycled to make primer for castings for rust prevention, or sent to cement kilns as input fuel. Similarly, the packaging waste is identified and steps are initiated to avoid use of wood and corrugated boxes for transport. Though the waste generated is tracked, reported and partially recycled, the Company does not at present monitor percentage of recycling of such waste.

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

1. Please indicate the Total number of employees: 40163
2. Please indicate the Total number of employees hired on temporary/contractual/casual basis: 20736
3. Please indicate the Number of permanent women employees: 623
4. Please indicate the Number of permanent employees with disabilities: 47
5. Do you have an employee association that is recognized by management? Yes
6. What percentage of your permanent employees is members of this recognized employee association? 97% (Total Unionised Permanent Workmen/Total Permanent Workmen)
7. Please indicate the Number of complaints relating to child labour, forced labor, involuntary labor, sexual harassment in the last financial year and pending, as on the end of the financial year.

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



8. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?

- ▶ Permanent Employees: **83.39%**
- ▶ Permanent Women Employees: **61.42%**
- ▶ Casual/Temporary/Contractual Employees: **64.86%**
- ▶ Employees with Disabilities: **44.68%**

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

1. Has the Company mapped its internal and external stakeholders? Yes/No

Yes

2. Out of the above, has the Company identified the disadvantaged, vulnerable & marginalized stakeholders?

Yes

3. Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalized stakeholders? If so, provide details thereof, in about 50 words or so.

The Company has designed products specifically for improving the livelihood and encouraging entrepreneurship amongst rural and semi-urban persons through low cost products. Moreover, in the Farm equipment business vertical, there is a conscious move from Tractor manufacturing to 'Farm Tech Prosperity' where the various products and services are designed to improve farm productivity especially among small & marginalized farmers. The Integrated Watershed Management projects at Damoh being implemented in Public-Private-Partnership (PPP) with the Govt. of Madhya Pradesh are in advanced stage of completion and two other projects have been initiated in the catchment area of the Bhojtal, the main lake at Bhopal. More than 100 hectares of additional land has been brought under cultivation and more than 500 farmers have experienced 10-15% productivity gains.

In addition, the Company has also undertaken community development initiatives, the details of which are given in answers under Principle 8.

**Principle 5: Businesses should respect and promote human rights**

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

The Business Responsibility Policy covers the aspects on Human Rights for the Company.

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

The Company has rolled out a Policy for prevention of sexual harassment in which it formalised a free and fair enquiry process with clear timeline. The Company has also constituted an internal complaints committee at major locations to which employees can write their complaints.

There is an active and a well-defined four step Grievance Redressal Machinery available at each plant for workmen through which all types of grievances are redressed. Additionally, Employee Satisfaction Survey for workmen is periodically carried out and all low scoring responses are discussed in Focused Group Meetings and duly resolved. Although there is no process to separately maintain records for grievances related to Human Rights, the above stated mechanism adequately addresses this issue. There is a mechanism for all employees of Automotive and Farm Equipment Sectors to voice their concerns to the Sector President through a 'Reach-out' mailbox which is addressed with confidentiality. As on March 31, 2014, there were no stakeholder complaints pending at any of Company's plants/workplace.

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

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

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

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

Yes. These strategies and initiatives are elaborated in the Company's GRI reports since 2007-08 which are available on <http://www.mahindra.com/How-We-Help/Environment/Sustainability>. All the targets set in the sustainability roadmap developed in 2008-09, on the commitments related to energy conservation, GHG reduction and Water Conservation etc. are already achieved. These strategies and initiatives are also aligned to the National Action Plan on Climate Change.

The strategies and new initiatives continue year on year. In the current reporting year various initiatives on energy saving, water saving, waste reduction etc. were implemented. An indicative list in this regard is appended below and complete details will be available in the Sustainability Report for the year 2013-14.

**Energy Savings:**

- ▶ Change of chillers in centralized air conditioning system from 'Air Cooled' to 'Water Cooled' to improve energy efficiency.
- ▶ Reduction in emissions from furnaces by conversion from 'Electrical Heating' to 'Gas Heating'.
- ▶ Installation of Energy Efficient Air Compressor and Air Demand Controller for saving of energy.
- ▶ Use of hot exhaust gases from chimney to preheat combustion air used for oven applications.
- ▶ Relining of gas carburising furnace to avoid heat losses.
- ▶ Application of heat pumps technology to optimise or eliminate use of electrical heaters.

**Water Saving:**

- ▶ Reduction in withdrawal of water from source through 'Rain Water Harvesting' by collecting Roof and Surface rain water.
- ▶ Reuse of treated water for process applications by installing Reverse Osmosis (RO) system.
- ▶ Recycling treated water from ETP/STP for gardening and flushing.

**Waste Reduction:**

- ▶ Use of 'Alternate Material' for storage and handling of materials (e.g. Poly-Propylene boxes to replace corrugated boxes, Mild Steel racks in place of wooden boxes to store brake tubes, plastic crates in place of gunny bags to store washer, speed nut).
- ▶ Application of Electrostatic guns to reduce paint wastage.
- ▶ Recycling paint sludge as primer for casting for rust prevention.
- ▶ Rationalisation of paper consumption through process of reduce, reuse and recycle.

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

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

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

Yes. The name of the CDM – PoA 9731: Energy Efficiency through Micro irrigation system – India. The Registered Program of Activities (PoA) aims at encouraging energy efficiency through installation of efficient irrigation system such as drip and sprinkler irrigation replacing the conventional flood method of irrigation resulting in GHG Emission reduction & Water Conservation. It was registered in September 2013. No environmental compliance report is filed as of now. For more details refer [https://cdm.unfccc.int/ProgrammeOfActivities/poa\\_db/4Z28CN6S0DEB5F1PLIXAY9W3GMRUOQ/view](https://cdm.unfccc.int/ProgrammeOfActivities/poa_db/4Z28CN6S0DEB5F1PLIXAY9W3GMRUOQ/view)

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

Yes. Same as stated under point 2 above.

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

Yes

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

NIL

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

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

Yes. The Company is a member of the following trade and chambers of association in alphabetical order

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

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

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

**Principle 8: Businesses should support inclusive growth and equitable development**

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

Yes. Since 2005, the Company has committed to spend 1% of Profit After Tax annually towards Corporate Social Responsibility initiatives in the areas of education, health & environment. The funds are utilized for local issues relevant to the communities where the businesses operate as well as projects at national level. Further, the unique ESOPs (employee social options) platform provides employees a menu of volunteering opportunities enabling them to participate actively in the Company's CSR initiatives. The top 4 CSR programs supported by the Company are:

- a. Mahindra Pride School – Livelihood training program for youth from socially and economically disadvantaged groups.
- b. Project Nanhi Kali – Provision of educational support to underprivileged girls from poor urban, remote rural and conflict afflicted urban communities across India.
- c. Lifeline Express – A Mobile hospital providing medical interventions and surgeries in remote rural areas.
- d. Mahindra Hariyali – Afforestation initiative to improve green cover & protect bio-diversity in the country.

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

Programs/projects are undertaken through a combination of in-house teams, under the employee volunteerism (ESOPs), through its own Foundations namely K. C. Mahindra Education Trust & Mahindra Foundation and in collaboration with recognized and reputed NGOs

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

Impact assessment of large initiatives like Project Nanhi Kali and Mahindra Pride School are undertaken from time to time.

In addition, this year the Company has also carried out impact assessments for the following 4 programs:

- a. 'Sanskar' a youth training & development program,
- b. A project for Eradication of Needless Blindness,
- c. 'Prayas' HIV/AIDs awareness as well as a remediation program,
- d. 'Bandhan' designed to offer a holistic mother & child health.

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

The Company's contribution to community development projects amounts to Rs. 32.91 crores during the Financial Year 2013-14.

The details of projects:

- a. Education (Nanhi Kali, Mahindra Pride Schools, Scholarships & Grants, Mumbai Public Schools)
- b. Health (Lifeline Express, Aids Awareness, Blood Donation/Antenatal Camps)
- c. Environmental (Project Hariyali)

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

- a. Project Nanhi Kali, besides providing academic and material support to the girls, also has a social support component through which parents, teachers and village elders are counselled on the importance of girls' education in particular and other gender related issues in general. Of the 91537 Nanhi Kalis whose education was supported during the Financial Year 2013-14, the Mahindra Group supported the education of 36248 Nanhi Kalis.

Alumni of the Mahindra Pride Schools, become mentors for new students and spread awareness of the initiative in their respective localities participating in the 'Road Shows' community enrollment drives. During the Financial Year 2013-14, 2233 students were trained at 5 Mahindra Pride Schools (Pune, Chennai, Patna, Chandigarh and Srinagar). 100% of students have been placed with lucrative jobs, with a total of 8677 youth being placed since inception of the school.

The Mahindra Group supported 28 Mumbai Public Schools (BMC English medium schools run by Naandi Foundation) enabling 12,174 children access quality education. In the last financial year the project witnessed some noteworthy impact including 13% increase in enrollment numbers, 50% increase in government teacher recruitment and formation of 24 School Management Committees (SMCs).

- b. The lifeline express program is conducted in collaboration with local governments and communities and spreads awareness on the importance of improved

health and medical interventions. This year the 9th edition of the Lifeline Express was conducted at Karad, Maharashtra benefiting around 2614 people.

- c. The Project Hariyali program not only adds green cover, but also enhances the livelihood of tribals in areas where mass plantation is undertaken.

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

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

Customer complaints are treated very seriously in the organisation. The Company hears its customers through various mediums such as emails to customercare@mahindra.com, With You Hamesha 24X7 Call centre toll free no, websites, tweet handle, telephone, letter, fax etc. The status of pending complaints/cases as on March 31, 2014 is as follows:

	Complaints	Consumer Cases
Auto Division	2.7%	32.0%
Farm Division	3.3%	39.6%
Truck and Bus Division	7.8%	49.6%

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

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

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

Yes. There are cases filed against the Company on 2 matters alleging unfair trade practice and 1 matter alleging anti-competitive activity which are pending as on the end of the financial year.

The anti-competitive activity alleged above is about the non-availability of spare parts in the open market. One of the allegations is that OEMs are restricting the availability of spare parts in the open market and limiting them to their own distribution network resulting in high prices of these spare parts and their non-availability to the independent car repairers. The hearing in the matter has been concluded and the order is awaited. However, two of the respondent car manufacturers have challenged in Chennai High Court, the authority of Competition Commission of India (CCI) to expand the scope of investigation on their own from three to seventeen.

One of the matters pertaining to unfair trade practice is where the Petitioner has alleged that although the Company has appointed him as their sole dealer, the Company has subsequently appointed a distributor in the same Region. The Company has refused to deal with him directly and compelled to deal through the other distributor. The Petitioner has further alleged that the Company has wrongfully invoked the Bank Guarantee. An application has been moved to file additional documents

before the Tribunal and affidavits have been filed along with that, which is currently pending.

In another matter pertaining to unfair trade practice, the allegation is from an automotive dealer who has alleged that his dealership has been terminated forcibly and fraudulently by the Company. The complainant has quantified his claims with interest under various heads viz. Sales promotion, Warranty claims, free servicing, idle wages of employees, electricity bills and also claimed expenditure on construction of workshop, compensation for loss and litigation etc. However, Hon'ble Competition Appellate Tribunal (COMPAT) has now restricted the scope of the application only to non-grant of Scorpio dealership and currently the cross examination of the complainant is in progress.

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

Yes, through

- ▶ J. D. Power survey for Automobiles
- ▶ MQRS survey for load carriers and
- ▶ TNS Survey for Tractors and Trucks

## Financial Position at a Glance

Rupees crores

	As per Revised Schedule VI				As per Old Schedule VI					
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Net Fixed Assets	7105	5821	5088	3904	3703	3214	2361	1871	1555	1475
Investments	11380	11834	10297	8913	6398	5786	4215	2238	1669	1190
Foreign Currency Monetary Item Translation Difference Account Asset/(Liability)	—	—	—	—	(3)	18	—	—	—	—
Inventories	2804	2420	2358	1694	1189	1061	1084	878	879	760
Trade Receivable/Debtors	2510	2208	1929	1260	1258	1044	1005	701	638	512
Other Non Current/Current Assets	7490	5171	4098	3753	3599	2959	1555	2169	1232	1028
Misc. Expenditure not written off	—	—	—	—	—	13	14	18	18	24
Borrowings	3745	3227	3174	2321	2880	4053	2587	1636	883	1052
Long Term/Current Liabilities and Provisions	9863	8953	7964	6535	5197	4798	3240	2666	2052	1760
Deferred Tax Liabilities/(Assets) (Net)	890	615	527	355	240	(18)	57	20	147	190
Equity Capital	295	295	295	294	283	273	239	238	233	112
Reserves and Surplus	16496	14364	11810	10019	7544	4989	4111	3315	2676	1875
Net Worth	16791	14659	12105	10313	7827	5262	4350	3553	2909	1987
Book Value Per Share (Rupees)	284.26	248.14	205.32	175.43	@138.10	192.12	180.87	147.98	*123.29	174.46

@ 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 Misc. Expenditure not written off and Revaluation Reserve from Net Worth.

## Summary of Operations

Rupees crores

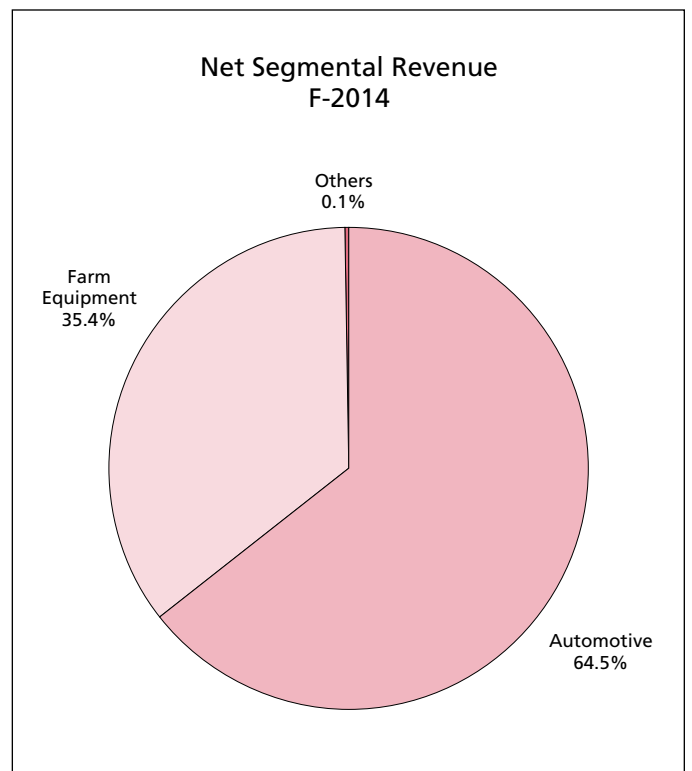
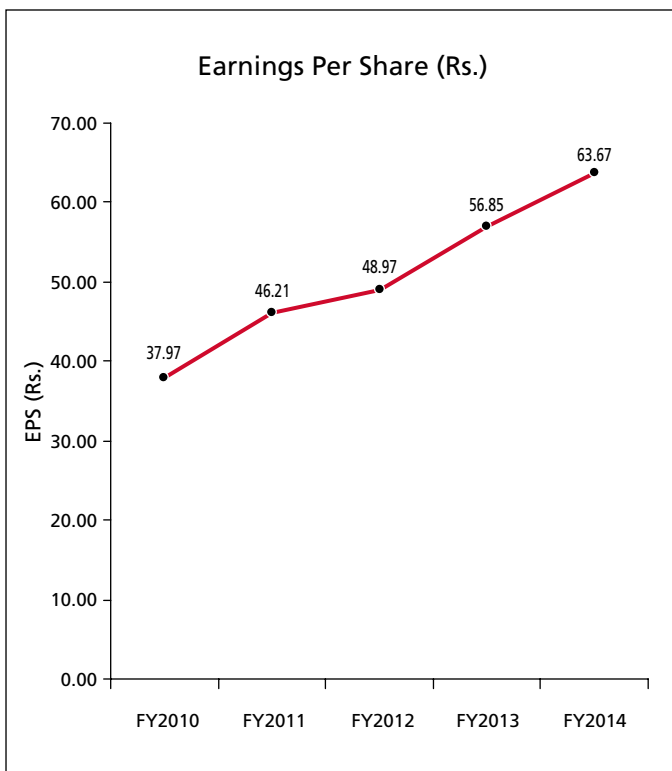
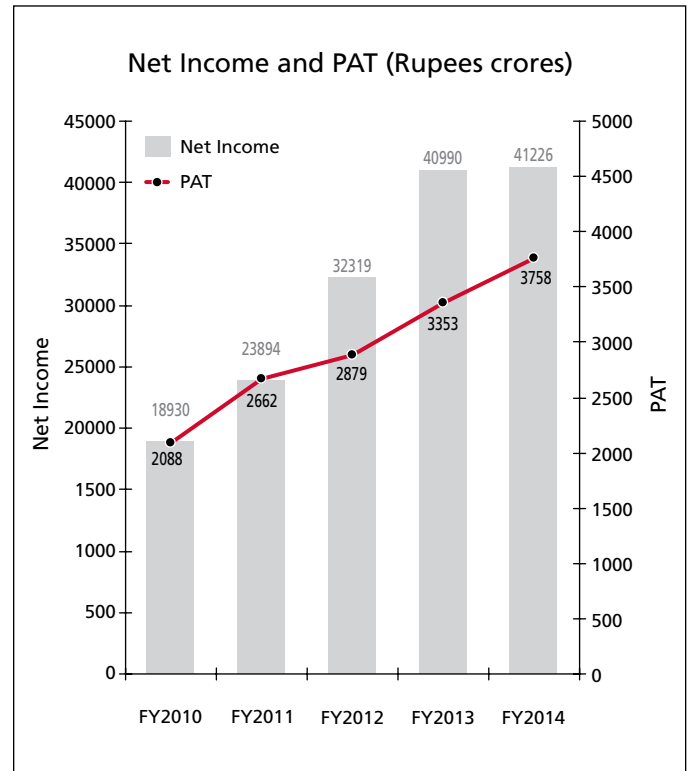
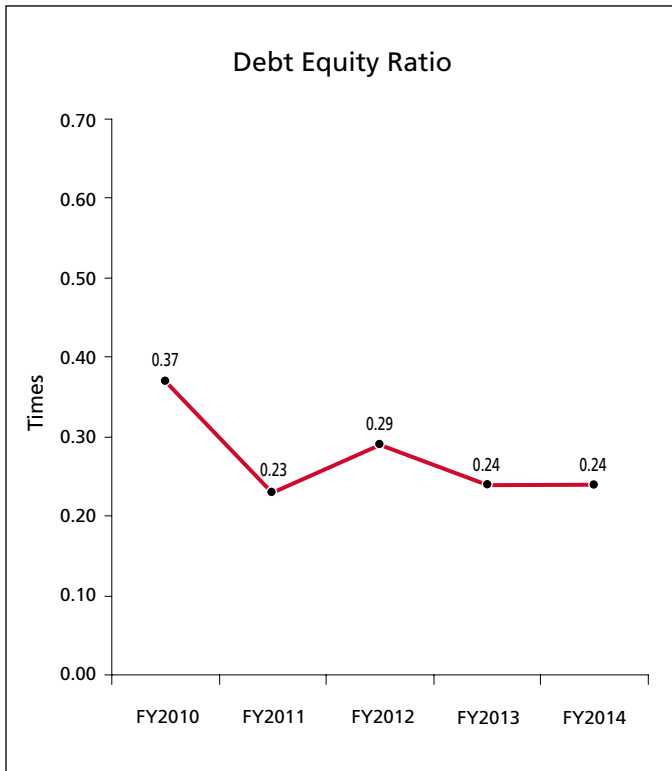
	As per Revised Schedule VI				As per Old Schedule VI					
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Income	43838	43962	34820	25989	20724	15072	13301	11645	9496	7840
Materials	29432	30425	23500	16264	12333	9274	7726	6828	5714	4603
Excise Duty (Net)	2612	2972	2501	2095	1807	1587	1584	1335	1136	1055
Personnel	2164	1866	1701	1432	1198	1025	868	666	553	465
Finance Costs/Interest	259	191	163	72	157	134	87	20	27	30
Depreciation and Amortisation Expense	863	711	576	414	371	292	239	209	200	184
Other Expenses	4191	3441	2881	2310	2102	1734	1563	1271	977	803
Exceptional items	52	91	108	118	91	10	173	122	210	14
Profit before tax for the year	4369	4447	3606	3520	2847	1036	1407	1438	1099	714
Tax for the year	611	1094	727	858	759	199	304	351	242	201
Adj. pertaining to Prev. Years	—	—	—	—	—	▲31	—	(19)	—	—
Balance profit	3758	3353	2879	2662	2088	868	1103	1068	857	513
Dividends	#+966	+894	+869	+803	+624	+312	+321	+325	+278	+172
Equity Dividend (%)	280	260	250	230	190	100	115	115	100	130
Earnings Per Share (Rupees)	63.67	56.85	48.97	46.21	37.97	15.92	23.12	22.58	19.04	11.52
Vehicles produced/ purchased (Units)	506035	555510	474145	355500	284516	201993	196956	169557	148213	148025
Vehicles sold (Units)	507176	551469	469345	354073	282119	206688	195077	169679	147591	145024
Tractors produced (Units)	277425	219893	246475	216388	173276	119098	98917	103847	87075	67115
Tractors sold (Units)	268487	224844	236666	214325	175196	120202	99042	102531	85029	65390

# 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







**ACCOUNTS**



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

### Report on the Financial Statements

1. We have audited the accompanying financial statements of Mahindra & Mahindra Limited ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

2. The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13<sup>th</sup> September, 2013 of the Ministry of Corporate Affairs) and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

5. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
  - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2014;
  - (b) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
  - (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

6. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
7. As required by Section 227(3) of the Act, we report that:
  - (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 Statement of Profit and Loss, 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 Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards notified under the Act (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13<sup>th</sup> September, 2013 of the Ministry of Corporate Affairs);
  - (e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2014 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2014 from being appointed as a director in terms of Section 274(1)(g) of the Act.

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

**Shyamak R Tata**  
Partner

MUMBAI, 30<sup>th</sup> May, 2014

(Membership No. 38320)

## Annexure to the Independent Auditors' Report

(Referred to in paragraph 6 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

In our opinion and according to the information and explanations given to us the nature of the Company's business/activities during the year, clauses (xii), (xiii) and (xiv) of paragraph 4 of the Order, are not applicable to the Company. In respect of the other clauses, we report as under:

- 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) During the year, in our opinion, a substantial part of fixed assets has not been disposed off by the Company.
- ii. In respect of its inventories:
  - (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 explanations 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 covered 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 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 purchase of inventories and fixed assets and for 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 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 of the Company and the nature of its business.
- viii. We have broadly reviewed the cost records maintained by the Company, as prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that, *prima facie*, the prescribed cost records have been maintained and are being made up. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- 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 statutory dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-Tax, Sales Tax, Wealth Tax, Service 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 Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues in arrears as at 31<sup>st</sup> March, 2014 for a period of more than six months from the date they became payable.

- (c) As at 31<sup>st</sup> March, 2014, the following are the particulars of dues on account of Income-Tax, Sales Tax, Service Tax, Wealth Tax, Customs Duty, Excise Duty and Cess that have not been deposited on account of any dispute:

Name of 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	2009-2010	27.32
		Appellate Authority – Commissioner (Appeals)	1999-2012	49.95
Sales Tax Laws	Sales Tax	High Court	1987-2008	181.78
		Appellate Authority – Tribunal Level	1987-2011	4.03
		Appellate Authority – Commissioner (Appeals)	1997-2013	42.48
Service Tax Laws	Service Tax	Appellate Authority – Tribunal Level	2001-2009	27.48
		Appellate Authority – Commissioner	2007-2012	23.73
Excise Duty Laws	Excise Duty	Supreme Court	1991-1996	538.56
		High Court	2007-2008	32.48
		Appellate Authority – Tribunal Level	1990-2012	749.80
		Appellate Authority – Commissioner	2002-2013	18.95
Customs Duty Laws	Customs Duty	High Court	1996-2001	1.49
		Appellate Authority – Tribunal Level	2008-2009	1.14

- x. The Company does not have accumulated losses at the end of the financial year and the Company has not incurred cash losses during the financial year covered by our audit 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 repayment of dues to financial institutions, banks and debenture holders.
- xii. 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.
- xiii. 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.
- xiv. 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 investment.
- xv. During the year 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.
- xvi. During the year, the Company had issued unsecured debentures.
- xvii. The Company has not raised any money by public issue during the year.
- xviii. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no significant fraud on the Company has been noticed or reported during the year.

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

**Shyamak R Tata**  
Partner  
(Membership No. 38320)

MUMBAI, 30<sup>th</sup> May, 2014

# Balance Sheet

as at 31<sup>st</sup> March, 2014

Rupees crores

	Note	2014	2013
<b>I. EQUITY AND LIABILITIES</b>			
SHAREHOLDERS' FUNDS :			
(a) Share Capital.....	2	295.16	295.16
(b) Reserves and Surplus.....	3	16,496.03	14,363.76
		<b>16,791.19</b>	<b>14,658.92</b>
NON CURRENT LIABILITIES :			
(a) Long Term Borrowings.....	4	3,744.42	3,172.44
(b) Deferred Tax Liabilities (Net) .....	5	889.65	614.85
(c) Other Long Term Liabilities.....	6	586.27	415.40
(d) Long Term Provisions .....	7	510.33	441.59
		<b>5,730.67</b>	<b>4,644.28</b>
CURRENT LIABILITIES :			
(a) Short Term Borrowings.....	8	0.74	54.63
(b) Trade Payables .....	9	6,068.80	5,579.71
(c) Other Current Liabilities .....	10	1,133.56	1,052.17
(d) Short Term Provisions .....	11	1,563.69	1,463.88
		<b>8,766.79</b>	<b>8,150.39</b>
<b>Total .....</b>		<b>31,288.65</b>	<b>27,453.59</b>
<b>II. ASSETS</b>			
NON CURRENT ASSETS :			
(a) Fixed Assets			
Tangible Assets .....	12 (A)	5,706.30	4,751.06
Intangible Assets .....	12 (B)	170.65	206.80
Capital Work-in-Progress.....		394.86	495.54
Intangible Assets Under Development .....		833.58	367.94
		<b>7,105.39</b>	<b>5,821.34</b>
(b) Non Current Investments.....	13 (A)	9,787.73	10,571.50
(c) Long Term Loans and Advances .....	14	3,018.12	2,087.47
(d) Other Non Current Assets .....	15	88.49	29.85
		<b>19,999.73</b>	<b>18,510.16</b>
CURRENT ASSETS :			
(a) Current Investments.....	13 (B)	1,592.12	1,261.96
(b) Inventories.....	16	2,803.63	2,419.77
(c) Trade Receivables .....	17	2,509.84	2,208.35
(d) Cash and Bank Balances .....	18	2,950.39	1,781.41
(e) Short Term Loans and Advances.....	19	945.83	763.40
(f) Other Current Assets.....	20	487.11	508.54
		<b>11,288.92</b>	<b>8,943.43</b>
<b>Total .....</b>		<b>31,288.65</b>	<b>27,453.59</b>

The accompanying notes 1 to 49 are an integral part of the Financial Statements

In terms of our report attached.

For Deloitte Haskins & Sells  
Chartered Accountants

Shyamak R Tata  
Partner

Mumbai, 30<sup>th</sup> May, 2014

Bharat Doshi  
Deepak S. Parekh  
Nadir B. Godrej  
M. M. Murugappan  
A. K. Nanda  
Narayanan Vaghul  
R. K. Kulkarni  
Vishakha N. Desai  
Vikram Singh Mehta  
S. B. Mainak

Directors

Anand G. Mahindra

Dr. Pawan Goenka

V. S. Parthasarathy

Narayan Shankar

Chairman & Managing Director

Executive Director & President  
(Automotive and Farm Equipment Sector)

Chief Financial Officer & Group CIO

Company Secretary

Mumbai, 30<sup>th</sup> May, 2014

**Statement of Profit and Loss** for the year ended 31<sup>st</sup> March, 2014

Rupees crores

	Note	2014	2013
Gross Revenue from Sale of Products and Services.....	21	42,575.04	42,874.61
Less : Excise Duty.....		2,611.68	2,971.49
Net Revenue from Sale of Products and Services.....		39,963.36	39,903.12
Other Operating Revenue.....	21	545.14	538.04
<b>Revenue from Operations (Net)</b> .....	21	40,508.50	40,441.16
Other Income.....	22	717.99	549.17
<b>Total Revenue</b> .....		41,226.49	40,990.33
<b>EXPENSES :</b>			
Cost of Materials Consumed.....	23	21,630.08	20,749.87
Purchases of Stock-in-Trade.....	24	8,076.92	9,752.68
Changes in Inventories of Finished Goods, Work-in-Progress, Stock-in-Trade and Manufactured Components.....	25	(274.67)	(78.03)
Employee Benefits Expense.....	26	2,163.72	1,866.45
Finance Costs.....	27	259.22	191.19
Depreciation and Amortisation Expense.....	28	863.34	710.81
Other Expenses.....	29	4,294.28	3,524.01
		37,012.89	36,716.98
Less : Cost of Manufactured Products Capitalised.....		103.04	83.12
<b>Total Expenses</b> .....		36,909.85	36,633.86
Profit Before Exceptional Item and Tax.....		4,316.64	4,356.47
<b>Add : Exceptional Items</b> .....	39	52.79	90.62
Profit Before Tax.....		4,369.43	4,447.09
Less : Tax Expense			
Current Tax.....		837.95	933.21
Less : MAT Credit Entitlement.....		488.15	—
Net Current Tax.....		349.80	933.21
Deferred Tax (Net).....		261.28	161.06
		611.08	1,094.27
<b>Profit for the year</b> .....		3,758.35	3,352.82
<b>Earnings per equity share</b>	40		
(Face value Rs. 5/- per share) (Rupees)			
Basic.....		63.67	56.85
Diluted.....		61.07	54.61
The accompanying notes 1 to 49 are an integral part of the Financial Statements			

In terms of our report attached.

For **Deloitte Haskins & Sells**  
Chartered Accountants**Shyamak R Tata**  
PartnerMumbai, 30<sup>th</sup> May, 2014

Bharat Doshi  
Deepak S. Parekh  
Nadir B. Godrej  
M. M. Murugappan  
A. K. Nanda  
Narayanan Vaghul  
R. K. Kulkarni  
Vishakha N. Desai  
Vikram Singh Mehta  
S. B. Mainak

Directors

**Anand G. Mahindra****Dr. Pawan Goenka****V. S. Parthasarathy****Narayan Shankar**

Chairman &amp; Managing Director

Executive Director & President  
(Automotive and Farm Equipment Sector)

Chief Financial Officer &amp; Group CIO

Company Secretary

Mumbai, 30<sup>th</sup> May, 2014

# Cash Flow Statement for the year ended 31<sup>st</sup> March, 2014

Rupees crores

	2014	2013
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>		
Profit before exceptional item and taxation.....	4,316.64	4,356.47
Adjustments for :		
Depreciation and Amortisation.....	863.34	710.81
(Profit)/Loss on Exchange (Net).....	(70.04)	(33.37)
Investment and Interest Income.....	(599.48)	(371.51)
Interest, Commitment and Finance Charges.....	259.22	191.19
Employee Stock Compensation Expense.....	56.14	67.06
Write off of Intangible Asset Under Development.....	7.19	17.04
(Profit)/Loss on sale of investments (Net).....	0.69	(62.62)
Profit on fixed assets sold/scrapped/written off (Net).....	(2.79)	(10.20)
Excess of cost over fair value of current investments (Net).....	3.57	—
Excess of cost over fair value of current investments, reversed (Net).....	—	(1.84)
	517.84	506.56
Operating Profit before Working Capital changes.....	4,834.48	4,863.03
Changes in :		
Trade and other receivables.....	(445.91)	(784.83)
Inventories.....	(270.18)	(62.74)
Trade and other payables.....	503.47	1,003.48
	(212.62)	155.91
Cash generated from operations.....	4,621.86	5,018.94
Income Taxes paid (Net of refunds).....	(894.22)	(873.23)
<b>NET CASH FROM OPERATING ACTIVITIES .....</b>	<b>3,727.64</b>	<b>4,145.71</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Purchase of fixed assets.....	(1,704.30)	(1,435.62)
Sale of fixed assets.....	26.71	46.32
Purchase of long term investments – Subsidiaries.....	(1,411.65)	(1,172.17)
Purchase of other long term investments.....	(4.22)	(4.08)
Purchase of current investments.....	(58,102.41)	(40,593.17)
Sale/Redemption of long term investments – Subsidiaries.....	1,165.02	—
Sale of long term investments – Associates.....	10.02	2.53
Sale of current investments.....	57,837.74	40,484.34
Interest received.....	228.46	142.69
Dividends received.....	298.33	182.53
Bank Deposits placed.....	(1,730.75)	(724.18)
Bank Deposits matured.....	1,121.27	160.56
Increase in Earmarked Balances & Margin account.....	(1.45)	(1.71)
Inter corporate deposits given.....	(1,146.09)	(936.23)
Inter corporate deposits refunded.....	956.85	860.22
Loan given.....	(112.70)	—
Repayment of loan given.....	55.75	—
Exceptional Items :		
Sale of long term investments.....	106.34	92.02
<b>NET CASH USED IN INVESTING ACTIVITIES.....</b>	<b>(2,407.08)</b>	<b>(2,895.95)</b>



**Cash Flow Statement** (contd.)

Rupees crores

	<b>2014</b>	<b>2013</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>		
Proceeds from issue of Share Capital (including Securities Premium).....	<b>183.90</b>	—
Proceeds from borrowings.....	<b>620.40</b>	227.48
Repayments of borrowings .....	<b>(473.99)</b>	(380.73)
Net increase/(decrease) in Cash Credit Facilities .....	<b>0.05</b>	(0.17)
Dividends paid [including income-tax on dividends <b>Rs. 93.46 crores</b> (2013 : Rs. 101.13 crores)] ....	<b>(893.51)</b>	(866.97)
Interest, commitment and finance charges paid .....	<b>(260.78)</b>	(201.50)
<b>NET CASH USED IN FINANCING ACTIVITIES .....</b>	<b>(823.93)</b>	(1,221.89)
<b>NET INCREASE IN CASH AND CASH EQUIVALENT .....</b>	<b>496.63</b>	27.87
<b>OPENING CASH AND CASH EQUIVALENT .....</b>	<b>1,163.96</b>	1,136.11
<b>CASH AND CASH EQUIVALENT RECEIVED/(GIVEN) PURSUANT TO THE SCHEME OF ARRANGEMENT/ BUSINESS TRANSFER .....</b>	<b>45.02</b>	(0.02)
<b>CLOSING CASH AND CASH EQUIVALENT .....</b>	<b>1,705.61</b>	1,163.96

# Notes to the Cash Flow Statement for the year ended 31<sup>st</sup> March, 2014

Rupees crores

	2014	2013
1. The above Cash Flow Statement has been prepared under the 'indirect method' as set out in Accounting Standard 3 'Cash Flow Statement'		
2. Cash and Cash Equivalents .....	1,705.61	1,163.96
Unrealised Loss on foreign currency Cash and Cash Equivalents.....	(0.04)	—
	1,705.57	1,163.96
Other Bank Balances .....	1244.82	617.45
Cash and Bank Balances (Note 18) .....	2,950.39	1,781.41
3. (a) Pursuant to the Scheme of Arrangement ("The Scheme") between Mahindra Trucks and Buses Limited (MTBL), a subsidiary of the Company, and the Company, as sanctioned by Honourable High Court of Bombay vide its order dated 7 <sup>th</sup> March, 2014, the entire assets and liabilities, duties and obligations of the Trucks business of MTBL was transferred to and vested in the Company, from 1 <sup>st</sup> April, 2013 (the appointed date) at the values indicated below :		
(i) Loan Funds.....	246.43	—
(ii) Other Liabilities.....	343.16	—
(iii) Fixed Assets (Net) .....	519.54	—
(iv) Investments.....	5.00	—
(v) Other Assets .....	257.53	—
(b) The Company has transferred certain assets alongwith certain liabilities of its Defense system division to a wholly owned subsidiary in the current year with effect from 1 <sup>st</sup> April, 2013. The value of the assets and liabilities of the division transferred are at the values indicated below :		
(i) Other Liabilities.....	5.89	—
(ii) Fixed Assets (Net) .....	3.97	—
(iii) Other Assets .....	15.16	—
(c) The Company had transferred its Naval system division to a wholly owned subsidiary in the previous year with effect from 1 <sup>st</sup> June, 2012. The value of the assets and liabilities of the division transferred are at the values indicated below :		
(i) Other Liabilities.....	—	2.07
(ii) Fixed Assets (Net) .....	—	3.31
(iii) Other Assets .....	—	12.24
(d) This arrangement/transfers are non-cash transactions.		

In terms of our report attached.

For **Deloitte Haskins & Sells**  
Chartered Accountants

**Shyamak R Tata**  
Partner

Mumbai, 30<sup>th</sup> May, 2014

**Bharat Doshi**  
**Deepak S. Parekh**  
**Nadir B. Godrej**  
**M. M. Murugappan**  
**A. K. Nanda**  
**Narayanan Vaghul**  
**R. K. Kulkarni**  
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**V. S. Parthasarathy**

**Narayan Shankar**

Chairman & Managing Director

Executive Director & President  
(Automotive and Farm Equipment Sector)

Chief Financial Officer & Group CIO

Company Secretary

Mumbai, 30<sup>th</sup> May, 2014

## Notes forming part of the Financial Statements for the year ended 31<sup>st</sup> March, 2014

### 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 the Companies Act, 1956 and the relevant provisions thereof.

#### (B) Tangible Assets :

- (a) (i) Tangible 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 tangible assets upto the date the assets are ready for use. Where the acquisition of depreciable tangible 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 depreciable tangible 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 Statement of Profit and Loss.

- (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 over their estimated useful lives, or lives based on the rates specified in Schedule XIV to the Companies Act, 1956, whichever is higher. Accordingly depreciation is provided on :
- (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).
  - (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 carried at cost and amortised on a Straight Line Basis 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) Others :

The expenditure incurred is amortised over the estimated period of benefit, not exceeding ten years.

#### (D) Impairment of Assets :

The carrying value of assets/cash generating units at each balance sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, except in case of revalued assets.

(E) 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.

(F) 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 net realisable value, whichever is lower.

(G) 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 depreciable tangible assets are added to, or subtracted from, the cost of such depreciable tangible assets and the balance accumulated in 'Foreign Currency Monetary Item Translation Difference Account', under Reserves and Surplus, and amortised over the balance term of the long term monetary item.

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 where the contract is designated as a cash flow hedge.

(H) 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 at each reporting date.

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 in the Statement of Profit and Loss.

(I) Revenue Recognition :

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

Excise duty recovered on sales is included in "Revenue from Operations".

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

(J) 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 as income on accrual basis.

(K) Employee Benefits :

In respect of Defined Contribution Plans/Defined Benefit Plans/Long term Compensated Absences :

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

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

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 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.

In respect of Employee Stock Option Scheme :

The compensation cost of stock options granted to employees is measured by the Intrinsic Value Method. The intrinsic value, which is the excess of the market price of the underlying equity shares as of the date of the grant over the exercise price of the option, is recognised and amortised on straight line basis over the vesting period.

(L) Borrowing Costs :

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

- (i) 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.
- (ii) 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.

(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.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax against which the MAT paid will be adjusted.

(P) Segment Reporting :

Segments are identified having regard to the dominant source and nature of risks and returns and internal organisation and management structure.

Revenues and expenses have been identified to the segment 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.

2. Share Capital :

Rupees crores

	2014	2013
<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
	<b>625.00</b>	<b>625.00</b>
<b>Issued and Subscribed :</b>		
61,58,92,384 (2013 : 61,39,80,756) Ordinary (Equity) Shares of Rs. 5 each fully paid up.....	307.95	306.99
<b>Less :</b>		
2,55,69,113 (2013 : 2,36,57,485) Ordinary (Equity) Shares of Rs. 5 each fully paid up issued to ESOP Trust but not allotted to employees .....	12.79	11.83
<b>Adjusted : Issued and Subscribed Share Capital.....</b>	<b>295.16</b>	<b>295.16</b>

(A) Reconciliation of number of Ordinary (Equity) Shares and amount outstanding :

	2014		2013	
	No. of shares	Rupees crores	No. of shares	Rupees crores
<b>Issued and Subscribed :</b>				
Balance as at the beginning of the year .....	61,39,80,756	306.99	61,39,74,839	306.99
<b>Add :</b>				
Shares issued under Schemes of Arrangement.....	—	—	5,917	*
Shares issued to ESOP Trust .....	19,11,628	0.96	—	—
Balance as at the end of the year .....	61,58,92,384	307.95	61,39,80,756	306.99
<b>Less :</b>				
Shares issued to ESOP Trust but not allotted to Employees [Note 3(K)].....	2,55,69,113	12.79	2,36,57,485	11.83
<b>Adjusted : Issued and Subscribed Share Capital.....</b>	<b>59,03,23,271</b>	<b>295.16</b>	<b>59,03,23,271</b>	<b>295.16</b>

\* denotes amounts less than Rs. 50,000

(B) The Ordinary (Equity) Shares of the Company rank *pari-passu* in all respects including voting rights and entitlement to dividend.

(C) Details of Ordinary (Equity) Shares held by shareholders holding more than 5% of the aggregate shares in the Company :

Name of the Shareholder	2014		2013	
	No. of shares	% shareholding	No. of shares	% shareholding
(i) Prudential Management and Services Pvt. Ltd. ....	7,07,60,970	11.49	6,99,86,970	11.40
(ii) Life Insurance Corporation of India.....	7,00,77,205	11.38	6,52,03,016	10.62
(iii) M&M Benefit Trust.....	5,18,35,214	8.42	5,18,35,214	8.44
(iv) The Bank of New York Mellon (for GDR holders)....			3,29,49,467	5.37

(D) Issued and Subscribed Share Capital includes an aggregate of 40,647 (2013 : 6,61,99,551) Ordinary (Equity) Shares of Rs. 5 each allotted as fully paid-up pursuant to Schemes of Arrangement without payment having been received in cash, for a period of five years immediately preceding the end of the financial year.

## 3. Reserves and Surplus :

	Rupees crores	
	2014	2013
<b>(A) Capital Reserve :</b>		
Balance as at the beginning of the year.....	10.13	10.13
Balance as at the end of the year.....	10.13	10.13
<b>(B) Securities Premium Account :</b>		
Balance as at the beginning of the year.....	2,310.22	2,284.44
Add :		
On account of issue of Ordinary (Equity) Shares to ESOP Trust .....	182.94	—
On account of exercise of employee stock options .....	—	25.88
	2,493.16	2,310.32
Less :		
Applied, in accordance with Section 78 of the Companies Act, 1956, towards :		
Writing-off of debenture issue expenses [Net of Tax of Rs. 0.06 crores (2013 : Rs. 0.05 crores)].....	0.12	0.10
	2,493.04	2,310.22
Less :		
Premium on shares issued to ESOP Trust but not allotted to employees [Note 3(K)] .....	259.61	76.67
Balance as at the end of the year.....	2,233.43	2,233.55
<b>(C) Revaluation Reserve :</b>		
Balance as at the beginning of the year.....	10.84	10.91
Less :		
Adjusted against depreciation for the year.....	0.05	0.06
Adjusted in respect of revalued Land and Buildings sold/demolished .....	—	0.01
Balance as at the end of the year.....	10.79	10.84
<b>(D) General Reserve :</b>		
Balance as at the beginning of the year.....	1,819.96	1,397.23
Add :		
Transfer from Surplus in Statement of Profit and Loss .....	400.00	400.00
On account of employee stock options* .....	51.44	22.73
	2,271.40	1,819.96
Less :		
Consequent to the Scheme of Arrangement [Note 37] .....	565.85	—
	1,705.55	1,819.96
Add :		
Bonus shares issued to ESOP Trust but not allotted to employees [Note 3(K)].....	1.08	1.08
Balance as at the end of the year.....	1,706.63	1,821.04
* relating to shares other than those allotted by the Company to the ESOP Trust		
<b>(E) Debenture Redemption Reserve :</b>		
Balance as at the beginning of the year.....	71.43	57.14
Add :		
Transfer from Surplus in Statement of Profit and Loss .....	16.79	14.29
Balance as at the end of the year.....	88.22	71.43

### 3. Reserves and Surplus : (contd.)

Rupees crores

	2014	2013
<b>(F) Investment Fluctuation Reserve* [Note 38] :</b>		
Balance as at the beginning of the year.....	277.98	216.29
Add :		
Provision no longer required written back.....	0.52	—
Adjustment to Deferred Tax on assets relating to a product development project .....	—	66.29
	<b>278.50</b>	<b>282.58</b>
Less :		
Utilisation during the year [Net of Tax of <b>Rs. Nil crores</b> (2013 : Rs. 1.87 crores)].....	147.76	4.60
Balance as at the end of the year.....	<b>130.74</b>	<b>277.98</b>
* pursuant to Schemes of Arrangement/Amalgamation approved by the Honourable High Court		
<b>(G) Hedging Reserve Account :</b>		
Balance as at the beginning of the year.....	(50.08)	(37.96)
Add :		
Gain/(Loss) on mark to market of hedging instruments designated and effective as hedges of future cash flows .....	36.01	(19.67)
	<b>(14.07)</b>	<b>(57.63)</b>
Less :		
Deferred Tax.....	(12.24)	7.55
Balance as at the end of the year.....	<b>(26.31)</b>	<b>(50.08)</b>
<b>(H) Employee Stock Options Outstanding :</b>		
Balance as at the beginning of the year.....	244.15	257.77
Add :		
On account of options granted during the year.....	39.40	46.61
	<b>283.55</b>	<b>304.38</b>
Less :		
Transfer to Securities Premium Account on exercise of options during the year .....	—	25.88
Transfer to General Reserve on account of employee stock options* .....	51.44	22.73
For options lapsed during the year .....	9.00	11.62
Balance as at the end of the year.....	<b>223.11</b>	<b>244.15</b>
Less :		
Deferred Employee Compensation Expense .....	84.41	112.69
Balance as at the end of the year.....	<b>138.70</b>	<b>131.46</b>

\* relating to shares other than those allotted by the Company to the ESOP Trust



## 3. Reserves and Surplus : (contd.)

	Rupees crores	
	2014	2013
<b>(I) Foreign Currency Monetary Item Translation Difference Account :</b>		
Balance as at the beginning of the year .....	(94.51)	(66.40)
Add :		
Arising on revaluation of long term monetary assets and liabilities (net).....	(92.45)	(56.34)
	<b>(186.96)</b>	<b>(122.74)</b>
Less :		
Amortisation during the year.....	65.95	28.23
Balance as at the end of the year.....	<b>(121.01)</b>	<b>(94.51)</b>
<b>(J) Surplus in Statement of Profit and Loss :</b>		
Balance as at the beginning of the year.....	9,951.92	7,904.54
Add :		
Profit for the year.....	3,758.35	3,352.82
	<b>13,710.27</b>	<b>11,257.36</b>
Less :		
Transfer to Debenture Redemption Reserve .....	16.79	14.29
Transfer to General Reserve .....	400.00	400.00
Proposed Dividend [Rs. 14.00 per share (2013 : Rs. 13.00 per share)] .....	862.25	798.17
Income-tax on Proposed Dividend.....	103.56	92.98
Dividend for 2012-13 paid on shares issued in June 2013.....	2.48	—
Income-tax on dividend paid .....	0.48	—
Balance as at the end of the year.....	<b>12,324.71</b>	<b>9,951.92</b>
<b>Total Reserves and Surplus .....</b>	<b>16,496.03</b>	<b>14,363.76</b>

(K) 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 and Surplus. Accordingly, the Company has reduced the Share Capital by **Rs. 11.71 crores** (2013 : Rs. 10.75 crores) and Securities Premium Account by **Rs. 259.61 crores** (2013 : Rs. 76.67 crores) for the **2,34,16,888** shares of Rs. 5 each (2013 : 2,15,05,260 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. 1.08 crores** (2013 : Rs. 1.08 crores) for the **21,52,225** bonus shares of Rs. 5 each (2013 : 21,52,225 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 the Trust, is included under Other Current Liabilities and Other Long Term Liabilities.

#### 4. Long Term Borrowings :

	Rupees crores	
	2014	2013
<b>(A) Secured :</b>		
(i) Debentures/Bonds.....	133.33	266.67
(ii) Term Loans from Banks.....	160.72	—
	<b>294.05</b>	<b>266.67</b>
<b>(B) Unsecured :</b>		
(i) Debentures.....	500.00	—
(ii) Term Loans from Banks.....	1,797.45	1,740.20
(iii) Fixed Deposits.....	58.71	47.93
(iv) Other Loans.....	1,094.21	1,117.64
	<b>3,450.37</b>	<b>2,905.77</b>
	<b>3,744.42</b>	<b>3,172.44</b>

##### (a) Secured Borrowings :

Debentures/Bonds include Secured Non-Convertible debentures carrying an interest rate of 11.95% for a period of seven years and are repayable in three equal annual installments from December, 2013. These debentures are secured by tangible assets of the Company at certain locations including immovable items therein and by way of a first *pari-passu* charge on the movable plant and machinery, machinery spares, tools and accessories and other movables, both present and future (save and except book debts) situated at certain locations of the Company.

Term loans from banks are secured by way of first ranking *pari-passu* charge on certain immovable and movable properties both present and future, relating to Medium and Heavy Commercial Vehicle (MHCV) project as well as second charge on certain current assets, relating to MHCV project. These loans carry floating rate of interest ranging from 11.00% to 11.80%. The loan is repayable in 28 quarterly installments of Rs. 10.71 crores each, from 31<sup>st</sup> March, 2012.

##### (b) Unsecured Borrowings :

Debentures are Senior Redeemable Non-Convertible Debentures carrying an interest rate of 9.55% with a tenure of 50 years, repayable in July, 2063.

Term loans from banks comprise of :

(i) USD External Commercial Borrowings carrying an average margin of 157 basis points over three month USD Libor and are repayable after five years and one day from the date of respective availment of loan i.e. Rs. 898.72 crores in February, 2016, Rs. 599.15 crores in August, 2016 and Rs. 299.58 crores in September, 2016.

(ii) JPY External Commercial Borrowings carrying an average margin of 39 basis points over six month JPY Libor is for a period of five years and one day. The loan is repayable in three equal annual installments from August, 2012. Rs. 113.04 payable in August, 2014 is shown under current maturities of long term borrowings.

Fixed deposits are repayable three years from the date of deposit and carry an interest rate of 8.00% and 9.75%.

Other loans comprise deferred sales tax loans which are interest free and repayable in five equal installments after ten years from the year of availment of respective loan. These loans are repayable :

	Rupees crores	
	2014	2013
(i) In the second year.....	39.08	23.53
(ii) In the third to fifth year.....	235.42	178.31
(iii) After five years.....	819.71	915.80
	<b>1,094.21</b>	<b>1,117.64</b>

##### (c) Current maturities in respect of long term borrowings have been included in Note 10 as under :

	Rupees crores	
	2014	2013
(i) Debentures/Bonds.....	133.34	133.33
(ii) Term Loans from Banks.....	155.90	111.80
(iii) Fixed Deposits.....	10.93	3.98
(iv) Other Loans.....	—	12.41
	<b>300.17</b>	<b>261.52</b>

**5. Deferred Tax Liabilities (Net) :**

The components of Deferred Tax Liabilities and Assets are as under :

	Rupees crores	
	2014	2013
Deferred Tax Liabilities :		
(i) On fiscal allowances on fixed assets.....	1,105.68	806.81
(ii) Others.....	57.66	47.31
	<b>1,163.34</b>	<b>854.12</b>
Deferred Tax Assets :		
(i) On provision for employee benefits.....	154.85	149.00
(ii) On provision for doubtful debts/advances.....	16.95	12.95
(iii) Loss on mark to market of hedging instruments .....	13.55	25.79
(iv) Others.....	88.34	51.53
	<b>273.69</b>	<b>239.27</b>
Net Deferred Tax Liabilities.....	<b>889.65</b>	<b>614.85</b>

**6. Other Long Term Liabilities :**

	Rupees crores	
	2014	2013
Trade Payables .....	31.13	35.57
Others .....	555.14	379.83
	<b>586.27</b>	<b>415.40</b>

Others include dealer deposits, advance from customers, payable for investments, gratuity payable and monies adjusted from share capital and reserves and surplus on account of shares held by ESOP Trust pending transfer to the eligible employees.

**7. Long Term Provisions :**

	Rupees crores	
	2014	2013
Provision for Employee Benefits.....	366.77	317.85
Provision for Warranty [Note 32] .....	143.56	123.74
	<b>510.33</b>	<b>441.59</b>

**8. Short Term Borrowings :**

	Rupees crores	
	2014	2013
<b>(A) Secured :</b>		
Loans and Advances on cash credit account from Banks.....	0.05	—
<b>(B) Unsecured :</b>		
Term Loan from Bank.....	—	54.28
Fixed Deposits .....	0.69	0.35
	<b>0.74</b>	<b>54.63</b>

**(a) Secured Borrowings :**

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.

**(b) Unsecured Borrowings :**

Term loan from bank was pre shipment credit carrying margin of 60 basis points over six month USD Libor and was repayable within a year from the date of avilment of loan.

Fixed deposits are for a period of one year and carry an interest rate of 8.50%.

## 9. Trade Payables :

	Rupees crores	
	2014	2013
Acceptances.....	747.85	767.30
Trade Payables – Micro and Small enterprises.....	112.59	65.50
Trade Payables – Other than Micro and Small enterprises.....	5,208.36	4,746.91
	<b>6,068.80</b>	<b>5,579.71</b>

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	
	2014	2013
(a) Dues remaining unpaid as at 31 <sup>st</sup> March		
Principal.....	35.65	15.28
Interest on the above .....	0.45	0.80
(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.....	645.15	238.97
Interest paid in terms of Section 16 of the Act .....	2.95	3.14
(c) Amount of interest due and payable for the period of delay on payments made beyond the appointed day during the year .....	3.08	2.47
(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 .....	1.16	0.19
(e) Amount of interest accrued and remaining unpaid as at 31 <sup>st</sup> March.....	4.69	3.46

## 10. Other Current Liabilities :

	Rupees crores	
	2014	2013
Current Maturities of Long Term Borrowings.....	300.17	261.52
Advance from Customers .....	255.91	215.07
Interest accrued but not due on borrowings .....	23.78	25.30
Dividend Payable.....	12.43	11.83
Unclaimed Matured Deposits.....	0.43	0.70
Others.....	540.84	537.75
	<b>1,133.56</b>	<b>1,052.17</b>

Others mainly include capital creditors, government dues and taxes payable, gratuity payable and salary deductions payable.

There are no amounts due and outstanding to be credited to the Investor Education and Protection Fund.

## 11. Short Term Provisions :

	Rupees crores	
	2014	2013
Provision for Employee Benefits.....	148.62	120.47
Provision for Warranty [Note 32] .....	194.98	196.65
Proposed Dividend .....	862.25	798.17
Provision for Tax on Proposed Dividend.....	103.56	92.98
Provision for Taxation.....	254.28	255.61
	<b>1,563.69</b>	<b>1,463.88</b>

12. Fixed Assets :

(A) Tangible Assets :

Description of Assets	Rupees crores											
	Cost/ Professional valuation as at 31 <sup>st</sup> March, 2013	Additions during the year	Other adjustments during the year	Acquisition through Scheme of Arrangement	Deductions and adjustments during the year	Cost/ Professional valuation as at 31 <sup>st</sup> March, 2014	Accumulated Depreciation upto 31 <sup>st</sup> March, 2013	Depreciation for 2013-2014	Accumulated Depreciation/ adjustment on Assets acquired through Scheme of Arrangement	Deductions and adjustments of Depreciation	Accumulated Depreciation upto 31 <sup>st</sup> March, 2014	Net Balance as at 31 <sup>st</sup> March, 2014
Land – Freehold.....	139.27	125.35	—	—	—	264.62	—	—	—	—	—	264.62
	141.45	0.01	—	—	2.19	139.27	—	—	—	—	—	139.27
Land – Leasehold .....	63.34	—	—	—	—	63.34	5.69	0.68	—	—	6.37	56.97
	63.34	—	—	—	—	63.34	5.02	0.67	—	—	5.69	57.65
Buildings.....	1,338.49	65.39	23.74	0.66	3.00	1,425.28	253.20	39.77	0.03	0.13	292.87	1,132.41
	1,161.51	184.54	4.26	—	11.82	1,338.49	222.93	33.78	—	3.51	253.20	1,085.29
Plant and Equipment.....	6,354.12	802.76	94.34	488.54	50.76	7,689.00	3,193.35	582.17	98.36	40.70	3,833.18	3,855.82
	5,468.74	927.85	76.57	—	119.04	6,354.12	2,833.59	461.64	—	101.88	3,193.35	3,160.77
Office Equipment.....	69.51	16.05	0.86	1.71	1.09	87.04	26.87	6.48	0.34	0.84	32.85	54.19
	65.12	9.47	0.02	—	5.10	69.51	25.34	5.10	—	3.77	26.87	42.64
Furniture and Fixtures.....	148.16	14.72	0.37	3.83	1.89	165.19	69.51	9.74	0.92	0.98	79.19	86.00
	142.63	14.73	—	—	9.20	148.16	66.82	8.71	—	6.02	69.51	78.65
Aircraft .....	56.82	46.64	—	—	—	103.46	6.83	5.37	—	—	12.20	91.26
	56.82	—	—	—	—	56.82	3.64	3.19	—	—	6.83	49.99
Vehicles.....	226.45	66.66	0.13	11.22	30.46	274.00	89.65	34.64	3.22	18.54	108.97	165.03
	189.10	61.16	—	—	23.81	226.45	78.56	28.17	—	17.08	89.65	136.80
	8,396.16	1,137.57	119.44	505.96	87.20	10,071.93	3,645.10	678.85	102.87	61.19	4,365.63	5,706.30
	7,288.71	1,197.76	80.85	—	171.16	8,396.16	3,236.10	541.26	—	132.26	3,645.10	4,751.06

(B) Intangible Assets (acquired, unless otherwise stated) :

Description of Assets	Rupees crores											
	Cost/ Professional valuation as at 31 <sup>st</sup> March, 2013	Additions during the year	Other adjustments during the year	Acquisition through Scheme of Arrangement	Deductions and adjustments during the year	Cost/ Professional valuation as at 31 <sup>st</sup> March, 2014	Accumulated Amortisation upto 31 <sup>st</sup> March, 2013	Amortisation for 2013-2014	Accumulated Amortisation/ adjustment on Assets acquired through Scheme of Arrangement	Deductions and adjustments of Amortisation	Accumulated Amortisation upto 31 <sup>st</sup> March, 2014	Net Balance as at 31 <sup>st</sup> March, 2014
Technical Knowhow.....	4.34	—	—	—	1.76	2.58	3.09	0.52	—	1.03	2.58	—
	102.41	—	—	—	98.07	4.34	100.28	0.88	—	98.07	3.09	1.25
Development Expenditure – Internally Generated.....	474.01	38.60	—	198.00	103.71	606.90	286.26	163.46	113.78	102.82	460.68	146.22
	361.46	113.83	—	—	1.28	474.01	159.79	127.75	—	1.28	286.26	187.75
Computer Software .....	131.27	16.27	—	15.16	87.32	75.38	113.47	16.63	13.83	87.08	56.85	18.53
	112.89	21.84	—	—	3.46	131.27	75.95	40.98	—	3.46	113.47	17.80
Others.....	—	—	—	39.33	—	39.33	—	3.93	29.50	—	33.43	5.90
	609.62	54.87	—	252.49	192.79	724.19	402.82	184.54	157.11	190.93	553.54	170.65
	576.76	135.67	—	—	102.81	609.62	336.02	169.61	—	102.81	402.82	206.80

Notes :

- Other adjustments during the year include difference in exchange and interest capitalised.
- Buildings include Rs. \* crores (2013 : Rs. \* crores) being the value of shares in co-operative housing societies.
- (i) The depreciation charge for the year excludes an amount of Rs. 0.05 crores (2013 : Rs. 0.06 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. Nil crores (2013 : Rs. 0.01 crores) in respect of revalued Land and Buildings sold/demolished during the year.  
(iii) The net credit to the Statement of Profit and Loss consequent to the above adjustments to the Revaluation Reserve is Rs. 0.05 crores (2013 : Rs. 0.07 crores).
- Intangible - Others include congeries of rights etc.  
\* denotes amounts less than Rs. 50,000  
Current year figures are in bold.

13. (A) Non Current Investments :

	Face Value Per Unit (Rupees)	2014		2013	
		Long Term		Long Term	
		Number	Rupees crores	Number	Rupees crores
<b>Investments (At Cost, unless otherwise specified) :</b>					
<b>Investments in Equity Instruments (Trade and fully paid-up unless otherwise specified) :</b>					
<b>Unquoted</b>					
<b>(i) In Subsidiary Companies</b>					
Mahindra Engineering and Chemical Products Limited .....	10	4,39,98,462	391.82	3,59,98,462	311.82
Mahindra Intertrade Limited [including 1,50,00,000 shares partly paid-up Rs. 3 per share] .....	10	2,71,00,006	16.60	2,71,00,006	16.60
Mahindra USA Inc. .... +	US \$ 0.10	14,00,00,000	66.37	14,00,00,000	66.37
Mahindra Gujarat Tractor Limited..... +	10	16,83,218	3.55	16,83,218	3.55
Mahindra Shubhlabh Services Limited.....	10	89,12,400	9.08	49,12,400	5.08
Mahindra First Choice Wheels Limited .....	+ 10	3,47,77,255	47.44	3,47,77,255	47.44
Bristlecone Limited .....	US \$ 0.001	42,22,250	19.26	42,22,250	19.26
Mahindra & Mahindra South Africa (Proprietary) Limited .....	+ ZAR 1	5,20,00,000	28.54	5,20,00,000	28.54
Mahindra Engineering Services Limited .....	10	81,26,218	59.96	81,26,218	59.96
Mahindra Overseas Investment Company (Mauritius) Limited.....	+ US \$ 1	8,79,02,525	422.30	8,16,63,925	387.11
Mahindra Gears & Transmissions Private Limited .....	10	—	—	1,15,86,361	55.75
Mahindra Automobile Distributor Private Limited .....	10	7,40,000	0.31	7,40,000	0.31
Mahindra Trucks and Buses Limited (formerly known as Mahindra Navistar Automotives Limited) (previous year face value per unit Rs. 10) [Note 37].....	0.20	1,14,79,25,600	74.12	1,14,79,25,600	893.91
Mahindra Vehicle Manufacturers Limited .....	+ 10	96,22,50,000	962.25	96,22,50,000	962.25
Mahindra Hinoday Industries Limited .....	10	—	—	3,02,54,052	167.95
Mahindra Logistics Limited .....	+ 10	5,39,06,123	53.91	5,76,99,900	57.70
Mahindra Heavy Engines Private Limited (formerly known as Mahindra Navistar Engines Private Limited).....	10	32,80,00,000	259.28	26,50,00,000	196.28
Mahindra Aerospace Private Limited .....	+ 10	12,36,97,041	231.64	9,75,15,249	180.48
Mahindra First Choice Services Limited .....	10	13,87,70,000	138.77	5,70,00,000	57.00
Mahindra Gears International Limited .....	+ EURO 1	2,30,00,001	153.13	2,07,00,001	137.82
Mahindra Holdings Limited.....	10	6,12,49,999	61.25	4,75,49,999	47.55
Mahindra Consulting Engineers Limited .....	+ 10	11,51,000	1.25	11,51,000	1.25
NBS International Limited .....	10	50,490	5.07	50,490	5.07
Mahindra Two Wheelers Limited .....	10	1,11,35,11,969	1,113.51	81,72,99,975	817.30
Mahindra Automotive Australia Pty. Limited .....	AUD 1	45,75,000	21.16	45,75,000	21.16
Defence Land Systems India Private Limited .....	10	6,29,00,000	62.90	6,29,00,000	62.90
Mahindra Namaste Private Limited .....	10	—	—	10,000	0.01
Mahindra Reva Electric Vehicles Private Limited .....	+ 10	2,39,43,542	340.16	1,83,28,157	267.16
Mahindra Defence Naval Systems Private Limited .....	10	—	—	1,50,31,330	15.03
Mahindra Defence Systems Limited .....	10	42,53,467	30.65	23,79,900	2.38
Mahindra Investments (India) Private Limited [Note 38(a)] .....	+ 10	8,00,56,580	56.44	—	—
Mahindra Sanyo Special Steel Private Limited.....	+ 10	51,00,000	214.33	—	—
Mahindra 'Electoral Trust' Company.....	10	50,000	0.05	—	—
Mahindra Investments (International) Private Limited.....	10	50,000	0.05	—	—
			4,845.15		4,894.99
<b>(ii) In Associate Companies</b>					
Officemartindia.com Limited .....	10	7,49,997	0.22	7,49,997	0.22
Mahindra Construction Company Limited .....	10	9,00,000	0.97	9,00,000	0.97
Mega One Stop Farm Services Limited .....	10	3,51,000	0.35	3,51,000	0.35
Mriyalguda Farm Solution Limited.....	10	3,37,500	0.34	3,37,500	0.34
Kota Farm Services Limited .....	10	2,73,420	0.27	2,73,420	0.27
Mahindra & Mahindra Contech Limited.....	10	35,000	0.04	35,000	0.04
PSL Media & Communications Limited .....	5	19,750	0.01	19,750	0.01
			2.20		2.20

**13. (A) Non Current Investments : (contd.)**

	Face Value Per Unit (Rupees)	2014		2013	
		Long Term		Long Term	
		Number	Rupees crores	Number	Rupees crores
(iii) In Joint Venture Company					
Mahindra Sona Limited.....	10	13,10,000	1.64	13,10,000	1.64
			1.64		1.64
(iv) In Other Companies (Non-trade and fully paid-up unless otherwise specified)					
Montreal Engineering International Limited.....	100	312	*	312	*
Machinery Manufacturers Corporation Limited..... +	10	8,55,646	0.94	8,55,646	0.94
Judricks (India) Private Limited.....	10	1,00,000	0.10	1,00,000	0.10
NTTF Industries Limited.....	10	75,000	0.15	75,000	0.15
Indian NGOs.com Private Limited.....	10	50,000	0.06	50,000	0.06
Sixth Sense Studios Private Limited.....	10	20,000	0.02	20,000	0.02
Utility Engineers (India) Limited.....	10	2,85,000	0.28	2,85,000	0.28
Business Standard Limited.....	10	5,00,000	0.09	5,00,000	0.09
New Tirupur Area Development Corporation Limited..... +	10	75,00,000	7.50	75,00,000	7.50
Triton Overwater Transport Agency Limited.....	10	4,98,000	0.58	4,98,000	0.58
Hadoti Krishi Vihar Private Limited.....	100	1,000	0.01	1,000	0.01
Harsolia Agri Sales and Services Private Limited.....	10	30,000	0.03	30,000	0.03
Yadgiri Farm Solutions Private Limited.....	100	200	*	200	*
Srinivasa Farm Solutions Private Limited.....	10	2,000	*	2,000	*
Farm Vision Agri-Tech Private Limited.....	10	15,180	0.01	15,180	0.01
Sowbhagya Krishi Vikas Private Limited.....	10	20,000	0.02	20,000	0.02
Bhuvi Care Private Limited.....	100	1,800	0.02	1,800	0.02
Richfield Crop Solutions India Private Limited.....	10	6,000	0.01	6,000	0.01
Covai Crop Care India Private Limited.....	10	6,000	0.01	6,000	0.01
Manjara Agri Tech Private Limited.....	10	8,000	0.01	8,000	0.01
Wardha Power Company Limited : Class 'A' Equity Shares (Trade Investment).. +	10	19,45,867	1.95	19,45,867	1.95
Others..... @			*		*
			11.79		11.79
<b>Quoted</b>					
(i) In Subsidiary Companies					
Mahindra Lifespace Developers Limited.....	10	2,08,46,126	276.94	2,08,46,126	276.94
Mahindra & Mahindra Financial Services Limited.....	2	29,12,07,660	150.91	29,12,07,660	150.91
Mahindra CIE Automotive Limited (formerly known as Mahindra Forgings Limited).....	10			4,88,25,609	854.15
Mahindra Ugine Steel Company Limited..... +	10	1,64,66,789	49.26	1,64,66,789	49.26
Mahindra Holidays & Resorts India Limited.....	10	6,65,85,642	27.46	6,65,85,642	27.46
Ssanyong Motor Company (Listed on a Stock Exchange outside India) +	KRW 5000	9,99,64,502	2,133.94	8,54,19,047	1,739.62
EPC Industrie Limited.....	10	1,51,44,433	77.75	1,51,44,433	77.75
Swaraj Automotives Limited.....	10	17,06,925	18.28	17,06,925	18.28
			2,734.54		3,194.37

\* denotes amounts less than Rs. 50,000

**13. (A) Non Current Investments : (contd.)**

	Face Value Per Unit (Rupees)	2014		2013	
		Long Term		Long Term	
		Number	Rupees crores	Number	Rupees crores
(ii) In Associate Companies					
Swaraj Engines Limited.....	10	41,26,417	1.63	41,26,417	1.63
Mahindra Composites Limited.....	10	—	—	13,41,203	2.90
Mahindra CIE Automotive Limited (formerly known as Mahindra Forgings Limited)..... +	10	2,96,109	5.18		
Tech Mahindra Limited.....	10	6,06,76,252	644.68	6,06,76,252	644.68
			651.49		649.21
(iii) In Other Companies (Non-trade and fully paid-up)					
Jardine Henderson Limited.....	100	25	*	25	*
IDBI Bank Limited.....	10	2,85,440	2.29	2,85,440	2.29
			2.29		2.29
<b>Investments in Equity Instruments.....</b>			<b>8,249.10</b>		<b>8,756.49</b>
<b>Investments in Preference Shares (Trade and fully paid-up unless otherwise specified) :</b>					
<b>Unquoted</b>					
(i) In Subsidiary Companies					
Series 'A' Preference Shares : Bristlecone Limited.....	US \$ 0.001	70,00,000	31.72	70,00,000	31.72
Series 'B' Preference Shares : Bristlecone Limited.....	US \$ 0.001	69,20,000	15.13	69,20,000	15.13
Mahindra Gears International Limited.....	EURO 1	—	—	23,00,000	15.31
			46.85		62.16
(ii) In Associate Company					
10.00% Non-Cumulative Redeemable Participating Preference Shares : Mahindra Construction Company Limited.....	100	5,40,000	5.40	5,40,000	5.40
			5.40		5.40
(iii) In Other Companies (Non-trade and fully paid-up unless otherwise specified)					
4.00% Tax-free Cumulative Preference Shares : Machinery Manufacturers Corporation Limited..... +	100	2,296	0.02	2,296	0.02
11.00% Redeemable Preference Shares : Sixth Sense Studios Private Limited.....	100	1,78,000	1.78	1,78,000	1.78
8.00% Non Cumulative Redeemable Preferred Stock : Prana Holdings Inc. USA..... +		23,00,423	13.83	23,00,423	13.83
0.01% Class 'A' Redeemable Preference Shares : Wardha Power Company Limited (Trade Investment)..... +	10	24,54,133	2.45	24,54,133	2.45
			18.08		18.08
<b>Investments in Preference Shares.....</b>			<b>70.33</b>		<b>85.64</b>

\* denotes amounts less than Rs. 50,000



## 13. (A) Non Current Investments : (contd.)

	Face Value Per Unit (Rupees)	2014		2013	
		Long Term		Long Term	
		Number	Rupees crores	Number	Rupees crores
<b>Investments in Government/Trust Securities :</b>					
<b>Unquoted, other than Trade</b>					
(i) Government Securities					
6 Years National Savings Certificates.....		12,000 <sup>^</sup>	*	13,000 <sup>^</sup>	*
			*		*
(ii) Trust Securities					
Sunrise Initiatives Trust.....			107.34		103.12
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
			1,567.13		1,562.91
<b>Investments in Government/Trust Securities.....</b>			<b>1,567.13</b>		<b>1,562.91</b>
<b>Investments in Debentures/Bonds (Trade and fully paid-up unless otherwise specified) :</b>					
<b>Unquoted</b>					
(i) In Subsidiary Company					
7.00% Bond Ssangyong Motor Company.....	KRW 4,77,02,38,250	—	—	20	465.29
			—		465.29
(ii) In Other Company					
0.50% Bond The East India Clinic Limited (Non-trade Investment).....	100	13	*	13	*
			*		*
<b>Investments in Debentures/Bonds.....</b>			<b>*</b>		<b>465.29</b>
<b>Total Non Current Investments (Gross) .....</b>			<b>9,886.56</b>		<b>10,870.33</b>
Less : Provision for diminution in value of investments.....			(98.83)		(298.83)
<b>Total Non Current Investments (Net).....</b>			<b>9,787.73</b>		<b>10,571.50</b>
<b>Other Disclosures</b>					
(i) Aggregate amount of quoted investments (Gross) .....			3,388.32		3,845.87
Market Value of quoted investments (includes Rs. 4,892.66 crores (2013 : Rs. 2,466.21 crores) in respect of investment listed on a Stock Exchange outside India) .....			26,208.49		17,677.77
(ii) Aggregate amount of unquoted investments (Gross).....			6,498.24		7,024.46
<b>Notes :</b>					
@ Shares (unquoted) in other companies comprise :					
# The United Spices Importers Limited (Equity 'B' Shares).....	100	21	*	21	*
# Engineering & Metal Works, Tehran .....	Rials 16,667	74	*	74	*
			*		*

# Written off to Re. 1

+ Equity investments in these companies carry certain restrictions on transfer of shares due to contractual or regulatory restrictions

^ Total Face Value

\* denotes amounts less than Rs. 50,000

13. (B) Current Investments (At Cost, unless otherwise specified) :

	Face Value Per Unit (Rupees)	2014		2013	
		Number	Rupees crores	Number	Rupees crores
<b>Investments in Equity Instruments (Non-trade and fully paid-up) :</b>					
<b>Quoted</b>					
In Other Company					
Power Trading Corporation of India Limited .....	10	900	*	900	*
<b>Investments in Equity Instruments.....</b>			*		*
<b>Investments in Government Securities :</b>					
<b>Quoted</b>					
(i) Government of India Securities .....	100	1,92,700	1.91	192,700	1.91
(ii) 1.44% Inflation Indexed Government Stock, 2023.....	100	10,00,000	10.33	—	—
			12.24		1.91
Less : Adjustment of cost as lower than fair value, by category .....			(1.02)		(0.01)
<b>Investments in Government Securities .....</b>			<b>11.22</b>		<b>1.90</b>
<b>Investments in Debentures/Bonds (Non-trade and fully paid-up) :</b>					
<b>Quoted</b>					
In Others					
6.70% Bond Indian Railway Finance Corporation Limited .....	1,00,000	500	5.00	500	5.00
6.00% Bond Indian Railway Finance Corporation Limited.....	1,00,000	1,000	10.00	1,000	10.00
6.30% Bond Indian Railway Finance Corporation Limited.....	1,00,000	1,000	10.00	1,000	10.00
6.05% Bond Indian Railway Finance Corporation Limited.....	1,00,000	500	5.00	500	5.00
6.32% Bond Indian Railway Finance Corporation Limited.....	1,00,000	500	5.00	500	5.00
6.72% Bond Indian Railway Finance Corporation Limited.....	1,00,000	1,000	10.00	1,000	10.00
8.20% Bond National Highway Authority of India.....	1,000	1,23,619	12.37	1,23,619	12.37
6.85% Bond India Infrastructure Finance Company Limited .....	1,00,000	—	—	2,085	20.95
			57.37		78.32
Less : Adjustment of cost as lower than fair value, by category .....			(2.42)		(0.09)
			54.95		78.23
<b>Investments in Debentures/Bonds .....</b>			<b>54.95</b>		<b>78.23</b>
<b>Investments in Mutual Funds :</b>					
<b>Quoted</b>					
L & T Mutual Fund - FMP - VII (January 507D A) - Dividend Payout...	10	1,00,00,000	10.00	1,00,00,000	10.00
			10.00		10.00
<b>Unquoted</b>					
Axis Mutual Fund - Banking Debt Fund - Direct Plan - Daily Dividend-Reinvestment.....	1,000	251,304	25.26	—	—
Axis Mutual Fund - Liquid Fund - Growth .....	1,000	10,56,901	150.00	—	—
Baroda Pioneer Mutual Fund -Treasury Advantage Fund - Plan B Daily Dividend - Reinvestment .....	1,000	1,00,050	10.06	—	—
Birla Sun Life Mutual Fund - Cash Plus - Growth - Regular Plan .....	100	85,20,343	175.00	—	—
BNP Paribas Mutual Fund - Government Securities Fund Direct Growth .....	10	19,27,971	2.00	—	—
Deutsche Mutual Fund - Money Plus Fund - Direct Plan - Daily Dividend - Reinvestment.....	10	2,44,06,639	25.20	—	—
DSP BlackRock Mutual Fund - Government Securities Fund - Direct Plan - Growth .....	10	4,96,054	2.00	—	—
Franklin Templeton Mutual Fund - Treasury Management Account Super Institutional Plan - Daily Dividend Reinvestment.....	1,000	9,16,369	175.00	—	—
HDFC Mutual Fund - Floating Rate Income Fund - Short Term Plan - Wholesale Option - Direct Plan - Dividend Reinvestment .....	10	2,49,64,206	25.17	—	—
HSBC Mutual Fund - Cash Fund - Growth .....	1,000	7,82,258	100.00	—	—

\* denotes amount less than Rs. 50,000

13. (B) Current Investments (At Cost, unless otherwise specified) : (contd.)

	Face Value Per Unit (Rupees)	2014		2013	
		Number	Rupees crores	Number	Rupees crores
ICICI Prudential Mutual Fund - Ultra Short Term - Direct Plan - Daily Dividend.....	10	2,49,95,203	25.26	—	—
ICICI Prudential Mutual Fund - Long Term Gilt Fund - Direct Plan - Growth.....	10	4,74,702	2.00	—	—
IDBI Mutual Fund - Ultra Short Term Fund - Direct Plan - Daily Dividend - Reinvestment .....	1,000	98,497	10.05	—	—
IDFC Mutual Fund - Money Manager Fund - Treasury Plan - Daily Dividend - (Direct Plan) .....	10	2,49,74,824	25.15	—	—
JM Financial Mutual Fund - Floater Short Term Fund (Direct) - Daily Dividend - Reinvestment.....	10	99,80,359	10.07	—	—
Kotak Mahindra Mutual Fund - Gilt (Investment Regular) - Direct Plan - Growth .....	10	4,62,865	2.00	—	—
L & T Mutual Fund - Ultra Short Term Fund Direct Plan - Daily Dividend Reinvestment Plan .....	10	2,43,96,488	25.19	—	—
Pramerica Mutual Fund - Short Term Floating Rate Fund- Direct Plan - Daily Dividend - Reinvestment .....	1,000	1,00,554	10.07	—	—
Principal Mutual Fund - Cash Management Fund - Regular Plan Growth .....	1,000	2,89,235	36.00	—	—
Religare Invesco Mutual Fund - Liquid Fund - Growth Plan .....	1,000	8,51,587	150.00	—	—
Religare Invesco Mutual Fund - Ultra Short Term Fund - Direct Plan Daily Dividend .....	1,000	2,50,702	25.22	—	—
Sundaram Mutual Fund - Ultra Short Term Fund - Direct Plan - Daily Dividend.....	10	1,00,23,743	10.07	—	—
UTI Mutual Fund - Gilt Advantage Fund - LTP - Direct Plan - Growth ...	10	7,78,507	2.00	—	—
UTI Mutual Fund - Banking & PSU Debt Fund - Direct Plan - Dividend Reinvestment.....	10	2,50,30,174	25.17	—	—
Axis Mutual Fund - Banking Debt Fund Daily Dividend - Reinvestment	1,000	—	—	2,51,320	25.16
Birla Sun Life Mutual Fund - Cash Plus - Daily Dividend - Regular Plan - Reinvestment .....	100	—	—	1,07,51,355	107.72
Birla Sun Life Mutual Fund - Floating Rate Long Term - Daily Dividend - Regular Plan - Reinvestment .....	100	—	—	10,01,451	10.03
Canara Robeco Mutual Fund - Treasury Advantage Fund - Regular Daily Dividend - Reinvestment .....	1,000	—	—	81,783	10.14
Deutsche Mutual Fund - Ultra Short Term Fund - Institutional Plan - Daily Dividend - Reinvestment.....	10	—	—	1,01,19,020	10.14
DSP BlackRock Mutual Fund - Strategic Bond Fund - Institutional Plan - Daily Dividend - Reinvestment .....	1,000	—	—	1,02,076	10.28
Franklin Templeton Mutual Fund - India Ultra Short Bond Fund - Super Institutional Plan - Daily Dividend Reinvestment.....	10	—	—	1,01,23,811	10.15
Franklin Templeton Mutual Fund - Templeton India Low Duration Fund - Quarterly Dividend Reinvestment.....	10	—	—	97,67,318	10.14
HDFC Mutual Fund - Liquid Fund - Dividend - Daily Reinvestment .....	10	—	—	9,81,59,421	100.10
HDFC Mutual Fund - Floating Rate Income Fund - Short Term Plan - Wholesale Option - Dividend Reinvestment - Daily .....	10	—	—	2,49,26,612	25.13
ICICI Prudential Mutual Fund - Floating Rate - Regular Plan - Daily Dividend - Reinvestment .....	100	—	—	10,12,598	10.14
ICICI Prudential Mutual Fund - Ultra Short Term - Regular Plan - Growth .....	10	—	—	84,91,127	10.00
IDBI Mutual Fund - Ultra Short Term Fund-Regular Plan - Daily Dividend - Reinvestment .....	1,000	—	—	1,00,235	10.03
JM Financial Mutual Fund - Floater Short Term Fund - Daily Dividend Option - Reinvestment .....	10	—	—	1,09,34,189	11.03
JM Financial Mutual Fund - Money Manager Fund - Super Plus Plan - Daily Dividend Option - Reinvestment .....	10	—	—	2,16,80,248	21.69
JPMorgan Mutual Fund - India Treasury Fund Super Institutional Daily Dividend Reinvestment .....	10	—	—	1,01,40,577	10.15

13. (B) Current Investments (At Cost, unless otherwise specified) : (contd.)

	Face Value Per Unit (Rupees)	2014		2013	
		Number	Rupees crores	Number	Rupees crores
Kotak Mahindra Mutual Fund - Flexi Debt Scheme Plan A - Daily Dividend - Reinvestment .....	10	—	—	99,88,360	10.03
Kotak Mahindra Mutual Fund - Floater Long Term - Daily Dividend - Reinvestment .....	10	—	—	1,00,60,712	10.14
Kotak Mahindra Mutual Fund - Floater Long Term - Growth .....	10	—	—	53,83,551	10.00
Reliance Mutual Fund - Money Manager Fund - Daily Dividend Plan -Dividend Reinvestment .....	1,000	—	—	1,00,639	10.08
Religare Invesco Mutual Fund - Short Term Fund - Daily Dividend - Reinvestment.....	10	—	—	2,55,71,122	25.59
Religare Invesco Mutual Fund - Ultra Short Term Fund - Daily Dividend - Reinvestment .....	1,000	—	—	2,51,834	25.23
SBI Mutual Fund - Magnum Income Fund FR Long Term - Regular Plan - Daily Dividend - Reinvestment .....	10	—	—	1,00,05,217	10.08
SBI Mutual Fund - Magnum Insta Cash Fund Liquid Floater - Regular Plan - Daily Dividend - Reinvestment .....	1,000	—	—	99,488	10.05
Sundaram Mutual Fund - Ultra Short Term Fund - Regular Plan - Daily Dividend Reinvestment.....	10	—	—	3,52,30,922	35.36
UTI Mutual Fund - Treasury Advantage Fund - Institutional Plan - Daily Dividend Reinvestment.....	1,000	—	—	1,01,489	10.15
UTI Mutual Fund - Floating Rate Fund - STP - Regular Plan - Direct Plan - Daily Dividend Reinvestment .....	1,000	—	—	2,33,624	25.16
<b>Investments in Mutual Funds.....</b>			<b>1,047.94</b>		<b>573.90</b>
<b>Other Investments :</b>					
<b>Certificate of Deposits</b>					
<b>Unquoted</b>					
Allahabad Bank.....	1,00,000	<b>10,000</b>	<b>98.44</b>	2,500	24.61
Andhra Bank .....	1,00,000	<b>10,000</b>	<b>98.91</b>	7,500	74.10
Bank of Maharashtra .....	1,00,000	<b>10,000</b>	<b>98.37</b>	—	—
Corporation Bank .....	1,00,000	<b>5,000</b>	<b>49.22</b>	5,000	47.58
Indian Overseas Bank .....	1,00,000	<b>5,000</b>	<b>49.41</b>	—	—
Oriental Bank of Commerce.....	1,00,000	<b>2,500</b>	<b>24.57</b>	5,000	46.59
State Bank of Mysore .....	1,00,000	<b>5,000</b>	<b>49.32</b>	—	—
Axis Bank Limited.....	1,00,000	—	—	5,000	48.74
Bank of Baroda.....	1,00,000	—	—	7,500	69.80
Central Bank.....	1,00,000	—	—	5,000	46.43
HDFC Bank.....	1,00,000	—	—	2,500	23.92
State Bank of Bikaner & Jaipur.....	1,00,000	—	—	7,500	71.72
State Bank of Hyderabad .....	1,00,000	—	—	5,000	49.88
State Bank of Travencore.....	1,00,000	—	—	5,000	46.85
Syndicate Bank.....	1,00,000	—	—	5,000	47.71
			<b>468.24</b>		<b>597.93</b>
Less : Adjustment of cost as lower than fair value, by category .....			<b>(0.23)</b>		<b>—</b>
<b>Investments in Certificate of Deposits .....</b>			<b>468.01</b>		<b>597.93</b>
<b>Total Current Investments .....</b>			<b>1,592.12</b>		<b>1,261.96</b>
<b>Other Disclosures</b>					
(i) Aggregate amount of quoted investments (Gross).....			<b>79.61</b>		<b>90.23</b>
Market Value of quoted investments.....			<b>76.17</b>		<b>90.13</b>
(ii) Aggregate amount of unquoted investments (Gross).....			<b>1,516.18</b>		<b>1,171.83</b>
(iii) Aggregate excess of cost over fair value, by category.....			<b>3.67</b>		<b>0.10</b>

**14. Long Term Loans and Advances :**

	Rupees crores	
	2014	2013
<b>(A) Capital Advances :</b>		
Unsecured, considered good .....	472.85	368.54
Doubtful.....	2.86	1.69
	475.71	370.23
Less : Provision for doubtful capital advances .....	2.86	1.69
	472.85	368.54
<b>(B) Security Deposits :</b>		
Unsecured, considered good .....	42.91	35.89
Doubtful.....	0.19	0.19
	43.10	36.08
Less : Provision for doubtful security deposits.....	0.19	0.19
	42.91	35.89
<b>(C) Loans and Advances to Related Parties :</b>		
Unsecured, considered good .....	252.02	237.12
Doubtful.....	10.00	10.00
	262.02	247.12
Less : Provision for doubtful loans and advances to related parties....	10.00	10.00
	252.02	237.12
<b>(D) Other Loans and Advances :</b>		
Unsecured, considered good .....	2,250.34	1,445.92
Doubtful.....	0.04	1.60
	2,250.38	1,447.52
Less : Provision for doubtful other loans and advances .....	0.04	1.60
	2,250.34	1,445.92
	3,018.12	2,087.47

(a) Long Term Loans and Advances to Related Parties includes :

- (i) Share Application Money pending allotment **Rs. 2.22 crores** (2013 : Rs. 27.17 crores) to subsidiaries.
- (ii) Fixed/Call deposits with/loans to limited companies **Rs. 217.11 crores** (2013 : Rs. 197.02 crores) including **Rs. 217.11 crores** (2013 : Rs. 197.02 crores) to subsidiary companies.
- (iii) Capital Advances of **Rs. 19.01 crores** (2013 : Rs. Nil crores).

(b) Other Loans and Advances includes :

- (i) Payment towards income-tax and surtax **Rs. 448.84 crores** (2013 : Rs. 388.91 crores).
- (ii) MAT Credit entitlement **Rs. 574.15 crores** (2013 : Rs. NIL crores).
- (iii) VAT receivable, other recoverable expenses and advances to employees.

**15. Other Non-Current Assets :**

	Rupees crores	
	2014	2013
(i) Export Benefits Receivable .....	81.85	21.16
(ii) Others.....	6.64	8.69
	88.49	29.85

16. Inventories :

Rupees crores

	2014	2013
(i) Raw Materials and Bought-out Components [includes in transit <b>Rs. 60.40 crores</b> (2013 : Rs. 102.01 crores)] .....	816.72	798.62
(ii) Work-in-Progress.....	113.42	80.69
(iii) Finished Products Produced .....	1,249.49	892.39
(iv) Stock-in-Trade [includes in transit <b>Rs. 45.72 crores</b> (2013 : Rs. 118.28 crores)].....	410.94	427.80
(v) Manufactured Components.....	129.52	144.44
(vi) Stores and Spares .....	46.16	39.03
(vii) Tools .....	37.38	36.80
	<b>2,803.63</b>	<b>2,419.77</b>

17. Trade Receivables :

Rupees crores

	2014	2013
<b>(A) Outstanding for a period exceeding six months from the date they are due for payment</b>		
Unsecured, considered good.....	52.11	65.80
Doubtful.....	70.37	67.17
	<b>122.48</b>	132.97
Less : Provision for doubtful trade receivables .....	70.37	67.17
	<b>52.11</b>	65.80
<b>(B) Others – Unsecured, considered good.....</b>	<b>2,457.73</b>	2,142.55
	<b>2,509.84</b>	2,208.35

18. Cash and Bank Balances :

Rupees crores

	2014	2013
<b>(A) Cash and Cash Equivalents :</b>		
Balances with Banks :		
(i) On Current Accounts .....	476.91	649.22
(ii) Fixed Deposits with original maturity less than 3 months.....	695.62	120.00
	<b>1,172.53</b>	769.22
Cheques, drafts on hand.....	532.34	394.03
Cash on hand .....	0.70	0.71
	<b>1,705.57</b>	1,163.96
<b>(B) Other Bank Balances :</b>		
Earmarked balances with banks .....	12.52	11.93
Balances with Banks :		
(i) On Margin Accounts .....	7.60	1.30
(ii) Fixed Deposits with original maturity greater than 3 months* ...	1,224.70	604.22
	<b>1,232.30</b>	605.52
	<b>1,244.82</b>	617.45
	<b>2,950.39</b>	1,781.41

\* Includes deposits of **Rs. 20.00 crores** (2013 : Rs. 20.00 crores) with maturity greater than 12 months from Balance Sheet date

19. Short Term Loans and Advances :

	Rupees crores	
	2014	2013
<b>(A) Loans and Advances to Related Parties :</b>		
Unsecured, considered good .....	316.47	115.25
Doubtful.....	10.61	10.61
	<b>327.08</b>	125.86
Less : Provision for doubtful loans and advances to related parties....	10.61	10.61
	<b>316.47</b>	115.25
<b>(B) Other Loans and Advances :</b>		
Unsecured, considered good .....	629.36	648.15
Doubtful.....	29.63	31.14
	<b>658.99</b>	679.29
Less : Provision for doubtful other loans and advances .....	29.63	31.14
	<b>629.36</b>	648.15
	<b>945.83</b>	763.40

- (a) Loans and Advances to Related Parties includes Fixed/Call deposits with/loans to limited companies **Rs. 296.92 crores** (2013 : Rs. 94.07 crores) including **Rs. 292.33 crores** (2013 : Rs. 89.48 crores) to subsidiary companies.
- (b) Loans and Advances to Related Parties includes loan to Director of **Rs. 1.07 crores**.
- (c) Other Loans and Advances includes MAT Credit entitlement **Rs. Nil crores** (2013 : Rs. 86.00 crores).
- (d) Other Loans and Advances also includes balances with government authorities, advance to suppliers, other recoverable expenses, deposits and prepaid expenses.

20. Other Current Assets :

	Rupees crores	
	2014	2013
Government Grant receivable.....	123.62	165.64
Interest accrued.....	83.22	65.91
Hedging Instruments .....	32.31	—
Other receivables including export benefits.....	256.52	281.35
	<b>495.67</b>	512.90
Considered Good.....	487.11	508.54
Doubtful.....	8.56	4.36
	<b>495.67</b>	512.90
Less :		
Provision for doubtful other current assets.....	8.56	4.36
	<b>487.11</b>	508.54

21. Revenue from Operations :

Rupees crores

		2014	2013
Sale of Products.....		42,240.60	42,502.27
Sale of Services .....		334.44	372.34
Gross Revenue from Sale of Products and Services (Refer Note A below) ..		42,575.04	42,874.61
Other Operating Revenues :			
(i) Scrap Sales .....	136.65		138.96
(ii) Government Grant and Incentives (including export benefits) .....	269.80		287.32
(iii) Others.....	138.69		111.76
		545.14	538.04
		43,120.18	43,412.65
Less : Excise Duty attributable to products sold.....		2,611.68	2,971.49
		40,508.50	40,441.16

(A) Details of Gross Revenue from Sale of Products and Services :

Rupees crores

		2014	2013
Sale of Products :			
Manufactured Goods :			
(i) Vehicles – Four Wheelers .....		17,973.17	17,960.32
(ii) Vehicles – Three Wheelers .....		877.10	904.15
(iii) Tractors.....		12,402.57	10,131.91
(iv) Others.....		1,366.87	1,981.02
		32,619.71	30,977.40
Traded Goods :			
(i) Vehicles – Four Wheelers .....		7,030.23	9,325.03
(ii) Tractors and Agricultural Implements .....		185.81	101.23
(iii) Spares* .....		2,015.50	1,709.35
(iv) Others.....		389.35	389.26
		9,620.89	11,524.87
Sale of Products.....		42,240.60	42,502.27
Sale of Services :			
(i) Annual Maintenance Contracts.....		196.94	229.82
(ii) Manufacturing Charges.....		—	26.27
(iii) Others.....		137.50	116.25
Sale of Services .....		334.44	372.34
Gross Revenue from Sale of Products and Services.....		42,575.04	42,874.61

\* Sale of goods shown consists of purchased and manufactured spares. The bifurcation of sales into purchased and manufactured spares is not practicable.



**22. Other Income :**

	Rupees crores	
	2014	2013
(a) Interest Income :		
(i) Interest – Long Term Investments .....	32.81	33.14
(ii) Interest – Current Investments.....	5.54	6.34
(iii) Interest – Others.....	198.38	97.72
	236.73	137.20
(b) Dividend on investments in subsidiaries .....	250.72	149.32
(c) Dividend on other long term investments.....	47.61	33.21
(d) Dividend on current investments.....	64.42	51.78
(e) Profit on sale of current investments (Net).....	—	62.62
(f) Profit on sale of tangible assets (Net).....	2.79	10.20
(g) Others.....	115.72	104.84
	717.99	549.17

**23. Cost of Materials Consumed :**

	Rupees crores	
	2014	2013
Opening Stock .....	798.62	833.28
Add : Purchases [including outside processing charges Rs. 566.80 crores (2013 : Rs. 471.93 crores)]	21,622.69	20,716.38
	22,421.31	21,549.66
Add/(Less) : Stock Transfer as per the Scheme of Arrangement/Business Transfer .....	25.49	(1.17)
Less : Closing Stock.....	816.72	798.62
	21,630.08	20,749.87

**(A) Cost of Materials Consumed comprises the following :**

	Rupees crores	
	2014	2013
(i) Steel Items, paints and other materials .....	613.75	584.36
(ii) Tyres and Tubes.....	1,492.06	1,384.52
(iii) Components other than Tyres and Tubes (including processing charges).....	18,859.71	18,139.39
(iv) Material handling and transportation charges etc. incurred on the above items not separately allocable .....	664.56	641.60
	21,630.08	20,749.87

**(B) Value of Imported and Indigenous Raw Materials and Components Consumed<sup>^</sup> :**

	Rupees crores	
	2014	2013
(i) Imported .....	628.27 2.90%	708.03 3.41%
(ii) Indigenous.....	21,001.81 97.10%	20,041.84 96.59%
	21,630.08 100.00%	20,749.87 100.00%

<sup>^</sup> Includes items used for other than production, amount not ascertained.

24. Purchases of Stock-in-Trade :

Rupees crores

	2014	2013
(i) Vehicles – Four Wheelers.....	6,639.27	8,470.19
(ii) Tractors and Agricultural Implements.....	141.26	76.16
(iii) Spares.....	953.87	840.23
(iv) Others.....	342.52	366.10
	<b>8,076.92</b>	<b>9,752.68</b>

25. Changes in Inventories of Finished Goods, Work-in-Progress, Stock-in-Trade and Manufactured Components :

Rupees crores

	2014	2013
Opening Stock :		
(i) Finished Products Produced.....	892.39	920.44
(ii) Work-in-Progress.....	80.69	99.20
(iii) Stock-in-Trade.....	427.80	333.73
(iv) Manufactured Components.....	144.44	104.80
	<b>1,545.32</b>	<b>1,458.17</b>
Add/(Less) : Stock Transfer as per the Scheme of Arrangement/Business Transfer		
(i) Finished Products Produced.....	55.66	—
(ii) Work-in-Progress.....	32.58	(0.16)
	<b>88.24</b>	<b>(0.16)</b>
Less : Closing Stock :		
(i) Finished Products Produced.....	1,249.49	892.39
(ii) Work-in-Progress.....	113.42	80.69
(iii) Stock-in-Trade.....	410.94	427.80
(iv) Manufactured Components.....	129.52	144.44
	<b>1,903.37</b>	<b>1,545.32</b>
	<b>(269.81)</b>	<b>(87.31)</b>
Excise duty on changes in inventories of finished goods.....	<b>(4.86)</b>	<b>9.28</b>
Increase in Stock.....	<b>(274.67)</b>	<b>(78.03)</b>

Details of Opening and Closing Stock of Work-in-Progress :

Rupees crores

	2014	2013
Opening Stock :		
(i) Automotive.....	29.88	34.77
(ii) Farm Equipment.....	50.81	63.59
(iii) Others.....	—	0.84
	<b>80.69</b>	<b>99.20</b>
Closing Stock :		
(i) Automotive.....	45.44	29.88
(ii) Farm Equipment.....	67.98	50.81
	<b>113.42</b>	<b>80.69</b>

**26. Employee Benefits Expense :**

	Rupees crores	
	2014	2013
Salaries, Wages, Bonus etc.....	1,749.67	1,524.00
Contribution to Provident and other funds.....	178.63	123.03
Employee Stock Compensation Expense [Note 33].....	56.14	67.06
Welfare.....	179.28	152.36
	<b>2,163.72</b>	<b>1,866.45</b>

**27. Finance Costs :**

	Rupees crores	
	2014	2013
Interest Expense.....	191.42	131.34
Discounting Charges.....	63.60	55.65
Other Borrowing Costs.....	4.20	4.20
	<b>259.22</b>	<b>191.19</b>

**28. Depreciation and Amortisation Expense :**

	Rupees crores	
	2014	2013
Depreciation on Tangible Assets.....	678.80	541.20
Amortisation on Intangible Assets.....	184.54	169.61
	<b>863.34</b>	<b>710.81</b>

**29. Other Expenses :**

	Rupees crores	
	2014	2013
Stores consumed.....	144.43	134.82
Tools consumed.....	38.01	37.90
Power and fuel.....	221.35	206.39
Rent including lease rentals.....	76.73	59.12
Rates and taxes.....	27.74	25.67
Insurance.....	33.40	26.45
Repairs and Maintenance :		
Buildings.....	36.88	24.38
Machinery.....	168.14	141.16
Others.....	81.61	79.21
	<b>286.63</b>	<b>244.75</b>
Advertisement.....	312.53	299.24
Service coupon.....	92.39	102.56
Freight outward.....	643.84	553.87
Sales promotion expenses.....	218.44	136.34
Dealer and other sales incentives.....	605.61	391.70
Donations and contributions.....	26.97	26.27
Excess of carrying cost over fair value of current investments (Net).....	3.57	—
Excess of carrying cost over fair value of current investments, reversed (Net)..	—	(1.84)
Provision for doubtful debts/advances (Net).....	6.09	(13.32)
Loss on sale of current investment.....	0.69	—
Miscellaneous expenses.....	1,555.86	1,294.09
	<b>4,294.28</b>	<b>3,524.01</b>

**29. Other Expenses : (contd.)**

- (a) Repairs and Maintenance to machinery includes machinery spares consumed **Rs. 47.47 crores** (2013 : Rs. 41.64 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).

**Value of Imported and Indigenous Spare Parts consumed is as follows :**

	Rupees crores	
	<b>2014</b>	<b>2013</b>
(i) Imported.....	<b>2.48</b>	2.73
	<b>5.22%</b>	6.56%
(ii) Indigenous.....	<b>44.99</b>	38.91
	<b>94.78%</b>	93.44%
	<b>47.47</b>	41.64
	<b>100.00%</b>	100.00%

- (b) Miscellaneous Expenses include :

Amounts paid/payable to Auditors (Net of service tax where applicable) :

	Rupees crores	
	Statutory Auditors	Cost Auditors
(i) Audit Fees.....	<b>2.09</b>	<b>0.12</b>
	1.80	0.14
(ii) Taxation Matters.....	<b>0.29</b>	—
	0.33	—
(iii) Company Law Matters .....	—	—
	*	—
(iv) Other Services .....	<b>0.53</b>	—
	1.01	0.01
(v) Reimbursement of expenses.....	<b>0.02</b>	—
	—	*
	<b>2.93</b>	<b>0.12</b>
	<b>3.14</b>	<b>0.15</b>

\* denotes amounts less than Rs. 50,000

Current year figures are in bold.

- 30. Interest capitalised during the year to capital work-in-progress Rs. 5.94 crores** (2013 : Rs. 8.24 crores).

**31. 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 grade 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.

Defined benefit plans – as per actuarial valuation on 31<sup>st</sup> March, 2014

Rupees crores

	Funded Plan		Unfunded Plans			
	Gratuity		Post retirement medical		Post retirement housing allowance	
	2014	2013	2014	2013	2014	2013
<b>I. Expense recognised in the Statement of Profit and Loss for the year ended 31<sup>st</sup> March</b>						
1. Current service cost.....	32.53	27.04	0.91	0.85	2.08	1.74
2. Interest cost .....	38.27	35.65	1.28	1.18	2.64	2.18
3. Expected return on plan assets .....	(25.47)	(23.95)	—	—	—	—
4. Actuarial (Gain)/Loss .....	27.11	10.05	(0.90)	0.03	(3.04)	3.60
5. Total expense included in Employee Benefits Expense .....	72.44	48.79	1.29	2.06	1.68	7.52
6. Actual return on plan assets.....	32.13	30.77	—	—	—	—
<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 .....	554.19	479.14	15.90	15.28	32.13	31.46
2. Fair value of plan assets as at 31 <sup>st</sup> March .....	374.00	352.82	—	—	—	—
3. Surplus/(Deficit).....	(180.19)	(126.32)	(15.90)	(15.28)	(32.13)	(31.46)
4. Current portion of the above .....	(33.09)	(18.47)	(0.54)	(0.50)	(1.01)	(1.01)
5. Non current portion of the above .....	(147.10)	(107.85)	(15.36)	(14.78)	(31.12)	(30.45)
<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 .....	479.14	430.04	15.28	13.59	31.46	24.95
2. Add/(Less) on account of Scheme of Arrangement/Business Transfer.....	5.70	(0.14)	(0.10)	—	—	—
3. Current service cost.....	32.53	27.04	0.91	0.85	2.08	1.74
4. Interest cost .....	38.27	35.65	1.28	1.18	2.64	2.18
5. Actuarial (Gain)/Loss.....	33.77	16.87	(0.90)	0.03	(3.04)	3.60
6. Benefit payments .....	(35.22)	(30.32)	(0.57)	(0.37)	(1.01)	(1.01)
7. Present value of defined benefit obligation at the end of the year	554.19	479.14	15.90	15.28	32.13	31.46
<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.....	352.82	326.66	—	—	—	—
2. Add/(Less) on account of Scheme of Arrangement/Business Transfer.....	2.56	—	—	—	—	—
3. Expected return on plan assets .....	25.47	23.95	—	—	—	—
4. Actuarial Gain/(Loss).....	6.66	6.82	—	—	—	—
5. Contributions by employer (including benefit payments recoverable) .....	21.71	25.71	0.57	0.37	1.01	1.01
6. Benefit payments .....	(35.22)	(30.32)	(0.57)	(0.37)	(1.01)	(1.01)
7. Fair value of plan assets at the end of the year.....	374.00	352.82	—	—	—	—
8. Actual return on plan assets.....	32.13	30.77	—	—	—	—
<b>V. The Major categories of plan assets as percentage of total plan</b>						
Insurer managed funds*.....	100.00%	100.00%	—	—	—	—
<b>VI. Actuarial assumptions</b>						
1. Discount rate.....	9.05%	8.00%	9.05%	8.00%	9.05%	8.00%
2. Expected rate of return on plan assets .....	7.50%	7.50%	—	—	—	—
3. Attrition rate.....	7.00%	7.00%	7.00%	7.00%	—	—
4. Medical premium inflation.....	—	—	7.00%	7.00%	—	—

\* In the absence of detailed information regarding plan assets which is funded with Insurance Companies, the composition of each major category of plan assets, the percentage or amount for each category to the fair value of plan assets has not been disclosed.

VII. Effect of one percentage point change in the assumed medical inflation rate	One percentage point increase in medical inflation rate		One percentage point decrease in medical inflation rate		
	2014	2013	2014	2013	
1. Effect on the aggregate service and interest cost of post employment medical benefits .....	0.39	0.37	(0.32)	(0.31)	
2. Effect on the accumulated post employment medical benefits obligation .....	2.15	2.07	(1.81)	(1.82)	
<b>VIII. Experience Adjustments</b>					
	Period Ended				
	2014	2013	2012	2011	2010
	Gratuity				
1. Defined Benefit Obligation.....	554.19	479.14	430.04	383.18	334.20
2. Fair value of plan assets .....	374.00	352.82	326.66	293.80	266.10
3. Surplus/(Deficit).....	(180.19)	(126.32)	(103.38)	(89.38)	(68.10)
4. Experience adjustment on plan liabilities [(Gain)/Loss].....	74.57	6.82	19.64	16.23	7.93
5. Experience adjustment on plan assets [Gain/(Loss)].....	6.66	6.82	8.85	4.43	4.44
	Post retirement medical				
1. Defined Benefit Obligation.....	15.90	15.28	13.59	14.09	9.65
2. Plan assets .....	—	—	—	—	—
3. Surplus/(Deficit).....	(15.90)	(15.28)	(13.59)	(14.09)	(9.65)
4. Experience adjustment on plan liabilities [(Gain)/Loss].....	1.35	(0.60)	(0.16)	(0.36)	5.21
	Post retirement housing allowance				
1. Defined Benefit Obligation.....	32.13	31.46	24.95	16.18	10.99
2. Plan assets .....	—	—	—	—	—
3. Surplus/(Deficit).....	(32.13)	(31.46)	(24.95)	(16.18)	(10.99)
4. Experience adjustment on plan liabilities [(Gain)/Loss].....	0.75	2.55	6.28	(1.41)	0.15

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.

The Company's contribution to Provident Fund and Superannuation Fund aggregating Rs. 106.03 crores (2013 : Rs. 73.28 crores) has been recognised in the Statement of Profit and Loss under the head Employee Benefits Expense.

**32. Provision :**

- (a) Provision for warranty 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 5 years.
- (b) The movement in provision for warranty is as follows :

	Rupees crores	
	2014	2013
Balance as at 1 <sup>st</sup> April.....	320.39	270.41
Add/(Less) on account of Scheme of Arrangement/Business Transfer .....	25.42	(0.14)
Add : Provision made during the year.....	257.02	266.46
Less : Utilisation during the year.....	264.29	216.34
Balance as at 31 <sup>st</sup> March .....	338.54	320.39
Out of the above,		
Classified as Non Current .....	143.56	123.74
Classified as Current.....	194.98	196.65
	338.54	320.39

33. 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 and 19,11,628 Ordinary (Equity) Shares of Rs. 5 each in the years ended 31<sup>st</sup> March, 2002, 31<sup>st</sup> March, 2010, 31<sup>st</sup> March, 2011 and 31<sup>st</sup> March, 2014 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.

Options granted under Mahindra & Mahindra Limited Employees Stock Option Scheme - 2000 ("2000 Scheme") vest in 4 equal installments 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 under Mahindra & Mahindra Limited Employees Stock Option Scheme - 2010 ("2010 Scheme") vest in 5 equal installments 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, 2013.....	63,40,580	156.80
Options granted during the year .....	4,50,382	5.00
Options forfeited/lapsed during the year .....	1,71,589	115.29
Options exercised during the year .....	14,13,298	158.77
Options outstanding on 31 <sup>st</sup> March, 2014 .....	52,06,075	144.50
Options vested but not exercised on 31 <sup>st</sup> March, 2014.....	28,12,996	258.50

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

<u>Date of exercise</u>	<u>Weighted average share price (Rs.)</u>
3 <sup>rd</sup> May, 2013 - 21 <sup>st</sup> March, 2014.....	911.69

Information in respect of options outstanding as at 31<sup>st</sup> March, 2014

<u>Range of exercise price</u>	<u>Number of options</u>	<u>Weighted average remaining life</u>
Rs. 5.00 .....	28,60,455	1.93 Years
Rs. 250.00 .....	11,20,042	3.37 Years
Rs. 308.00 – Rs. 310.00.....	1,26,036	1.49 Years
Rs. 381.00 .....	7,94,732	1.96 Years
Rs. 362.00 .....	2,84,810	4.03 Years
Rs. 662.00 .....	20,000	5.98 Years

The fair value of options granted during the year on 13<sup>th</sup> November, 2013 is Rs. 850.46 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 13<sup>th</sup> November, 2013</u>
Risk free interest rate .....	8.83%
Expected life .....	3.25 Years
Expected volatility.....	31.59%
Expected dividend yield .....	1.45%
Exercise Price (Rs.).....	5.00
Stock Price (Rs.) .....	895.35

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. 56.14 crores** (2013 : Rs. 67.06 crores) being the amortisation of deferred employee compensation, after adjusting for reversals on account of options lapsed. The amount excludes **Rs. 2.55 crores** charged to its subsidiaries for options issued to their employees.

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 lower by **Rs. 2.70 crores**, Profit after tax higher by **Rs. 2.70 crores** and the basic and diluted earnings per share would have been higher by **Rs. 0.05 & Rs. 0.04** respectively.

**34. Contingent Liability & Commitments :**

**(A) Contingent Liability :**

(a) Guarantees given by the Company :

	Rupees crores			
	Amount of guarantees		Outstanding amounts against guarantees	
	2014	2013	2014	2013
For other companies .....	896.53	87.20	831.20	80.35

(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. 1,750.77 crores** before tax (2013 : Rs. 1,526.09 crores before tax).
- (ii) Other matters (excluding claims where amounts are not ascertainable) : **Rs. 28.49 crores** before tax (2013 : Rs. 26.94 crores before tax).



## (c) 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. 495.58 crores** (2013 : Rs. 195.74 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. 155.22 crores** (2013 : Rs. 118.75 crores).

– Surtax matters : **Rs. 0.13 crores** (2013 : Rs. 0.13 crores).

(d) Bills discounted not matured **Rs. Nil crores** (2013 : Rs. 57.56 crores).

(e) 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. 304.10 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. While the Department's appeal against the CESTAT order dated 19<sup>th</sup> July, 2005 has been admitted, the Supreme Court of India has not stayed the operation of this order.

The Company has filed an appeal in the Supreme Court 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 this appeal, the Company has paid an amount of Rs. 40.00 crores in January, 2010. The Supreme Court has admitted the Company's appeal and has stayed 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. The final hearing in this matter has been adjourned till the disposal of the appeal by the Supreme Court in the matter relating to Commander range of vehicles.

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. 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. 328.85 crores** (2013 : Rs. 328.85 crores) and the interest of **Rs. 305.34 crores** (2013 : Rs. 269.24 crores) accrued on the same upto 31<sup>st</sup> March, 2014, under Note (b)(i) above.

(f) In respect of (b) & (c) above, it is not practicable for the Company to estimate the closure of these issues and the consequential timings of cash flows, if any.

## (B) Commitments :

(a) Uncalled liability on equity shares partly paid **Rs. 10.50 crores** (2013 : Rs. 10.50 crores).

(b) The estimated amount of contracts remaining to be executed on capital account and not provided for as at 31<sup>st</sup> March, 2014 is **Rs. 1,329.63 crores** (2013 : Rs. 716.91 crores).

**35. Research and Development expenditure :**

(a) In recognised Research and Development units :

- (i) Debited to the Statement of Profit and Loss, including certain expenditure based on allocations made by the Company, aggregate **Rs. 600.99 crores** (2013 : Rs. 594.43 crores) [excluding depreciation and amortisation of **Rs. 205.53 crores** (2013 : Rs. 191.86 crores)].
- (ii) Development expenditure incurred during the year **Rs. 466.98 crores** (2013 : Rs. 274.02 crores).
- (iii) Capitalisation of assets **Rs. 122.13 crores** (2013 : Rs. 190.54 crores).

(b) In other units :

- (i) Debited to the Statement of Profit and Loss, including certain expenditure based on allocations made by the Company, aggregate **Rs. 39.29 crores** (2013 : Rs. 16.33 crores) [excluding depreciation and amortisation of **Rs. 47.28 crores** (2013 : Rs. 6.91 crores)].
- (ii) Development expenditure incurred during the year **Rs. 20.83 crores** (2013 : Rs. Nil crores).
- (iii) Capitalisation of assets **Rs. 9.23 crores** (2013 : Rs. 0.34 crores).

**36.** The net difference in foreign exchange loss debited to the Statement of Profit and Loss is **Rs. 152.71 crores** (2013 : Loss of Rs. 6.99 crores).

**37. Scheme of Arrangement :**

Pursuant to the Scheme of Arrangement ("The Scheme") between Mahindra Trucks and Buses Limited (MTBL), a subsidiary of the Company, and the Company, as sanctioned by Honourable High Court of Bombay vide its order dated 7<sup>th</sup> March, 2014, the entire assets and liabilities, duties and obligations of the Trucks Business of MTBL was transferred to and vested in the Company, from 1<sup>st</sup> April, 2013 (the appointed date). The scheme became effective on 30<sup>th</sup> March, 2014.

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 :

- (a) The assets and liabilities of the Trucks Business of MTBL were recorded in the books of the Company at their book values.
- (b) MTBL reorganised its Equity Share Capital and Securities Premium Account by writing off its accumulated losses and the excess of assets over liabilities given up, first against Securities Premium Account and the balance against the reorganisation of Equity Share Capital by reducing the face value and paid up value of the Equity Share Capital of Rs. 10 each to Re 0.20.
- (c) Consequent to the transfer of Trucks Business, the Company reorganised its investment cost in MTBL in proportion to the net worth of the remaining business of MTBL and the net worth of the Trucks Business leading to a reduction in investment value of Rs. 819.79 crores.
- (d) The excess of the reduction in investment value over the net assets taken over amounting to Rs. 565.85 crores was debited to General Reserve.

The result for the year ended 31<sup>st</sup> March, 2014 also include a tax benefit of Rs. 297.78 crores arising from the carry forward unabsorbed past losses (including unabsorbed depreciation) and deferred tax positions of the Trucks business of MTBL.

The current year figures are therefore not strictly comparable with that of the previous year.

**38.** The Board of Directors of the Company during the year approved entering into a transaction in the Auto Components business with CIE Automotive S.A., Spain (CIE). The transaction is to be completed in parts.

The first part involving the following has been completed during the year :

- (a) The Company transferred its entire shareholding in Mahindra Gears & Transmissions Private Limited at a fair value determined by an independent valuer to its wholly owned subsidiary Mahindra Investments (India) Private Limited (MIPL). The excess of Rs. 23.62 crores over the cost has not been recognised in these results having regard to the principles of prudence and the substance of this transaction, and will be dealt with on completion of the related parts.
- (b) The Company sold 99.4% of its holdings in Mahindra CIE Automotive Limited (MCIE) (formerly known as Mahindra Forgings Limited) and 100% of its holdings in both Mahindra Composites Limited (MCL) and Mahindra Hinoday Industries Limited (MHIL) to one of the subsidiaries of CIE at a price that is lower than the carrying value of these investments by Rs. 147.76 crores, which amount has been debited to the Investment Fluctuation Reserve (IFR). IFR is expected to be credited, having regard to the substance of the transaction, with an amount not less than the amount debited above, when the second part of the transaction, described below, takes place.

(c) Consequently MHIL, Mahindra Forgings International Limited, Mahindra Forgings Europe AG, Gesenkschmiede Schneider GmbH, JECO-Jellinghaus GmbH, Falkenroth Umformtechnik GmbH, Stokes Group Limited, Stokes Forgings Dudley Limited, Stokes Forgings Limited, Mahindra Forgings Global Limited, Schöneweiss & Co. GmbH ceased to be subsidiaries of the Company.

MCL ceased to be an associate of the Company.

MCIE ceased to be a subsidiary and became an associate of the Company.

(d) The Company acquired a 13.5% stake in CIE through its wholly owned subsidiary Mahindra Overseas Investment Company (Mauritius) Limited (MOICML), making it an associate of the Company, in view of its contractual representation on the Board of CIE.

(e) Completion of open offer by CIE through its subsidiary in both MCIE and MCL.

The second part of the transaction involves the merger of Mahindra Ugine Steel Company Limited, Mahindra Gears International Limited and Mahindra Investments (India) Private Limited, and MHIL, MCL and a CIE subsidiary with MCIE effective 1<sup>st</sup> October, 2013 through Schemes of Arrangement under Section 391 to 394 of the Companies Act, 1956.

On completion of both parts above :

(a) CIE will hold approximately 53% in MCIE.

(b) The Company will hold 20.04% in MCIE, and

(c) The Company, through its wholly owned subsidiary MOICML, will hold 13.5% in CIE.

39. Exceptional items of **Rs. 52.79 crores** (2013 : Rs. 90.62 crores) comprise of profit on sale of certain long term investments.

#### 40. Earnings per Share :

	2014	2013
Profit for the year (Rupees crores).....	3,758.35	3,352.82
Profit for the year for diluted earnings per share (Rupees crores).....	3,758.35	3,352.82
Weighted average number of Ordinary (Equity) Shares used in computing basic earnings per share .....	59,03,23,271	58,97,55,261
Effect of potential Ordinary (Equity) Shares on conversion of bonds and employee stock options..	2,51,23,100	2,42,30,839
Weighted average number of Ordinary (Equity) Shares used in computing diluted earnings per share .....	61,54,46,371	61,39,86,100
Basic Earnings per share (Rs.) (Face value of Rs. 5 per share).....	63.67	56.85
Diluted Earnings per share (Rs.).....	61.07	54.61

#### 41. The outstanding derivative instruments and unhedged foreign currency exposures as on 31<sup>st</sup> March, 2014 :

The Company has taken foreign exchange forward contracts to sell **US \$ 6.80 crores** (2013 : US \$ 24.00 crores).

The foreign currency exposures not hedged by derivative instruments or otherwise as on 31<sup>st</sup> March, 2014 are – Receivables of **US \$ 8.03 crores, ZAR 2.24 crores, AUD 0.54 crores, GBP 0.25 crores, EURO 0.23 crores** and Payables (excluding Borrowings, covered in the paragraph below) of **KRW 9.39 crores, JPY 2.43 crores, SEK 0.05 crores, CHF \* crores** (2013 : Receivables of ZAR 3.80 crores, US \$ 2.81 crores, AUD 0.80 crores, GBP 0.24 crores, AED 0.02 crores and Payables (excluding Borrowings, covered in the paragraph below) of JPY 4.83 crores, EURO 1.20 crores, SEK 0.06 crores, CHF \* crores, SGD \* crores).

The Company has outstanding foreign currency borrowings of **JPY 194.10 crores** and **US \$ 30.00 crores** (2013 : JPY 388.20 crores and US \$ 30.00 crores). The borrowing of **JPY 194.10 crores** (2013 : JPY 388.20 crores) has been fixed to US \$ 1.67 crores (2013 : US \$ 3.33 crores) using cross currency swaps. Currency risk of US \$ liability has not been hedged. The US \$ interest rate risk has been hedged using interest rate swaps.

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

**42. 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	47.	Mahindra Logistics Limited
2.	Mahindra Steel Service Centre Limited	48.	Mahindra CIE Automotive Limited (formerly known as Mahindra Forgings Limited) (upto 3 <sup>rd</sup> October, 2013)
3.	Mahindra First Choice Wheels Limited	49.	Mahindra Forgings International Limited (upto 3 <sup>rd</sup> October, 2013)
4.	Mahindra USA Inc.	50.	Mahindra Forgings Europe AG (upto 3 <sup>rd</sup> October, 2013)
5.	Mahindra Gujarat Tractor Limited	51.	Gesenkschmiede Schneider GmbH (upto 3 <sup>rd</sup> October, 2013)
6.	Mahindra Shubhlabh Services Limited	52.	JECO-Jellinghaus GmbH (upto 3 <sup>rd</sup> October, 2013)
7.	Mahindra & Mahindra South Africa (Proprietary) Limited	53.	Falkenroth Umformtechnik GmbH (upto 3 <sup>rd</sup> October, 2013)
8.	Mahindra Engineering Services Limited	54.	Stokes Group Limited (upto 3 <sup>rd</sup> October, 2013)
9.	Mahindra Gears & Transmissions Private Limited	55.	Stokes Forgings Dudley Limited (upto 3 <sup>rd</sup> October, 2013)
10.	Mahindra Overseas Investment Company (Mauritius) Limited	56.	Stokes Forgings Limited (upto 3 <sup>rd</sup> October, 2013)
11.	Mahindra Europe S.r.l.	57.	Mahindra Forgings Global Limited (upto 3 <sup>rd</sup> October, 2013)
12.	Jiangxi Mahindra Yueda Tractor Company Limited	58.	Schöneweiss & Co. GmbH (upto 3 <sup>rd</sup> October, 2013)
13.	Mahindra-BT Investment Company (Mauritius) Limited	59.	Mahindra Hinoday Industries Limited (upto 3 <sup>rd</sup> October, 2013)
14.	Mahindra Intertrade Limited	60.	Mahindra Heavy Engines Private Limited (formerly known as Mahindra Navistar Engines Private Limited)
15.	Mahindra MiddleEast Electrical Steel Service Centre (FZC)	61.	Mahindra Aerospace Private Limited
16.	Mahindra Consulting Engineers Limited	62.	Heritage Bird (M) Sdn. Bhd.
17.	Mahindra Holidays & Resorts India Limited	63.	Mahindra First Choice Services Limited
18.	Mahindra Holidays and Resorts USA Inc.	64.	Mahindra Graphic Research Design S.r.l.
19.	MHR Hotel Management GmbH (upto 28 <sup>th</sup> November, 2013)	65.	Mahindra Gears International Limited
20.	Mahindra Hotels and Residences India Limited	66.	Mahindra Gears Global Limited
21.	Mahindra Holdings Limited	67.	Mahindra Gears Cyprus Limited
22.	NBS International Limited	68.	Metalcastello S.p.A.
23.	Mahindra Ugine Steel Company Limited	69.	Mahindra Bebanco Developers Limited
24.	Mahindra & Mahindra Financial Services Limited	70.	Industrial Township (Maharashtra) Limited
25.	Mahindra Insurance Brokers Limited	71.	Crest Geartech Private Limited
26.	Mahindra Rural Housing Finance Limited	72.	Mahindra Business & Consulting Services Private Limited
27.	Bristlecone Limited	73.	Mahindra Two Wheelers Limited
28.	Bristlecone Inc.	74.	Mahindra Automotive Australia Pty. Limited
29.	Bristlecone UK Limited	75.	Mahindra United Football Club Private Limited
30.	Bristlecone India Limited	76.	Defence Land Systems India Private Limited
31.	Bristlecone (Singapore) Pte. Limited	77.	Mahindra Yueda (Yancheng) Tractor Company Limited
32.	Bristlecone GmbH	78.	Mahindra Electrical Steel Private Limited
33.	Bristlecone (Malaysia) Sdn. Bhd.	79.	Raigad Industrial & Business Park Limited
34.	Mahindra Automobile Distributor Private Limited	80.	Retail Initiative Holdings Limited
35.	Mahindra Trucks and Buses Limited (formerly known as Mahindra Navistar Automotives Limited)	81.	Mahindra Retail Private Limited
36.	Mahindra Engineering Services (Europe) Limited	82.	Mahindra Technologies Services Inc.
37.	Mahindra Engineering GmbH	83.	Mahindra Punjab Tractors Private Limited
38.	Mahindra Lifespace Developers Limited	84.	Mahindra Namaste Private Limited
39.	Mahindra Infrastructure Developers Limited	85.	Mahindra Conveyor Systems Private Limited
40.	Mahindra World City (Jaipur) Limited	86.	BAH Hotelanlagen AG (upto 28 <sup>th</sup> November, 2013)
41.	Mahindra Integrated Township Limited	87.	Mahindra Aerospace Australia Pty. Limited
42.	Mahindra Residential Developers Limited	88.	Aerostaff Australia Pty. Limited
43.	Mahindra World City Developers Limited	89.	Mahindra Reva Electric Vehicles Private Limited
44.	Mahindra World City (Maharashtra) Limited		
45.	Knowledge Township Limited		
46.	Mahindra Vehicle Manufacturers Limited		

**42. Related Party Disclosures : (contd.)**

Sl. No.	Name of the Company	Sl. No.	Name of the Company
90.	Bristlecone Consulting Limited	116.	Divine Heritage Hotels Private Limited
91.	Anthurium Developers Limited	117.	Gables Promoters Private Limited
92.	Mahindra Homes Private Limited (formerly known as Watsonia Developers Limited) (upto 19 <sup>th</sup> July, 2013)	118.	2 X 2 Logistics Private Limited
93.	Gipp Aero Investments Pty. Limited	119.	Holiday on Hills Resorts Private Limited
94.	Gippaero Pty. Limited	120.	MH Boutique Hospitality Limited
95.	GA8 Airvan Pty. Limited	121.	Infinity Hospitality Group Company Limited
96.	GA200 Pty. Limited	122.	Mahindra Tractor Assembly Inc.
97.	Airvan Flight Services Pty. Limited	123.	Mahindra Housing Private Limited
98.	Nomad TC Pty. Limited	124.	Mahindra Telephonics Integrated Systems Limited (w.e.f. 22 <sup>nd</sup> April, 2013)
99.	Mahindra Emirates Vehicle Armouring FZ-LLC	125.	Mahindra Investments (India) Private Limited (w.e.f. 25 <sup>th</sup> April, 2013)
100.	Mahindra Integrated Business Solutions Private Limited	126.	Mahindra Investments (International) Private Limited (w.e.f. 25 <sup>th</sup> April, 2013)
101.	Mahindra Aerostructures Private Limited	127.	Mahindra Offgrid Services Private Limited (w.e.f. 28 <sup>th</sup> June, 2013)
102.	Ssangyong Motor Company	128.	Mahindra Asset Management Company Private Limited (w.e.f. 20 <sup>th</sup> June, 2013)
103.	Ssangyong European Parts Center B.V.	129.	Mahindra Trustee Company Private Limited (w.e.f. 10 <sup>th</sup> July, 2013)
104.	Ssangyong Motor (Shanghai) Company Limited	130.	Brightsolar Renewable Energy Private Limited (w.e.f. 3 <sup>rd</sup> December, 2013)
105.	Ssangyong (Yizheng) Auto Parts Manufacturing Company Limited (upto 19 <sup>th</sup> November, 2013)	131.	Cleansolar Renewable Energy Private Limited (w.e.f. 3 <sup>rd</sup> December, 2013)
106.	Mahindra EPC Services Private Limited	132.	Mahindra Auto Steel Private Limited (w.e.f. 12 <sup>th</sup> December, 2013)
107.	Bristlecone International AG	133.	Mahindra North American Technical Centre, Inc. (w.e.f. 18 <sup>th</sup> December, 2013)
108.	EPC Industrie Limited	134.	Mahindra 'Electoral Trust' Company (w.e.f. 30 <sup>th</sup> December, 2013)
109.	Mahindra Telecommunications Investment Private Limited		
110.	Mahindra Sanyo Special Steel Private Limited		
111.	Bell Tower Resorts Private Limited		
112.	Mahindra Racing S.r.l.		
113.	Swaraj Automotives Limited		
114.	Mahindra Defence Naval Systems Private Limited		
115.	Mahindra Defence Systems 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 (upto 3 <sup>rd</sup> October, 2013)	4.	Mahindra CIE Automotive Limited (formerly known as Mahindra Forgings Limited) (w.e.f. 4 <sup>th</sup> October, 2013)
2.	Swaraj Engines Limited		
3.	Mahindra & Mahindra Contech Limited	5.	Tech Mahindra Limited

(ii) Joint Venture :

Sl. No.	Name of the Company
1.	Mahindra Sona Limited

(iii) Joint Venture of a Subsidiary :

Sl. No.	Name of the Company
1.	Mahindra Solar One Private Limited
2.	Mahindra Water Utilities Limited

**42. Related Party Disclosures : (contd.)**

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

(iv) Key Management Personnel (KMP) :

Chairman and Managing Director.....	Mr. Anand Mahindra
Executive Director and Group CFO (upto 13 <sup>th</sup> November, 2013).....	Mr. B. N. Doshi
Executive Director and President (Automotive & Farm Equipment Sectors) (w.e.f. 23 <sup>rd</sup> September, 2013).....	Dr. Pawan Goenka

(v) Enterprise over which KMP is able to exercise significant influence :

Sl. No.	Name of the Company
1.	Prudential Management & Services Private Limited

(vi) 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
4.	Mahindra World School Education Trust

(c) The related party transactions are as under :

Rupees crores						
Sl. No.	Nature of Transactions	Subsidiaries	Associate Companies	Joint Ventures/ Joint Ventures of Subsidiaries	Key Management Personnel/ KMP Exercising Significant influence	Welfare Funds
1.	Purchases :					
	Goods.....	<b>7,954.99</b> (10,551.78)	<b>819.69</b> (547.55)	<b>171.26</b> (148.77)	— (—)	— (—)
	Fixed Assets.....	<b>143.26</b> (15.40)	<b>2.06</b> (0.25)	— (—)	— (—)	— (—)
	Knowhow .....	— (19.38)	— (—)	— (—)	— (—)	— (—)
	Services .....	<b>1,649.04</b> (1,330.72)	<b>17.26</b> (8.44)	— (—)	— (—)	— (—)
2.	Sales :					
	Goods.....	<b>1,806.75</b> (2,731.34)	<b>0.55</b> (0.10)	— (—)	— (—)	— (—)
	Fixed Assets.....	<b>0.90</b> (9.72)	— (—)	— (—)	— (—)	— (—)
	Services .....	<b>48.85</b> (79.30)	<b>1.65</b> (1.00)	* (0.01)	— (—)	— (—)
	Sales/Assignments of assets/liabilities.....	<b>13.62</b> (—)	— (—)	— (—)	— (—)	— (—)
3.	Investments :					
	Purchases/Subscribed/Conversion.....	<b>1,480.18</b> (1,107.82)	— (8.00)	— (—)	— (—)	— (—)
	Sales/Redemption/Conversion .....	<b>518.01</b> (25.59)	— (8.00)	— (—)	— (—)	— (—)

(c) The related party transactions are as under : (contd.)

Rupees crores

Sl. No.	Nature of Transactions	Subsidiaries	Associate Companies	Joint Ventures/ Joint Ventures of Subsidiaries	Key Management Personnel/ KMP Exercising Significant influence	Welfare Funds
4.	Deputation of Personnel :					
	From Parties .....	<b>1.86</b> (1.48)	<b>0.46</b> (0.42)	— (—)	— (—)	— (—)
	To Parties.....	<b>14.11</b> (12.38)	<b>4.03</b> (3.90)	<b>0.09</b> (0.66)	— (—)	— (—)
5.	Managerial Remuneration.....	— (—)	— (—)	— (—)	<b>14.77</b> (7.83)	— (—)
6.	Stock Options.....	— (—)	— (—)	— (—)	# (#)	— (—)
7.	Finance :					
	Inter Corporate Deposits given.....	<b>1,146.09</b> (936.23)	— (—)	— (—)	— (—)	— (—)
	Inter Corporate Deposits refunded by Parties.....	<b>956.85</b> (940.23)	— (—)	— (—)	— (—)	— (—)
	Interest Income.....	<b>73.79</b> (75.84)	— (0.27)	— (—)	<b>0.02</b> (—)	— (—)
	Interest Expense .....	<b>0.03</b> (—)	— (—)	— (—)	— (—)	— (—)
	Dividend Received .....	<b>250.72</b> (149.32)	<b>43.96</b> (5.36)	<b>3.54</b> (27.81)	— (—)	— (—)
	Security Deposits Paid.....	— (2.07)	— (—)	— (—)	— (—)	— (—)
	Security Deposits Received.....	<b>0.38</b> (—)	— (—)	— (—)	— (—)	— (—)
	Share Application Money Given/(Converted) (Net) .....	<b>(24.95)</b> (27.17)	— (—)	— (—)	— (—)	— (—)
8.	Dividends Distributed .....	— (—)	— (—)	— (—)	<b>92.62</b> (21.45)	<b>69.92</b> (67.23)
9.	Guarantees given on behalf of Subsidiaries during the year, absorbed .....	<b>1,008.51</b> (35.14)	— (—)	— (—)	— (—)	— (—)
10.	Other Transactions :					
	Other Income.....	<b>7.86</b> (7.93)	<b>0.41</b> (0.33)	— (0.25)	— (—)	<b>67.39</b> (64.79)
	Other Expenses.....	<b>25.53</b> (38.55)	<b>3.54</b> (—)	— (—)	— (—)	— (—)

# Refer Annexure I to the Directors' Report.

(c) The related party transactions are as under : (contd.)

Rupees crores

Sl. No.	Nature of Transactions	Subsidiaries	Associate Companies	Joint Ventures/ Joint Ventures of Subsidiaries	Key Management Personnel/ KMP Exercising Significant influence	Welfare Funds
	Reimbursements received from parties.....	<b>69.23</b> (118.38)	<b>4.12</b> (1.20)	<b>0.09</b> (0.13)	— (—)	— (—)
	Reimbursements made to parties.....	<b>26.80</b> (69.35)	<b>1.37</b> *	— (—)	— (—)	— (—)
	Writeback of Provision for Advances.....	<b>1.14</b> (—)	— (—)	— (—)	— (—)	— (—)
	Advances Given to parties.....	<b>13.11</b> (11.63)	— (0.76)	— (—)	— (—)	— (—)
	Advances given to parties Refunded/Converted.....	<b>14.00</b> (10.20)	<b>0.14</b> (—)	— (—)	— (—)	— (—)
11.	Outstandings :					
	Payable .....	<b>738.60</b> (756.26)	<b>26.45</b> (10.93)	<b>32.96</b> (28.67)	<b>3.41</b> (3.76)	— (—)
	Receivable .....	<b>727.03</b> (753.65)	<b>10.53</b> (4.54)	<b>1.96</b> (1.90)	<b>1.07</b> (—)	<b>17.00</b> (17.00)
	Debentures/Bonds issued by Parties.....	— (465.29)	— (—)	— (—)	— (—)	— (—)
	Inter Corporate Deposits given.....	<b>508.76</b> (285.75)	<b>4.59</b> (4.59)	— (—)	— (—)	— (—)
12.	Share Application Money Outstanding (Net) .....	<b>2.22</b> (27.17)	— (—)	— (—)	— (—)	— (—)
13.	Provision for Doubtful debts/advances .....	<b>4.85</b> (5.99)	<b>7.18</b> (7.18)	— (—)	— (—)	<b>10.00</b> (10.00)
14.	Guarantees given on behalf of subsidiaries, absorbed. Amount of guarantees as on 31 <sup>st</sup> March.....	<b>896.53</b> (87.20)	— (—)	— (—)	— (—)	— (—)

\* denotes amounts less than Rs. 50,000.

Previous year's figures are in brackets.



The Significant related party transactions are as under :

Sl. No.	Nature of Transactions	Subsidiaries	Rupees crores	Associate Companies	Rupees crores	Joint Ventures/ Joint Ventures of Subsidiaries	Rupees crores
1.	Purchases - Goods	Mahindra Vehicle Manufacturers Limited	<b>6,807.27</b> (9,202.01)	Swaraj Engines Limited	<b>711.61</b> (545.41)	Mahindra Sona Limited	<b>171.26</b> (148.77)
				Mahindra CIE Automotive Limited	<b>104.21</b> (—)		
2.	Purchases - Services	Mahindra Logistics Limited	<b>1,242.53</b> (1,028.48)	Tech Mahindra Limited	<b>12.36</b> (4.18)		
				Mahindra & Mahindra Contech Limited	<b>4.89</b> (4.26)		
3.	Sales - Goods	Mahindra Vehicle Manufacturers Limited	<b>930.55</b> (1,467.37)	Swaraj Engines Limited	<b>0.55</b> (0.10)		
		Mahindra & Mahindra South Africa (Proprietary) Limited	<b>199.80</b> (—)				
		Mahindra USA Inc.	<b>333.96</b> (364.09)				
		NBS International Limited	<b>182.30</b> (322.49)				
4.	Sales - Services	Mahindra Automobile Distributor Private Limited	<b>10.16</b> (9.28)	Tech Mahindra Limited	<b>1.50</b> (0.80)	Mahindra Sona Limited	<b>*</b> (0.01)
		Mahindra & Mahindra Financial Services Limited	<b>7.86</b> (8.08)	Swaraj Engines Limited	<b>—</b> (0.20)		
		Ssangyong Motor Company	<b>8.42</b> (—)				
		Mahindra Holidays & Resorts India Limited	<b>5.26</b> (—)				
		Mahindra Trucks and Buses Limited	<b>—</b> (35.35)				
5.	Investments - Purchases/ Subscribed/ Conversion	Mahindra Two Wheelers Limited	<b>345.96</b> (345.00)	Vayugrid Marketplace Services Private Limited	<b>—</b> (8.00)		
		Ssangyong Motor Company	<b>394.33</b> (—)				
		Mahindra Ugine Steel Company Limited	<b>214.33</b> (—)				
		Mahindra Navistar Automotives Limited	<b>—</b> (347.00)				

\* denotes amounts less than Rs. 50,000.

The Significant related party transactions are as under : (contd.)

Sl. No.	Nature of Transactions	Subsidiaries	Rupees crores	Associate Companies	Rupees crores	Joint Ventures/ Joint Ventures of Subsidiaries	Rupees crores
6.	Investments-Sales/Redemption/Conversion	Ssangyong Motor Company	<b>423.61</b> (—)	Vayugrid Marketplace Services Private Limited	— (8.00)		
		Mahindra Investments (India) Private Limited	<b>79.37</b> (—)				
		Mahindra & Mahindra Financial Services Limited	— (25.00)				
7.	Advances Given	Mahindra Holidays & Resorts India Limited	<b>8.68</b> (5.27)	Vayugrid Marketplace Services Private Limited	— (0.76)		
		Mahindra Tractor Assembly Inc.	<b>2.71</b> (—)				
		Mahindra Lifespace Developers Limited	<b>1.66</b> (—)				
		Mahindra Technologies Services Inc.	— (2.75)				
8.	Inter Corporate Deposits Given	Mahindra Two Wheelers Limited	<b>553.50</b> (324.40)				
		Mahindra & Mahindra Financial Services Limited	<b>500.00</b> (500.00)				
9.	Inter Corporate Deposits refunded by parties	Mahindra & Mahindra Financial Services Limited	<b>500.00</b> (500.00)				
		Mahindra Two Wheelers Limited	<b>344.00</b> (339.40)				
10.	Guarantees Given	Mahindra Forgings Europe AG	<b>145.67</b> (35.14)				
		Mahindra Overseas Investment Company (Mauritius) Limited	<b>811.56</b> (—)				

The Significant related party transactions with Key Management Personnel are as under :

Sl. No.	Nature of Transaction	Name of KMP	Rupees crores
1.	Managerial Remuneration	Mr. Anand Mahindra	<b>5.19</b> (4.66)
		Dr. Pawan Goenka	<b>2.36</b> (—)
		Mr. B. N. Doshi	<b>7.22</b> (3.17)

Previous year's figures are in brackets.

**43. Joint Venture Disclosure :**

(i) The Company's Jointly Controlled Entities are :

Name of the Entity	Country of Incorporation	% of ownership interest	
		2014	2013
(a) Tech Mahindra Limited (upto 30 <sup>th</sup> August, 2012).....	India		47.56%
(b) Mahindra Sona Limited .....	India	29.77%	29.77%

(ii) The Company's share of each of the Assets, Liabilities, Income and Expenses (each without elimination of the effect of transactions between the Company and the Joint Venture) with respect to its interest in these Jointly Controlled Entities are :

	Rupees crores	
	2014	2013
<b>I. ASSETS</b>		
1. Fixed Assets.....	17.79	12.66
2. Non Current Investments.....	0.02	0.05
3. Long Term Loans and Advances .....	0.99	0.98
4. Inventories.....	11.61	9.37
5. Trade Receivables .....	27.39	25.07
6. Cash and Bank Balances .....	5.17	4.85
7. Short Term Loans and Advances.....	1.71	1.25
8. Other Current Assets .....	0.27	0.15
<b>II. LIABILITIES</b>		
1. Deferred Tax Liabilities .....	1.49	0.74
2. Other Long Term Liabilities.....	1.78	1.71
3. Long Term Provisions .....	1.60	1.46
4. Short Term Borrowings.....	1.26	1.16
5. Trade Payables .....	14.63	11.12
6. Other Current Liabilities .....	2.14	1.55
7. Short Term Provisions .....	5.00	4.88
<b>III. INCOME</b>		
1. Revenue from Operations .....	108.74	1,287.04
2. Other Income.....	1.60	2.32
<b>IV. EXPENSES</b>		
1. Materials consumed and changes in inventories.....	70.56	64.65
2. Manufacturing, Selling expenses, Interest and Finance charges.....	25.22	1,001.47
3. Depreciation and Amortisation Expense.....	1.75	36.68
4. Provision for taxation .....	3.38	36.30
5. Share in Associate .....	—	109.02
<b>V. OTHER MATTERS</b>		
1. Contingent Liabilities .....	5.27	4.53
2. Capital Commitments .....	0.29	0.97

**44. Value of Imports on C.I.F. basis accounted for during the year :**

	Rupees crores	
	2014	2013
(i) Raw Materials .....	4.71	0.96
(ii) Components, Spare Parts etc.....	535.25	706.86
(iii) Capital Goods .....	141.97	141.88
(iv) Items imported for Resale.....	15.01	46.24
	<b>696.94</b>	<b>895.94</b>

Notes :

- (i) Credits, if any, recoverable in respect of short landings etc. are not considered.
- (ii) The value of imports shown above includes :
- (a) Imports on C&F basis as per supplier's invoices **Rs. 63.25 crores** (2013 : Rs. 110.71 crores).
- (b) Imports on 'cost' basis **Rs. 603.22 crores** (2013 : Rs. 707.75 crores).

**45. Expenditure in Foreign Currencies (Subject to deduction of tax where applicable) :**

	Rupees crores	
	2014	2013
(i) Professional and Consultancy fees [including <b>Rs. 0.03 crores</b> (2013 : Rs. 13.95 crores) capitalised] .....	85.34	117.63
(ii) Interest and Commitment charges.....	75.39	79.43
(iii) Royalty.....	3.71	5.42
(iv) Development Expenditure & Computer Software in Intangible Assets .....	289.02	111.09
(v) Others .....	158.92	145.95
	<b>612.38</b>	<b>459.52</b>

**46. Remittance in Foreign Currency on account of dividends to non-resident shareholders :**

Shareholders	Number of		Amount remitted Rupees crores	Dividend relating to
	Shareholders	Equity shares		
2014 : 1		3,19,97,627	41.60	Year ended 31 <sup>st</sup> March, 2013
2013 : 1		3,53,16,674	44.15	Year ended 31 <sup>st</sup> March, 2012

**47. Earnings in foreign exchange :**

	Rupees crores	
	2014	2013
(i) Export of goods on F.O.B. basis.....	2,125.29	2,225.02
(ii) Interest .....	19.91	17.92
(iii) Consultancy fees.....	5.15	—
(iv) Others (freight etc.).....	109.58	110.43
	<b>2,259.93</b>	<b>2,353.37</b>

Note :

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.

48. Segment Information  
Segment Report For the year ended 31<sup>st</sup> March, 2014  
Primary Segment Disclosure - Business Segment :

Rupees crores

Particulars	2014					2013						
	Automotive	Farm Equipment	Other	Total Segment	Eliminations	Total	Automotive	Farm Equipment	Other	Total Segment	Eliminations	Total
<b>Revenue</b>												
Net External Sales.....	26,157.63	14,325.76	25.11	40,508.50	—	40,508.50	28,395.73	11,973.85	71.58	40,441.16	—	40,441.16
Inter Segment Sales.....	8.63	7.95	—	16.58	(16.58)	—	9.65	15.82	1.03	26.50	(26.50)	—
<b>Total Revenue.....</b>	<b>26,166.26</b>	<b>14,333.71</b>	<b>25.11</b>	<b>40,525.08</b>	<b>(16.58)</b>	<b>40,508.50</b>	<b>28,405.38</b>	<b>11,989.67</b>	<b>72.61</b>	<b>40,467.66</b>	<b>(26.50)</b>	<b>40,441.16</b>
<b>Result</b>												
Segment Result.....	1,925.53	2,452.79	5.90	4,384.22	—	4,384.22	2,596.60	1,857.78	17.22	4,471.60	—	4,471.60
Less :												
Finance costs.....						259.22						191.19
Unallocated corporate expenses net of unallocated income.....						(191.64)						(76.06)
Exceptional item unallocable to segments.....						(52.79)						(90.62)
<b>Profit before tax.....</b>						<b>4,369.43</b>						<b>4,447.09</b>
Income Taxes.....						611.08						1,094.27
<b>Profit after tax.....</b>						<b>3,758.35</b>						<b>3,352.82</b>
<b>OTHER INFORMATION</b>												
Segment Assets.....	9,986.74	5,604.00	10.42	15,601.16	—	15,601.16	8,758.50	4,588.41	29.06	13,375.97	—	13,375.97
Unallocated Corporate Assets.....						15,687.49						14,077.62
<b>Total Assets.....</b>	<b>9,986.74</b>	<b>5,604.00</b>	<b>10.42</b>	<b>15,601.16</b>	<b>—</b>	<b>31,288.65</b>	<b>8,758.50</b>	<b>4,588.41</b>	<b>29.06</b>	<b>13,375.97</b>	<b>—</b>	<b>27,453.59</b>
Segment Liabilities.....	5,236.24	2,353.78	6.66	7,596.68	—	7,596.68	4,872.75	2,084.07	12.03	6,968.85	—	6,968.85
Unallocated Corporate Liabilities.....						6,900.78						5,825.82
<b>Total Liabilities.....</b>	<b>5,236.24</b>	<b>2,353.78</b>	<b>6.66</b>	<b>7,596.68</b>	<b>—</b>	<b>14,497.46</b>	<b>4,872.75</b>	<b>2,084.07</b>	<b>12.03</b>	<b>6,968.85</b>	<b>—</b>	<b>12,794.67</b>
Capital Expenditure.....	1,218.06	314.85	0.03	1,532.94	—	1,532.94	937.57	402.25	14.75	1,354.57	—	1,354.57
Depreciation and Amortisation Expense	656.27	178.09	0.24	834.60	—	834.60	516.88	138.40	1.97	657.25	—	657.25
Non cash expenses other than depreciation.....	7.19	—	—	7.19	—	7.19	17.04	—	—	17.04	—	17.04

Secondary Segment Disclosure - Geographical Segment :

Rupees crores

Particulars	2014			2013		
	Domestic	Overseas	Total	Domestic	Overseas	Total
Revenue from External Customers....	37,978.60	2,529.90	40,508.50	38,005.10	2,436.06	40,441.16
Segment Assets.....	15,601.16	—	15,601.16	13,375.97	—	13,375.97
Capital Expenditure .....	1,532.94	—	1,532.94	1,354.57	—	1,354.57

Notes :

1. Business Segments :

The Company has considered business segments as the primary segment for disclosure.

The segment have been identified taking into account the organisational structure as well as the differing risks and returns of these segments.

Automotive Segment comprises of sale of automobiles, spare parts and related services.

Farm Equipment Segment comprises of sale of tractors, spare parts and related services.

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.

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

Signatures to Notes 1 to 49

Bharat Doshi  
Deepak S. Parekh  
Nadir B. Godrej  
M. M. Murugappan  
A. K. Nanda  
Narayanan Vaghul  
R. K. Kulkarni  
Vishakha N. Desai  
Vikram Singh Mehta  
S. B. Mainak

Directors

Anand G. Mahindra

Chairman & Managing Director

Dr. Pawan Goenka

Executive Director & President  
(Automotive and Farm Equipment Sector)

V. S. Parthasarathy

Chief Financial Officer & Group CIO

Narayan Shankar

Company Secretary

Mumbai, 30<sup>th</sup> May, 2014

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, 2014	Not dealt with in the accounts of Mahindra & Mahindra Limited for the year ended 31 <sup>st</sup> March, 2014	Dealt with in the accounts of Mahindra & Mahindra Limited for the year ended 31 <sup>st</sup> March, 2014	Not dealt with in the accounts of Mahindra & Mahindra Limited for the year ended 31 <sup>st</sup> March, 2014
			Rupees crores	Rupees crores	Rupees crores	Rupees crores
	Nos.	%				
<b>Mahindra Engineering and Chemical Products Limited</b> .....	4,39,98,462	100.00%	—	1.35	—	138.92
* Retail Initiative Holdings Limited.....	—	100.00%	—	(0.01)	—	(0.04)
♣ Mahindra Retail Private Limited .....	—	95.69%	—	(109.09)	—	(265.03)
* Mahindra Conveyor Systems Private Limited.....	—	91.50%	—	4.04	—	15.20
<b>Mahindra Intertrade Limited</b> .....	2,71,00,006	100.00%	—	64.37	14.94	282.61
@ Mahindra MiddleEast Electrical Steel Service Centre (FZC).....	—	90.00%	—	4.15	—	31.40
@ Mahindra Steel Service Centre Limited.....	—	61.00%	—	3.31	—	17.11
@ Mahindra Auto Steel Private Limited .....	—	100.00%	—	(0.73)	—	—
@ Mahindra Electrical Steel Private Limited .....	—	100.00%	—	(0.69)	—	(1.41)
<b>Mahindra Consulting Engineers Limited</b> .....	11,51,000	54.16%	—	0.10	0.58	2.88
<b>Mahindra Holidays &amp; Resorts India Limited</b> .....	6,65,85,642	#75.00%	—	70.90	26.63	329.94
+ Mahindra Holidays and Resorts USA Inc.....	—	#75.00%	—	(0.11)	—	0.15
+ Mahindra Hotels and Residences India Limited .....	—	#75.00%	—	(*)	—	(0.09)
+ Heritage Bird (M) Sdn.Bhd. ....	—	#75.00%	—	(0.01)	—	(0.66)
+ Bell Tower Resorts Private Limited .....	—	#75.00%	—	(6.52)	—	(9.50)
+ Divine Heritage Hotels Private Limited.....	—	#75.00%	—	(0.80)	—	(1.51)
+ Gables Promoters Private Limited.....	—	#75.00%	—	(0.02)	—	(*)
+ Holiday on Hills Resorts Private Limited .....	—	#75.00%	—	0.91	—	(1.12)
+ MH Boutique Hospitality Limited .....	—	#36.75%	—	(0.19)	—	(0.07)
+ Infinity Hospitality Group Company Limited.....	—	#55.49%	—	(0.98)	—	(0.66)
<b>NBS International Limited</b> .....	50,490	100.00%	—	(6.04)	—	(0.09)
<b>Mahindra Ugine Steel Company Limited</b> .....	1,64,66,789	50.41%	—	94.85	—	82.97
<b>Mahindra Sanyo Special Steel Private Limited</b> .....	51,00,000	51.00%	—	(34.85)	—	(9.83)
<b>Mahindra Holdings Limited</b> .....	6,12,49,999	100.00%	—	0.82	—	17.02
⊗ Mahindra United Football Club Private Limited .....	—	100.00%	—	0.01	—	0.12

\* 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, 2014	Not dealt with in the accounts of Mahindra & Mahindra Limited for the year ended 31 <sup>st</sup> March, 2014	Dealt with in the accounts of Mahindra & Mahindra Limited for the year ended 31 <sup>st</sup> March, 2014	Not dealt with in the accounts of Mahindra & Mahindra Limited for the year ended 31 <sup>st</sup> March, 2014
			Rupees crores	Rupees crores	Rupees crores	Rupees crores
	Nos.	%				
☉ Mahindra Punjab Tractors Private Limited.....	—	100.00%	—	(*)	—	(0.01)
☉ Mahindra EPC Services Private Limited .....	—	100.00%	—	(0.92)	—	38.96
¥ Mahindra Offgrid Services Private Limited.....	—	100.00%	—	(0.02)	—	—
● Brightsolar Renewable Energy Private Limited .....	—	100.00%	—	(0.01)	—	—
● Cleansolar Renewable Energy Private Limited .....	—	100.00%	—	(0.01)	—	—
☉ Mahindra Namaste Private Limited .....	—	100.00%	—	(2.98)	—	(0.04)
☉ Mahindra Integrated Business Solutions Private Limited .....	—	100.00%	—	1.59	—	1.54
☉ Mahindra Telecommunications Investment Private Limited .....	—	100.00%	—	0.12	—	0.15
☉ Gateway Housing Finance Corporation Limited.....	—	49.99%	—	0.03	—	—
<b>Mahindra Lifespace Developers Limited .....</b>	2,08,46,126	51.03%	—	39.67	12.51	209.54
☉ Mahindra Infrastructure Developers Limited .....	—	51.03%	—	(0.13)	—	0.01
☉ Mahindra World City Developers Limited.....	—	45.42%	—	4.04	—	54.22
☉ Mahindra World City (Jaipur) Limited.....	—	37.76%	—	9.23	—	13.69
☉ Mahindra Integrated Township Limited.....	—	49.15%	—	(2.54)	—	(0.94)
✂ Mahindra Residential Developers Limited .....	—	49.15%	—	16.13	—	6.31
☉ Mahindra World City (Maharashtra) Limited .....	—	51.03%	—	(*)	—	(0.58)
☉ Knowledge Township Limited.....	—	51.03%	—	(*)	—	(0.23)
☉ Mahindra Bebanco Developers Limited .....	—	35.72%	—	0.41	—	(2.41)
☉ Raigad Industrial & Business Park Limited.....	—	51.03%	—	(*)	—	(0.05)
☉ Industrial Township (Maharashtra) Limited.....	—	51.03%	—	(*)	—	(0.07)
☉ Anthurium Developers Limited .....	—	51.03%	—	(*)	—	(0.01)
☉ Mahindra Housing Private Limited .....	—	51.03%	—	(*)	—	—
<b>Mahindra &amp; Mahindra Financial Services Limited.....</b>	29,12,07,660	#51.20%	—	454.26	104.83	1165.63
◆ Mahindra Insurance Brokers Limited.....	—	#43.52%	—	18.28	—	39.43
◆ Mahindra Rural Housing Finance Limited.....	—	#44.80%	—	12.13	—	18.76

\* 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, 2014	Not dealt with in the accounts of Mahindra & Mahindra Limited for the year ended 31 <sup>st</sup> March, 2014	Dealt with in the accounts of Mahindra & Mahindra Limited for the year ended 31 <sup>st</sup> March, 2014	Not dealt with in the accounts of Mahindra & Mahindra Limited for the year ended 31 <sup>st</sup> March, 2014
			Rupees crores	Rupees crores	Rupees crores	Rupees crores
	Nos.	%				
♦ Mahindra Business & Consulting Services Private Limited .....	—	#51.20%	—	1.44	—	1.27
♦ Mahindra Assets Management Company Private Limited .....	—	#51.20%	—	(*)	—	—
♦ Mahindra Trustee Company Private Limited .....	—	#51.20%	—	—	—	—
<b>Bristlecone Limited</b> .....	42,22,250	78.38%	—	(4.21)	—	(34.73)
⊙ Bristlecone Inc .....	—	78.38%	—	4.23	—	(26.84)
⊙ Bristlecone India Limited .....	—	78.38%	—	7.85	—	23.32
● Bristlecone (Singapore) Pte. Limited .....	—	78.38%	—	0.13	—	(3.92)
● Bristlecone GmbH .....	—	78.38%	—	1.95	—	2.51
⊙ Bristlecone UK Limited .....	—	78.38%	—	0.44	—	(12.08)
⊙ Bristlecone (Malaysia) Sdn.Bhd .....	—	78.38%	—	2.81	—	3.27
⊙ Bristlecone Consulting Limited .....	—	78.38%	—	1.14	—	1.76
⊙ Bristlecone International AG .....	—	78.38%	—	2.40	—	3.11
<b>Mahindra First Choice Wheels Limited</b> .....	3,47,77,255	#52.15%	—	0.22	—	(52.56)
<b>Mahindra USA Inc.</b> .....	14,00,00,000	100.00%	—	29.13	—	(41.99)
□ Mahindra Tractor Assembly Inc .....	—	100.00%	—	(3.04)	—	—
□ Mahindra North American Technical Center, Inc. ..	—	100.00%	—	0.14	—	—
<b>Mahindra Gujarat Tractor Limited</b> .....	16,83,218	60.00%	—	2.82	—	(6.67)
<b>Mahindra Shubhlabh Services Limited</b> .....	89,12,400	100.00%	—	6.83	—	(2.59)
<b>Mahindra &amp; Mahindra South Africa (Proprietary) Limited</b> .....	5,20,00,000	100.00%	—	21.45	5.82	21.50
<b>Mahindra Overseas Investment Company (Mauritius) Limited</b> .....	8,79,02,525	100.00%	—	(93.46)	—	(74.44)
⊗ Mahindra Racing S.r.l. ....	—	100.00%	—	(0.02)	—	*
⊗ Mahindra-BT Investment Company (Mauritius) Limited .....	—	57.00%	—	(0.40)	—	49.81
⊗ Mahindra Europe S.r.l. ....	—	100.00%	—	(7.45)	—	(3.66)

\* 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, 2014	Not dealt with in the accounts of Mahindra & Mahindra Limited for the year ended 31 <sup>st</sup> March, 2014	Dealt with in the accounts of Mahindra & Mahindra Limited for the year ended 31 <sup>st</sup> March, 2014	Not dealt with in the accounts of Mahindra & Mahindra Limited for the year ended 31 <sup>st</sup> March, 2014
			Rupees crores	Rupees crores	Rupees crores	Rupees crores
Nos.	%					
✕ Mahindra Graphic Research Design S.r.l. ....	—	100.00%	—	(1.14)	—	(11.18)
✕ Mahindra Yueda (Yancheng) Tractor Company Limited .....	—	51.00%	—	(11.00)	—	(30.17)
▼ Jiangxi Mahindra Yueda Tractor Company Limited	—	45.58%	—	(6.53)	—	(6.58)
✕ Mahindra Emirates Vehicle Armouring FZ-LLC .....	—	51.00%	—	0.17	—	(5.21)
<b>Mahindra Engineering Services Limited</b> .....	81,26,218	#80.69%	—	34.56	9.72	83.54
++ Mahindra Engineering Services (Europe) Limited...	—	#80.69%	—	2.16	—	8.54
++ Mahindra Engineering GmbH .....	—	#80.69%	—	(0.29)	—	(4.22)
++ Mahindra Technologies Services Inc. ....	—	#80.69%	—	2.18	—	1.59
<b>Mahindra Automobile Distributor Private Limited</b> .....	7,40,000	95.00%	—	12.92	5.18	20.57
<b>Mahindra Trucks and Buses Limited</b> .....	1,14,79,25,600	100.00%	—	3.96	—	—
<b>Mahindra Vehicle Manufacturers Limited</b> .....	96,22,50,000	100.00%	—	216.67	70.00	321.75
<b>Mahindra Logistics Limited</b> .....	5,39,06,123	88.60%	—	32.47	—	25.03
π 2 X 2 Logistics Private Limited.....	—	88.60%	—	0.01	—	(*)
<b>Mahindra Heavy Engines Private Limited</b> .....	32,80,00,000	100.00%	—	(57.76)	—	(131.52)
<b>Mahindra Aerospace Private Limited</b> .....	12,36,97,041	66.67%	—	(0.72)	—	(4.73)
▲ Mahindra Aerospace Australia Pty. Limited .....	—	66.67%	—	(0.07)	—	(0.08)
α Aerostaff Australia Pty. Limited.....	—	66.67%	—	(4.86)	—	(11.65)
α Gipp Aero Investments Pty. Limited.....	—	50.07%	—	0.10	—	(0.09)
Σ Gippsaero Pty. Limited.....	—	50.07%	—	(19.50)	—	(32.43)
Σ GA8 Airvan Pty. Limited .....	—	50.07%	—	—	—	—
Σ GA200 Pty. Limited.....	—	50.07%	—	—	—	—
Σ Airvan Flight Services Pty. Limited .....	—	50.07%	—	—	—	—
Σ Nomad TC Pty. Limited .....	—	50.07%	—	—	—	—
▲ Mahindra Aerostructures Private Limited.....	—	66.67%	—	(11.69)	—	(10.85)

\* 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, 2014	Not dealt with in the accounts of Mahindra & Mahindra Limited for the year ended 31 <sup>st</sup> March, 2014	Dealt with in the accounts of Mahindra & Mahindra Limited for the year ended 31 <sup>st</sup> March, 2014	Not dealt with in the accounts of Mahindra & Mahindra Limited for the year ended 31 <sup>st</sup> March, 2014
			Rupees crores	Rupees crores	Rupees crores	Rupees crores
	Nos.	%				
<b>Mahindra First Choice Services Limited</b> .....	13,87,70,000	100.00%	—	(42.65)	—	(61.75)
<b>Mahindra Gears International Limited</b> .....	2,30,00,001	100.00%	—	(0.22)	—	(0.52)
★ Mahindra Gears Global Limited .....	—	53.34%	—	(0.12)	—	(0.91)
✈ Mahindra Gears Cyprus Limited .....	—	53.34%	—	—	—	(0.02)
✈ Metalcastello S.p.A. ....	—	51.00%	—	(33.23)	—	(78.63)
■ Crest Geartech Private Limited .....	—	51.00%	—	(0.13)	—	0.34
<b>Mahindra Automotive Australia Pty. Limited</b> .....	45,75,000	100.00%	—	(5.26)	—	(7.50)
<b>Mahindra Two Wheelers Limited</b> .....	1,11,35,11,969	88.46%	—	(406.29)	—	(653.60)
<b>Defence Land Systems India Private Limited</b> .....	6,29,00,000	100.00%	—	(9.98)	—	(56.86)
<b>Mahindra Reva Electric Vehicles Private Limited</b> .....	2,39,43,542	73.42%	—	(59.11)	—	(52.82)
<b>Ssangyong Motor Company</b> .....	9,99,64,502	#72.85%	—	53.06	—	(853.38)
⊗⊗ Ssangyong European Parts Center B.V. ....	—	#72.85%	—	0.53	—	1.89
⊗⊗ Ssangyong Motor (Shanghai) Company Limited ..	—	#72.85%	—	13.23	—	(0.12)
<b>EPC Industrie Limited</b> .....	1,51,44,433	54.80%	—	4.22	—	4.73
<b>Swaraj Automotives Limited</b> .....	17,06,925	71.19%	—	1.67	0.51	1.02
<b>Mahindra Defence Systems Limited</b> .....	42,53,467	100.00%	—	2.64	—	0.05
£ Mahindra Telephonics Integrated Systems Limited	—	74.00%	—	(5.08)	—	—
£ Mahindra Defence Naval Systems Private Limited..	—	100.00%	—	0.97	—	0.04
<b>Mahindra Investments (India) Private Limited</b> .....	8,00,56,580	100.00%	—	(0.67)	—	—
⊙ Mahindra Gears & Transmissions Private Limited ...	—	76.67%	—	4.69	—	3.89
<b>Mahindra Investments (International) Private Limited</b> .....	50,000	100.00%	—	(0.07)	—	—
<b>Mahindra 'Electoral Trust' Company</b> .....	50,000	100.00%	—	—	—	—
<b>Mahindra Construction Company Limited</b> .....	900,000	37.49%	—	(0.03)	—	—

\* denotes amounts less than Rs. 50,000

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

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

- \* 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 EPC Services Private Limited
- a subsidiary of Mahindra Offgrid Services Private 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
- a subsidiary of Mahindra USA Inc.
- ⌘ a subsidiary of Mahindra Overseas Investment Company (Mauritius) Limited
- ▼ a subsidiary of Mahindra Yueda (Yancheng) Tractor Company Limited
- ++ a subsidiary of Mahindra Engineering Services Limited
- π a subsidiary of Mahindra Logistics Limited
- ▲ 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 Metalcastello S.p.A.
- ⊗ a subsidiary of Ssangyong Motor Company
- £ a subsidiary of Mahindra Defence Systems Limited
- ⊙ a subsidiary of Mahindra Investments (India) Private Limited

"The financial year of all Subsidiaries ended on 31<sup>st</sup> March, 2014, except Mahindra Yueda (Yancheng) Tractor Company Limited, Ssangyong Motor Company, Ssangyong European Parts Center B.V., Ssangyong Motor (Shanghai) Company Limited, Infinity Hospitality Group Company Limited whose financial years are 1<sup>st</sup> January, 2013 to 31<sup>st</sup> December, 2013 and Mahindra 'Electoral Trust' Company whose first financial years would be from 30<sup>th</sup> December, 2013 to 31<sup>st</sup> December, 2014 and Mahindra Trustee Company Private Limited whose first financial year would be from 10<sup>th</sup> July, 2013 to 30<sup>th</sup> June, 2014."

Bharat Doshi  
Deepak S. Parekh  
Nadir B. Godrej  
M. M. Murugappan  
A. K. Nanda  
Narayanan Vaghul  
R. K. Kulkarni  
Vishakha N. Desai  
Vikram Singh Mehta  
S. B. Mainak

Directors

**Anand G. Mahindra** Chairman & Managing Director  
**Dr. Pawan Goenka** Executive Director & President  
(Automotive and Farm Equipment Sector)  
**V. S. Parthasarathy** Chief Financial Officer & Group CIO  
**Narayan Shankar** Company Secretary

Mumbai, 30<sup>th</sup> May, 2014

**CONSOLIDATED  
ACCOUNTS**





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

### Report on the Consolidated Financial Statements

1. We have audited the accompanying consolidated financial statements of Mahindra & Mahindra Limited (the "Company") and its subsidiaries ("the Group") which comprise the Consolidated Balance Sheet as at 31<sup>st</sup> March, 2014, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the Consolidated Financial Statements

2. The Company's Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the consolidated financial statements.

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

### Opinion

5. In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the reports of the other auditors on the financial statements of the subsidiaries, jointly controlled entities and associates referred to below in the Other Matter paragraph, the aforesaid consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
  - (a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31<sup>st</sup> March, 2014;
  - (b) in the case of the Consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date; and
  - (c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

### Emphasis of Matter

6. We draw attention to Note 36 to the financial statements which describes the uncertainty related to the recovery suit filed against an associate of the Company and other matters. Our opinion is not qualified in respect of this matter.

### Other Matter

7. We did not audit the financial statements of certain subsidiaries and jointly controlled entities, whose financial statements reflect the Group's share of total assets of Rs. 53,191.70 crores as at 31<sup>st</sup> March, 2014, and the Group's share of total revenues of Rs. 31,981.61 crores for the year ended on that date, and net cash inflows amounting to Rs. 90.36 crores for the year ended on that date and associates whose financial statements reflect the Group's share of profit upto 31<sup>st</sup> March, 2014 of Rs. 23.11 crores and the Group's share of profit of Rs. 42.93 crores for the year ended on that date as considered in the Consolidated Financial Statements. These financial statements and other financial information 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 and disclosures included in respect of these subsidiaries, jointly controlled entities and associates, is based solely on the reports of the other auditors.

Our opinion is not qualified in respect of this matter.

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

**Shyamak R Tata**  
Partner  
(Membership No. 38320)

Mumbai, 30<sup>th</sup> May, 2014

# Consolidated Balance Sheet as at 31<sup>st</sup> March, 2014

Rupees crores

	Note	2014	2013
<b>I. EQUITY AND LIABILITIES</b>			
SHAREHOLDERS' FUNDS :			
(a) Share Capital.....	4	295.16	295.16
(b) Reserves and Surplus.....	5	23,011.70	19,665.54
		<b>23,306.86</b>	19,960.70
MINORITY INTEREST			
		<b>5,733.10</b>	5,296.97
NON-CURRENT LIABILITIES :			
(a) Long Term Borrowings.....	6	25,491.75	19,860.26
(b) Deferred Tax Liabilities (Net).....	7A	1,201.97	893.50
(c) Other Long Term Liabilities.....	8	2,388.10	2,103.40
(d) Long Term Provisions.....	9	2,590.12	2,251.63
		<b>31,671.94</b>	25,108.79
CURRENT LIABILITIES :			
(a) Short Term Borrowings.....	10	2,780.65	3,368.48
(b) Trade Payables.....	11	11,799.84	11,910.63
(c) Other Current Liabilities.....	12	10,479.33	8,789.46
(d) Short Term Provisions.....	13	2,498.54	2,034.76
		<b>27,558.36</b>	26,103.33
<b>Total .....</b>		<b>88,270.26</b>	76,469.79
<b>II. ASSETS</b>			
NON-CURRENT ASSETS :			
(a) Fixed Assets :			
Tangible Assets.....	14A	16,058.29	15,530.98
Intangible Assets.....	14B	978.68	779.02
Capital Work-in-Progress.....		1,243.60	1,119.50
Intangible Assets Under Development.....		947.45	511.70
		<b>19,228.02</b>	17,941.20
(b) Goodwill on Consolidation.....		1,343.99	1,997.34
(c) Non Current Investments.....	15A	5,852.37	4,626.20
(d) Deferred Tax Assets (Net).....	7B	381.67	338.36
(e) Long Term Loans and Advances.....	16	21,364.41	16,972.59
(f) Other Non Current Assets.....	17	505.37	397.66
		<b>48,675.83</b>	42,273.35
CURRENT ASSETS :			
(a) Current Investments.....	15B	2,229.98	1,814.21
(b) Inventories.....	18	8,353.54	8,416.90
(c) Trade Receivables.....	19	5,725.42	5,176.97
(d) Cash and Bank Balances.....	20	6,522.79	4,936.54
(e) Short Term Loans and Advances.....	21	15,842.14	13,006.56
(f) Other Current Assets.....	22	920.56	845.26
		<b>39,594.43</b>	34,196.44
<b>Total .....</b>		<b>88,270.26</b>	76,469.79

The accompanying notes 1 to 43 are an integral part of the Financial Statements

In terms of our report attached.

For Deloitte Haskins & Sells  
Chartered Accountants

Shyamak R Tata  
Partner

Mumbai, 30<sup>th</sup> May, 2014

Bharat Doshi  
Deepak S. Parekh  
Nadir B. Godrej  
M. M. Murugappan  
A. K. Nanda  
Narayanan Vaghul  
R. K. Kulkarni  
Vishakha N. Desai  
Vikram Singh Mehta  
S. B. Mainak

Directors

Anand G. Mahindra

Dr. Pawan Goenka

V. S. Parthasarathy

Narayan Shankar

Chairman & Managing Director

Executive Director & President  
(Automotive and Farm Equipment Sector)

Chief Financial Officer & Group CIO

Company Secretary

Mumbai, 30<sup>th</sup> May, 2014



**Consolidated Statement of Profit and Loss** for the year ended 31<sup>st</sup> March, 2014

Rupees crores

	Note	2014	2013
<b>Revenue from Operations</b>	<b>23</b>		
Gross Revenue from Sale of Products and Services.....		71,160.67	67,921.93
Less : Excise Duty .....		4,229.70	5,278.39
Net Revenue from Sale of Products and Services.....	23	66,930.97	62,643.54
Other Operating Revenue .....	23	7,069.96	6,049.95
<b>Revenue from Operations (Net)</b> .....		<b>74,000.93</b>	<b>68,693.49</b>
Other Income .....	24	505.09	388.94
<b>Total Revenue</b> .....		<b>74,506.02</b>	<b>69,082.43</b>
<b>EXPENSES :</b>			
Cost of Materials Consumed.....	25	43,252.55	39,409.50
Purchases of Stock-in-Trade.....		1,879.01	2,610.67
Changes in Inventories of Finished Goods, Work-in-Progress, Stock-in-Trade and Manufactured Components.....	26	(238.97)	(128.00)
Employee Benefits Expense.....	27	6,885.94	6,819.07
Finance Costs .....	28	2,953.93	2,297.00
Depreciation and Amortisation Expense.....		2,169.57	2,079.86
Other Expenses.....	29	12,341.91	11,132.44
		69,243.94	64,220.54
Less : Cost of Manufactured/Purchased Products Capitalised.....		239.67	265.98
<b>Total Expenses</b> .....		<b>69,004.27</b>	<b>63,954.56</b>
Profit Before Exceptional Items and Tax .....		5,501.75	5,127.87
Add : Exceptional Items.....	37	317.85	452.50
Profit Before Tax.....		5,819.60	5,580.37
(Add)/Less : Tax Expense.....			
Current Tax .....		1,793.91	1,754.11
Less : MAT Credit Entitlement .....		(490.71)	(21.11)
Net Current Tax.....		1,303.20	1,733.00
Deferred Tax (Net).....		193.02	201.63
		1,496.22	1,934.63
Profit for the year before share of Profit/(Loss) of Associates and Minority Interest.....		4,323.38	3,645.74
Add/(Less) : Share of Profit/(Loss) of Associates for the year .....		830.42	483.41
Profit before Minority Interest.....		5,153.80	4,129.15
Minority Share in (Profit) .....		(486.87)	(29.95)
<b>Net Profit for the year</b> .....		<b>4,666.93</b>	<b>4,099.20</b>
<b>Earnings per equity share</b>	<b>38</b>		
(Face value Rs. 5/- per share) (Rupees)			
Basic .....		79.06	69.51
Diluted.....		75.83	66.76

The accompanying notes 1 to 43 are an integral part of the Financial Statements

In terms of our report attached.

For **Deloitte Haskins & Sells**  
Chartered Accountants**Shyamak R Tata**  
PartnerMumbai, 30<sup>th</sup> May, 2014

Bharat Doshi  
Deepak S. Parekh  
Nadir B. Godrej  
M. M. Murugappan  
A. K. Nanda  
Narayanan Vaghul  
R. K. Kulkarni  
Vishakha N. Desai  
Vikram Singh Mehta  
S. B. Mainak

Directors

**Anand G. Mahindra****Dr. Pawan Goenka****V. S. Parthasarathy****Narayan Shankar**

Chairman &amp; Managing Director

Executive Director & President  
(Automotive and Farm Equipment Sector)

Chief Financial Officer &amp; Group CIO

Company Secretary

Mumbai, 30<sup>th</sup> May, 2014

# Consolidated Cash Flow Statement for the year ended 31<sup>st</sup> March, 2014

Rupees crores

	2014	2013
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>		
Profit before exceptional items and taxation .....	5,501.75	5,127.87
Adjustments for :		
Depreciation, Amortisation and Impairment.....	2,174.95	2,084.55
(Profit)/Loss on Exchange (Net).....	60.02	12.77
Investment and Interest Income [Excluding Rs. 0.11 crores (2013 : Rs. 0.52 crores) in respect of financial enterprises consolidated].....	(400.80)	(226.07)
Interest, Commitment and Finance charges [Excluding Rs. 2,277.57 crores (2013 : Rs. 1,667.25 crores) in respect of financial enterprises consolidated].....	676.36	629.75
Employee Stock Compensation Expense.....	76.66	98.28
Profit on sale of Investments (Net).....	(10.56)	(76.81)
Profit on fixed assets sold/scrapped/written off (Net).....	(1.62)	(2.09)
Write off of Intangible Asset Under Development.....	7.19	17.04
Provision for diminution in value of long term investment.....	(1.12)	—
Excess of cost over fair value of current investments (Net).....	3.57	—
Excess of cost over fair value of current investments reversed (Net).....	—	(1.84)
	<b>2,584.65</b>	<b>2,535.58</b>
Operating Profit before Working Capital changes.....	<b>8,086.40</b>	<b>7,663.45</b>
Changes in :		
Trade and other receivables.....	(2,258.20)	(2,154.52)
Loans against Assets *.....	(5,813.86)	(6,756.35)
Inventories.....	(77.78)	(1,124.01)
Trade and other payables.....	1,094.42	3,230.94
	<b>(7,055.42)</b>	<b>(6,803.94)</b>
Cash generated from operations.....	<b>1,030.98</b>	<b>859.51</b>
Income Taxes paid (Net of refunds).....	(1,274.72)	(1,781.18)
NET CASH (USED IN) OPERATING ACTIVITIES.....	<b>(243.74)</b>	<b>(921.67)</b>
* In respect of financial enterprises consolidated.		
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Purchase of fixed assets.....	(3,665.28)	(3,291.39)
Sale of fixed assets.....	57.57	63.66
Purchase of investments.....	(66,102.06)	(45,660.89)
Sale of investments.....	64,682.69	45,519.84
Interest received.....	231.26	179.78
Dividends received.....	23.50	27.16
Bank deposits (Net).....	(543.77)	(544.61)
(Increase)/Decrease in Earmarked & Margin account.....	(232.48)	(46.91)
Inter corporate deposits given.....	(16.30)	(170.19)
Inter corporate deposits refunded.....	102.75	121.74
Loan given.....	(112.70)	—
Repayment of loan given.....	55.75	—
Purchase consideration paid on acquisition of holding interest in Subsidiaries.....	(20.81)	(296.33)
Subscription (Net) received on divestiture of Interest in Subsidiaries/Sale Proceeds on disposal of Subsidiaries.....	943.81	1,154.24
Exceptional Items :		
Sale of Long Term Investments.....	106.34	156.29
NET CASH USED IN INVESTING ACTIVITIES.....	<b>(4,489.73)</b>	<b>(2,787.61)</b>

**Consolidated Cash Flow Statement** (contd.)

Rupees crores

	<b>2014</b>	<b>2013</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>		
Proceeds from Issue of Share Capital (including Securities Premium).....	<b>183.90</b>	—
Proceeds from borrowings.....	<b>60,506.94</b>	60,108.18
Repayments of borrowings.....	<b>(53,264.69)</b>	(54,392.17)
Net increase in Loans repayable on demand and cash credit.....	<b>(171.49)</b>	427.91
Dividends paid.....	<b>(1,094.20)</b>	(997.30)
Interest, Commitment and Finance charges paid .....	<b>(583.08)</b>	(638.33)
<b>NET CASH FROM FINANCING ACTIVITIES.....</b>	<b>5,577.38</b>	4,508.29
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS .....</b>	<b>843.91</b>	799.01
<b>OPENING CASH AND CASH EQUIVALENTS .....</b>	<b>3,822.84</b>	3,138.88
<b>CONSEQUENT TO CHANGE IN GROUP'S INTEREST.....</b>	<b>—</b>	(115.75)
<b>CASH AND BANK BALANCE ON ACQUISITION/(DISPOSAL) OF SUBSIDIARIES.....</b>	<b>(33.87)</b>	0.70
<b>CLOSING CASH AND CASH EQUIVALENTS .....</b>	<b>4,632.88</b>	3,822.84

## Notes to the Consolidated Cash Flow Statement for the year ended 31<sup>st</sup> March, 2014

Rupees crores

	2014	2013
1. The above Cash Flow Statement has been prepared under the 'indirect method' as set out in Accounting Standard 3 'Cash Flow Statement'		
2. Cash and Cash Equivalents .....	4,632.88	3,822.84
Unrealised Gain on foreign currency Cash and Cash Equivalents.....	(0.04)	—
	4,632.84	3,822.84
Other Bank Balances .....	1,889.95	1,113.70
Cash and Bank Balances.....	6,522.79	4,936.54

In terms of our report attached.

For **Deloitte Haskins & Sells**  
Chartered Accountants

**Shyamak R Tata**  
Partner

Mumbai, 30<sup>th</sup> May, 2014

**Bharat Doshi**  
**Deepak S. Parekh**  
**Nadir B. Godrej**  
**M. M. Murugappan**  
**A. K. Nanda**  
**Narayanan Vaghul**  
**R. K. Kulkarni**  
**Vishakha N. Desai**  
**Vikram Singh Mehta**  
**S. B. Mainak**

Directors

**Anand G. Mahindra**

**Dr. Pawan Goenka**

**V. S. Parthasarathy**

**Narayan Shankar**

Chairman & Managing Director

Executive Director & President  
(Automotive and Farm Equipment Sector)

Chief Financial Officer & Group CIO

Company Secretary

Mumbai, 30<sup>th</sup> May, 2014

## Notes forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2014

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 on consolidation or Capital Reserve on consolidation.
- (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 Statement of Profit and Loss as profit or loss on disposal of investment in subsidiaries.
- (iv) Minority Interest in the net assets of consolidated subsidiaries consists :
  - (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, 2014.

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 31-03-2014	as at 31-03-2013	as at 31-03-2014	as at 31-03-2013
<b>Indian Subsidiaries</b>					
1. Mahindra First Choice Wheels Limited .....	India	54.83%	54.83%		
2. Mahindra Lifespace Developers Limited .....	India	51.03%	51.04%		
3. Mahindra Consulting Engineers Limited .....	India	54.16%	54.16%		
4. Bristlecone India Limited .....	India	78.38%	79.10%	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 & Resorts India Limited .....	India	75.64%	79.38%		
8. Mahindra Infrastructure Developers Limited.....	India	51.03%	51.04%	100.00%	100.00%
9. Mahindra Intertrade Limited .....	India	100.00%	100.00%		
10. Mahindra & Mahindra Financial Services Limited .....	India	51.68%	51.72%		
11. Mahindra Steel Service Centre Limited.....	India	61.00%	61.00%		
12. Mahindra Shubhlabh Services Limited.....	India	100.00%	100.00%		
13. NBS International Limited .....	India	100.00%	100.00%		
14. Mahindra Insurance Brokers Limited .....	India	43.92%	43.96%	85.00%	85.00%
15. Mahindra Engineering Services Limited .....	India	99.87%	99.92%		
16. Mahindra World City Developers Limited .....	India	45.42%	42.17%	82.62%	82.62%
17. Mahindra Gears & Transmissions Private Limited.....	India	76.67%	76.67%		
18. Mahindra Trucks and Buses Limited (formerly known as Mahindra Navistar Automotives Limited).....	India	100.00%	100.00%		
19. Mahindra World City (Maharashtra) Limited.....	India	51.03%	51.04%	100.00%	100.00%
20. Mahindra Automobile Distributor Private Limited.....	India	95.00%	95.00%		

Name of the Subsidiary Company	Country of Incorporation	Proportion of ownership interest*		Proportion of voting power where different	
		as at 31-03-2014	as at 31-03-2013	as at 31-03-2014	as at 31-03-2013
21. Mahindra Ugine Steel Company Limited.....	India	50.41%	50.69%		
22. Mahindra World City (Jaipur) Limited .....	India	37.76%	37.77%	74.00%	74.00%
23. Mahindra Integrated Township Limited .....	India	49.15%	48.32%	99.14%	99.14%
24. Mahindra Vehicle Manufacturers Limited .....	India	100.00%	100.00%		
25. Mahindra Hinoday Industries Limited (Upto 3 <sup>rd</sup> October, 2013).	India		64.96%		
26. Mahindra CIE Automotive Limited (formerly known as Mahindra Forgings Limited) (Upto 3 <sup>rd</sup> October, 2013).....	India		52.97%		
27. Mahindra Hotels and Residences India Limited.....	India	75.64%	79.38%	100.00%	100.00%
28. Knowledge Township Limited.....	India	51.03%	51.04%	100.00%	100.00%
29. Mahindra Holdings Limited.....	India	100.00%	100.00%		
30. Mahindra Logistics Limited .....	India	88.60%	100.00%		
31. Mahindra Rural Housing Finance Limited .....	India	45.22%	45.26%	87.50%	87.50%
32. Mahindra Residential Developers Limited.....	India	49.15%	48.32%	100.00%	100.00%
33. Mahindra Aerospace Private Limited.....	India	66.67%	66.67%		
34. Mahindra First Choice Services Limited .....	India	100.00%	100.00%		
35. Mahindra Heavy Engines Private Limited (formerly known as Mahindra Navistar Engines Private Limited).....	India	100.00%	100.00%		
36. Mahindra Bebanco Developers Limited.....	India	35.72%	35.73%	70.00%	70.00%
37. Industrial Township (Maharashtra) Limited .....	India	51.03%	51.04%	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	51.68%	51.72%	100.00%	100.00%
40. Mahindra Two Wheelers Limited .....	India	88.46%	93.03%		
41. Defence Land Systems India Private Limited.....	India	100.00%	100.00%		
42. Mahindra United Football Club Private Limited .....	India	100.00%	100.00%		
43. Retail Initiative Holdings Limited .....	India	100.00%	100.00%		
44. Mahindra Retail Private Limited.....	India	95.69%	94.80%		
45. Mahindra Electrical Steel Private Limited.....	India	100.00%	100.00%		
46. Raigad Industrial & Business Park Limited .....	India	51.03%	51.04%	100.00%	100.00%
47. Mahindra Conveyor Systems Private Limited .....	India	91.50%	91.50%		
48. Mahindra Punjab Tractors Private Limited .....	India	100.00%	100.00%		
49. Mahindra Namaste Private Limited.....	India	100.00%	100.00%		
50. Mahindra Reva Electric Vehicles Private Limited .....	India	73.42%	67.90%		
51. Anthurium Developers Limited.....	India	51.03%	51.04%	100.00%	100.00%
52. Mahindra Homes Private Limited (Formerly known as Watsonia Developers Limited) (Upto 19 <sup>th</sup> July, 2013).....	India		51.04%		100.00%
53. Mahindra Integrated Business Solutions Private Limited .....	India	100.00%	100.00%		
54. Mahindra Aerostructures Private Limited.....	India	66.67%	66.67%	100.00%	100.00%
55. Mahindra EPC Services Private Limited.....	India	100.00%	100.00%		
56. Mahindra Telecommunications Investment Private Limited.....	India	100.00%	100.00%		
57. Mahindra Sanyo Special Steel Private Limited .....	India	51.00%	25.85%		51.00%
58. Bell Tower Resorts Private Limited.....	India	75.64%	79.38%	100.00%	100.00%
59. Swaraj Automotives Limited .....	India	71.19%	71.19%		
60. EPC Industrie Limited.....	India	54.80%	54.81%		
61. Mahindra Defence Naval Systems Private Limited .....	India	100.00%	100.00%		
62. Mahindra Defence Systems Limited .....	India	100.00%	100.00%		
63. Divine Heritage Hotels Private Limited.....	India	75.64%	79.38%	100.00%	100.00%

Name of the Subsidiary Company	Country of Incorporation	Proportion of ownership interest*		Proportion of voting power where different	
		as at 31-03-2014	as at 31-03-2013	as at 31-03-2014	as at 31-03-2013
64. Gables Promoters Private Limited .....	India	75.64%	79.38%	100.00%	100.00%
65. 2 x 2 Logistics Private Limited.....	India	88.60%	100.00%	100.00%	
66. Holiday on Hills Resorts Private Limited.....	India	75.64%	79.38%	100.00%	100.00%
67. Mahindra Housing Private Limited.....	India	51.03%	51.04%	100.00%	100.00%
68. Mahindra Telephonics Integrated Systems Limited (w.e.f. 22 <sup>nd</sup> April, 2013) .....	India	74.00%			
69. Mahindra Investments (India) Private Limited (w.e.f. 25 <sup>th</sup> April, 2013).....	India	100.00%			
70. Mahindra Investments (International) Private Limited (w.e.f. 25 <sup>th</sup> April, 2013).....	India	100.00%			
71. Mahindra Asset Management Company Private Limited (w.e.f. 20 <sup>th</sup> June, 2013).....	India	51.68%		100.00%	
72. Mahindra Offgrid Services Private Limited (w.e.f. 28 <sup>th</sup> June, 2013).....	India	100.00%			
73. Mahindra Trustee Company Private Limited (w.e.f. 10 <sup>th</sup> July, 2013).....	India	51.68%		100.00%	
74. Brightsolar Renewable Energy Private Limited (w.e.f 3 <sup>rd</sup> December, 2013).....	India	100.00%			
75. Cleansolar Renewable Energy Private Limited (w.e.f 3 <sup>rd</sup> December, 2013).....	India	100.00%			
76. Mahindra Auto Steel Private Limited (w.e.f. 12 <sup>th</sup> December, 2013).....	India	100.00%			
77. Mahindra 'Electoral Trust' Company (w.e.f. 30 <sup>th</sup> December, 2013).....	India	100.00%			
<b>Foreign Subsidiaries</b>					
78. Mahindra Automotive Australia Pty. Limited .....	Australia	100.00%	100.00%		
79. Mahindra Aerospace Australia Pty. Limited.....	Australia	66.67%	66.67%	100.00%	100.00%
80. Aerostaff Australia Pty. Limited .....	Australia	66.67%	66.67%	100.00%	100.00%
81. Gipp Aero Investments Pty. Limited.....	Australia	50.07%	50.07%	75.10%	75.10%
82. Gippsaero Pty. Limited.....	Australia	50.07%	50.07%	100.00%	100.00%
83. GA8 Airvan Pty. Limited .....	Australia	50.07%	50.07%	100.00%	100.00%
84. GA200 Pty. Limited .....	Australia	50.07%	50.07%	100.00%	100.00%
85. Airvan Flight Services Pty. Limited .....	Australia	50.07%	50.07%	100.00%	100.00%
86. Nomad TC Pty. Limited .....	Australia	50.07%	50.07%	100.00%	100.00%
87. BAH Hotelanlagen AG (upto 28 <sup>th</sup> November, 2013).....	Austria		78.53%		98.93%
88. Bristlecone Consulting Limited .....	Canada	78.38%	79.10%	100.00%	100.00%
89. Bristlecone Limited.....	Cayman Islands	78.38%	79.10%		
90. Mahindra Yueda (Yancheng) Tractor Company Limited.....	China	51.00%	51.00%		
91. Ssangyong Motor (Shanghai) Company Limited .....	China	73.23%	70.04%	100.00%	100.00%
92. Ssangyong (Yizheng) Auto Parts Manufacturing Company Limited (upto 19 <sup>th</sup> November, 2013) .....	China		70.04%		100.00%
93. Jiangxi Mahindra Yueda Tractor Company Limited .....	China	45.58%	45.58%	89.37%	89.37%
94. Mahindra Gears Cyprus Limited .....	Cyprus	53.34%	53.34%	100.00%	100.00%
95. Bristlecone GmbH.....	Germany	78.38%	79.10%	100.00%	100.00%
96. Mahindra Engineering GmbH .....	Germany	99.87%	99.92%	100.00%	100.00%
97. Mahindra Forgings Europe AG (upto 3 <sup>rd</sup> October, 2013).....	Germany		52.97%		100.00%

Name of the Subsidiary Company	Country of Incorporation	Proportion of ownership interest*		Proportion of voting power where different	
		as at 31-03-2014	as at 31-03-2013	as at 31-03-2014	as at 31-03-2013
98. Gesenkschmiede Schneider GmbH (upto 3 <sup>rd</sup> October, 2013).....	Germany		52.97%		100.00%
99. JECO-Jellinghaus GmbH (upto 3 <sup>rd</sup> October, 2013) .....	Germany		52.97%		100.00%
100. Falkenroth Umformtechnik GmbH (upto 3 <sup>rd</sup> October, 2013).....	Germany		52.97%		100.00%
101. Schöne Weiss & Co. GmbH (upto 3 <sup>rd</sup> October, 2013) .....	Germany		52.97%		100.00%
102. MHR Hotel Management GmbH (upto 28 <sup>th</sup> November, 2013) ..	Germany		59.54%		75.00%
103. Mahindra Europe S.r.l. ....	Italy	100.00%	80.00%		
104. Mahindra Graphic Research Design S.r.l. ....	Italy	100.00%	100.00%		
105. Metalcastello S.p.A. ....	Italy	51.00%	51.00%	95.61%	95.61%
106. Mahindra Racing S.r.l. ....	Italy	100.00%	100.00%		
107. Ssangyong Motor Company .....	South Korea	73.23%	70.04%		
108. Mahindra Overseas Investment Company (Mauritius) Limited ..	Mauritius	100.00%	100.00%		
109. Mahindra-BT Investment Company (Mauritius) Limited.....	Mauritius	57.00%	57.00%		
110. Mahindra Forgings International Limited (upto 3 <sup>rd</sup> October, 2013).	Mauritius		52.97%		100.00%
111. Mahindra Forgings Global Limited (upto 3 <sup>rd</sup> October, 2013) ....	Mauritius		52.97%		100.00%
112. Mahindra Gears International Limited.....	Mauritius	100.00%	100.00%		
113. Mahindra Gears Global Limited.....	Mauritius	53.34%	53.34%		
114. Bristlecone (Malaysia) Sdn. Bhd. ....	Malaysia	78.38%	79.10%	100.00%	100.00%
115. Heritage Bird (M) Sdn. Bhd. ....	Malaysia	75.64%	79.38%	100.00%	100.00%
116. Ssangyong European Parts Center B.V. ....	Netherlands	73.23%	70.04%	100.00%	100.00%
117. Bristlecone (Singapore) Pte. Limited.....	Singapore	78.38%	79.10%	100.00%	100.00%
118. Mahindra & Mahindra South Africa (Proprietary) Limited.....	South Africa	100.00%	100.00%		
119. Bristlecone International AG.....	Switzerland	78.38%	79.10%	100.00%	100.00%
120. Mahindra MiddleEast Electrical Steel Service Centre (FZC) .....	UAE	90.00%	90.00%		
121. Mahindra Emirates Vehicle Armouring FZ-LLC.....	UAE	51.00%	51.00%		
122. Bristlecone UK Limited .....	U.K.	78.38%	79.10%	100.00%	100.00%
123. Stokes Group Limited (upto 3 <sup>rd</sup> October, 2013) .....	U.K.		52.93%		99.92%
124. Stokes Forgings Dudley Limited (upto 3 <sup>rd</sup> October, 2013) .....	U.K.		52.93%		100.00%
125. Stokes Forgings Limited (upto 3 <sup>rd</sup> October, 2013) .....	U.K.		52.93%		100.00%
126. Mahindra Engineering Services (Europe) Limited .....	U.K.	99.87%	99.92%	100.00%	100.00%
127. Mahindra USA Inc. ....	U.S.A.	100.00%	100.00%		
128. Bristlecone Inc. ....	U.S.A.	78.38%	79.10%	100.00%	100.00%
129. Mahindra Holidays and Resorts USA Inc. ....	U.S.A.	75.64%	79.38%	100.00%	100.00%
130. Mahindra Technologies Services Inc. ....	U.S.A.	99.87%	99.92%	100.00%	100.00%
131. Mahindra Tractor Assembly Inc. ....	U.S.A.	100.00%	100.00%		
132. Mahindra North American Technical Center, Inc. (w.e.f. 18 <sup>th</sup> December, 2013).....	U.S.A.	100.00%			
133. Infinity Hospitality Group Company Limited .....	Thailand	55.97%	58.73%	100.00%	100.00%
134. MH Boutique Hospitality Limited.....	Thailand	37.07%	38.90%	49.00%	49.00%

\* excluding shares issued to ESOP Trusts of the respective entities/their holding companies 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 31-03-2014	Percentage of ownership interest as at 31-03-2013
1. Mahindra Sona Limited .....	India	29.77%	29.77%
2. Mahindra Water Utilities Limited ** .....	India	50.00%	50.00%
3. Mahindra Inframan Water Utilities Private Limited ** .....	India	50.00%	50.00%
4. Mahindra Solar One Private Limited # \$ .....	India	26.00%	26.00%
5. Mahindra Homes Private Limited (Formerly known as Watsonia Developers Limited) (w.e.f 20 <sup>th</sup> July, 2013) ^ .....	India	50.00%	
6. Mahindra Finance USA LLC @ .....	U.S.A.	49.00%	49.00%
7. Arabian Dreams Hotel Apartments LLC (w.e.f 5 <sup>th</sup> April, 2013)£	U.A.E.	49.00%	

\*\* 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.

\$ Mahindra Solar One Private Limited has two subsidiaries; Mahindra Suryaprakash Private Limited where it holds 69.90% and Mahindra Suryaurja Private Limited where it holds 100%.

^ Shareholding is through a subsidiary, Mahindra Lifespace Developers Limited.

£ Shareholding is through a subsidiary, Mahindra Holidays & Resorts India Limited.

 The financial statements of the Joint Ventures are drawn upto 31<sup>st</sup> March, 2014.

**(c) Investments in Associates :**

The Group's Associates are :

Name of the Entity	Country of Incorporation	Percentage of ownership interest as at 31-03-2014	Percentage of ownership interest as at 31-03-2013
1. Mahindra Construction Company Limited.....	India	37.49%	43.83%
2. Officemartindia.com Limited .....	India	50.00%	50.00%
3. Rathna Bhoomi Enterprises Private Limited .....	India	25.53%	25.53%
4. Kota Farm Services Limited .....	India	45.00%	45.00%
5. Mriyalguda Farm Solution Limited.....	India	45.00%	45.00%
6. Mega One Stop Farm Services Limited .....	India	45.00%	45.00%
7. Mahindra Composites Limited (upto 3 <sup>rd</sup> October, 2013).....	India		35.37%
8. Swaraj Engines Limited.....	India	33.22%	33.22%
9. Mahindra & Mahindra Contech Limited .....	India	35.16%	35.16%
10. Vayugrid Marketplace Services Private Limited (upto 11 <sup>th</sup> June, 2013).....	India		13.73%
11. PSL Media & Communications Limited .....	India	36.12%	36.12%
12. Tech Mahindra Limited .....	India	26.01%	47.39%
13. Mahindra CIE Automotive Limited (formerly known as Mahindra Forgings Limited) (w.e.f 4 <sup>th</sup> October, 2013) .....	India	0.32%	
14. CIE Automotive, S.A. (w.e.f 4 <sup>th</sup> October, 2013) .....	Spain	13.50%	
15. Kismat Developers Private Limited (w.e.f 9 <sup>th</sup> September, 2013).	India	42.86%	
16. Topical Builders Private Limited (w.e.f 9 <sup>th</sup> September, 2013) .....	India	50.00%	

 The financial statements of the Associates are drawn upto 31<sup>st</sup> March, 2014, other than for CIE Automotive, S.A. where it is upto 31<sup>st</sup> December, 2013.

## 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 the Companies Act, 1956 and the relevant provisions thereof.

### (B) Tangible Assets :

- (a) (i) Tangible 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 tangible assets upto the date the assets are ready for use. Where the acquisition of depreciable tangible 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 depreciable tangible 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 Statement of Profit and Loss.

- (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 assets is calculated 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 :

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) Websites :

The expenditure incurred is amortised over the estimated period of benefit, not exceeding five years.

#### (e) Vacation Ownership :

The expenditure incurred on vacation ownership is 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) Impairment of Assets :

The carrying value of assets/cash generating units at each balance sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, except in case of revalued assets.

## (E) Investments :

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.

## (F) 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.

## (G) 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 depreciable tangible assets are added to or subtracted from the cost of such depreciable tangible 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.

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.

## (H) 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 at each reporting date.

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 Statement of Profit and Loss.

## (I) Revenue Recognition :

(a) Sale of products and services including export benefits thereon are recognised when the products are shipped or services rendered. Excise duty recovered on sales is included in "Revenue from Operations".

## (b) Long Term Contracts and Property Development Activity :

Income from real estate sales is recognised on the transfer of all significant risks and rewards of ownership to the buyers and it is not unreasonable to expect ultimate collection and no significant uncertainty exists regarding the amount of consideration. However if, at the time of transfer substantial acts are yet to be performed under the contract, revenue is recognised on proportionate basis as the acts are performed, i.e. on the percentage of completion basis. Revenues from real estate projects are recognised only when the actual project costs incurred is at least 25% of the total estimated project costs including land and when at least 10% of the sales consideration is realised.

In accordance with the Guidance Note on Accounting for Real Estate Transactions (Revised 2012) issued by the Institute of Chartered Accountants of India, in case of projects commencing on or after 1<sup>st</sup> April, 2012 or in case of projects which have already commenced but where revenue is being recognised for the first time on or after 1<sup>st</sup> April, 2012, revenues will be recognized from these real estate projects only when;

- i. the actual construction and development cost incurred is at least 25% of the total construction and development cost (without considering land cost) and
- ii. when at least 10% of the sales consideration is realised and
- iii. where 25% of the total saleable area of the project is secured by contracts of agreement with buyers.

Income from long term contracting assignments is also recognised on the percentage of completion basis. As the long term contracts necessarily extend beyond one year, revision in costs and revenues estimated during the course of the contract are reflected in the accounting period in which the facts requiring the revision become known. Any expected loss on a project is recognised in the year in which costs incurred together with the balance costs to completion are likely to be in excess of the estimated revenues from project. Unbilled costs are carried as construction work-in-progress.

Determination of revenues under the percentage of completion method necessarily involves making estimates by the Company, some of which are of a technical nature, concerning, where relevant, the percentages of completion, costs to completion, the expected revenues from the project/activity and the foreseeable losses to completion.

Project Management Fees receivable on fixed period contracts is 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 claims submitted. Where the management fee is linked to the revenue generation from the project, revenue is recognised on the percentage of completion basis.

(c) Lease and Rental Income :

Land lease premium is recognised as income upon creation of leasehold rights in favour of the Lessee or upon an agreement to create leasehold rights with handing over of possession.

Property lease rental, income from operation and maintenance charges and water charges are recognised on an accrual basis as per terms of the agreement with the lessees.

(d) Income from Loan :

Interest Income from loan transactions is accounted for by applying the interest rate implicit in such contracts. Service charges, documentation charges and other fees on loan transactions are recognised at the commencement of the contract. Subvention received from dealers/manufacturers on retail cases is booked over the period of the contract.

(e) Vacation Ownership Business :

The activity of selling vacation ownership 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 recognized as income on admission of a member. Entitlement fee (disclosed under Advance towards Members facilities), which entitles the vacation ownership member for the vacation ownership facilities over the membership usage period, is recognized as income equally over the usage period. Requests for cancellation of membership is accounted for when it is accepted. In respect of instalments considered doubtful of recovery by the management, the same is treated as a cancellation and accounted for accordingly.

(f) Income from Assignment :

Receivables under the assignment transactions are de-recognized in the Balance Sheet when they are sold subject to the portion of loan assets which is required under the Minimum Retention Criteria and reflected as Loans and Advances. The amount of profit in cash on such transactions is held under an accounting head styled as "Cash profit on loan transfer transactions pending recognition" maintained on an individual transaction basis. The amortisation of cash profit arising out of loan assignment transaction is done at the end of every financial year based on the prescribed formula.

(g) Dividends from investments are recognised in the Statement of Profit and Loss when the right to receive payment is established.

(J) 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 as income on accrual basis.

(K) Employee Benefits :

In respect of 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 Statement of Profit and Loss.

Contributions to Provident Fund are made to Trusts administered by group companies or Regional Provident Fund Commissioners and are charged to Statement of Profit and Loss 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 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.

In respect of Employee Stock Option Scheme :

The compensation cost of stock options granted to employees is measured by the Intrinsic Value Method. The intrinsic value, which is the excess of the market price of the underlying equity shares as of the date of the grant over the exercise price of the option, is recognised and amortised on straight line basis over the vesting period.

(L) Borrowing Costs :

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

- (i) 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.
- (ii) 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.

(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 taxable income will be available against which such Deferred Tax Assets can be realised.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax against which the MAT paid will be adjusted.

(P) Segment Reporting :

The accounting policies adopted for segment reporting are in line with the accounting policies of the Group. Segments are identified having regard to the dominant source and nature of risks and returns and internal organisation and management structure.

Revenues and expenses have been identified to the segments based on their 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.

**3. Certain changes in Group Structure :** During the year ended 31<sup>st</sup> March, 2014, the following changes in Group structure have taken place and the same have been appropriately dealt with in the Consolidated Financial Statements.

- (i) The Board of Directors of Mahindra & Mahindra Limited (M&M) during the year approved entering into a transaction in the Auto Components business with CIE Automotive S.A., Spain (CIE). The transaction is to be completed in parts.

The first part involving the following has been completed during the year :

- (a) M&M transferred its entire shareholding in Mahindra Gears & Transmissions Private Limited at a fair value determined by an independent valuer to its wholly owned subsidiary Mahindra Investments (India) Private Limited (MIPL). The excess of Rs. 23.62 crores over the cost has not been recognised in these results having regard to the principles of prudence and the substance of this transaction, and will be dealt with on completion of the related parts.
- (b) M&M sold 99.4% of its holdings in Mahindra CIE Automotive Limited (MCIE) (formerly known as Mahindra Forgings Limited) and 100% of its holdings in both Mahindra Composites Limited (MCL) and Mahindra Hinoday Industries Limited (MHIL) to one of the subsidiaries of CIE at a price that is lower than the carrying value of these investments by Rs. 147.76 crores, which amount has been debited to the Investment Fluctuation Reserve (IFR). IFR is expected to be credited, having regard to the substance of the transaction, with an amount not less than the amount debited above, when the second part of the transaction, described below, takes place.

- (c) Mahindra Holdings Limited (MHL), a wholly owned subsidiary of M&M sold 100% of its holding in MCL to one of the subsidiaries of CIE.
- (d) Consequently MHIL, Mahindra Forgings International Limited, Mahindra Forgings Europe AG, Gesenkschmiede Schneider GmbH, JECO-Jellinghaus GmbH, Falkenroth Umformtechnik GmbH, Stokes Group Limited, Stokes Forgings Dudley Limited, Stokes Forgings Limited, Mahindra Forgings Global Limited, Schöneweiss & Co. GmbH ceased to be subsidiaries of M&M.

MCL ceased to be an associate of M&M.

MCIE ceased to be a subsidiary and became an associate of M&M.

- (e) M&M acquired a 13.5% stake in CIE through its wholly owned subsidiary Mahindra Overseas Investment Company (Mauritius) Limited (MOICML), making it an associate of the Company, in view of its contractual representation on the Board of CIE.
- (f) Completion of open offer by CIE through its subsidiary in both MCIE and MCL.

The second part of the transaction involves the merger of Mahindra Ugine Steel Company Limited, Mahindra Gears International Limited and Mahindra Investments (India) Private Limited, and MHIL, MCL and a CIE subsidiary with MCIE effective 1<sup>st</sup> October, 2013 through Schemes of Arrangement under Sections 391 to 394 of the Companies Act, 1956.

On completion of both parts above :

- (a) CIE will hold approximately 53% in MCIE.
- (b) M&M will hold 20.04% in MCIE, and
- (c) M&M, through its wholly owned subsidiary MOICML, will hold 13.5% in CIE.

- (ii) **Tech Mahindra Limited (TML)** : During the year, consequent to the Scheme of Amalgamation and Arrangement (the "Scheme"), Venturbay Consultants Private Limited ("Venturbay"), CanvasM Technologies Limited ("CanvasM") and Mahindra Logisoft Business Solutions Limited ("Logisoft"), the wholly owned subsidiaries of TML, and Satyam Computer Services Limited ("Satyam") an associate of TML (through Venturbay) and C&S System Technologies Private Limited (C&S) a wholly owned subsidiary of erstwhile Satyam, merged with TML with effect from April 1, 2011 (the "appointed date"). As a result M&M's holding in TML decreased from 47.39% to 26.01%.
- (iii) **Mahindra Logistics Limited (MLL)** : During the year, consequent to a sale of part of its ownership interest, M&M's holding in MLL decreased from 100% to 88.6%.
- (iv) **Mahindra Sanyo Special Steel Private Limited (MSSPL)** : During the year, M&M acquired from Mahindra Ugine Steel Company Limited (MUSCO), MUSCO's share in its 51% subsidiary MSSPL, increasing inter alia the effective holding in MSSPL from 25.85% to 51%.
- (v) **Mahindra Two Wheelers Limited (MTWL)** : During the year, consequent to a sale of part of its holding in MTWL and subsequent additional investment in MTWL, M&M's holding reduced from 93.03% to 88.46%.
- (vi) **Mahindra Homes Private Limited (MHPL) (a subsidiary of Mahindra Lifespaces Developers Limited (MLDL))** : During the year MHPL became MLDL's Joint venture resulting in a decrease in M&M's holding from 51.04% to 50% w.e.f 20<sup>th</sup> July, 2013
- (vii) **Mahindra Reva Electric Vehicles Private Limited (MREVA)** : During the year M&M further invested in MREVA thereby increasing the holding from 67.90% to 73.42%.
- (viii) **Mahindra Trucks and Buses Limited (MTBL)** : In accordance with the Scheme of Arrangement ("The Scheme") as sanctioned by Honourable High Court of Bombay vide its order dated 7<sup>th</sup> March, 2014, the entire assets and liabilities, duties and obligations of the Trucks Business of MTBL was transferred to and vested in M&M, from 1<sup>st</sup> April, 2013 (the appointed date). The scheme became effective on 30<sup>th</sup> March, 2014.

The current year's figures are to that extent not strictly comparable to those of the previous year.

## 4. Share Capital :

	2014	2013
Rupees crores		
<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
	<b>625.00</b>	<b>625.00</b>
<b>Issued and Subscribed :</b>		
61,58,92,384 (2013 : 61,39,80,756) Ordinary (Equity) Shares of Rs. 5 each fully paid up.....	307.95	306.99
<b>Less :</b>		
2,55,69,113 (2013 : 2,36,57,485) Ordinary (Equity) Shares of Rs. 5 each fully paid up issued to ESOP Trust but not allotted to employees .....	12.79	11.83
<b>Adjusted : Issued and Subscribed Share Capital.....</b>	<b>295.16</b>	<b>295.16</b>

## (A) Reconciliation of number of Ordinary (Equity) Shares and amount outstanding :

	2014		2013	
	No. of shares	Rupees crores	No. of shares	Rupees crores
<b>Issued and Subscribed :</b>				
Balance as at the beginning of the year .....	61,39,80,756	306.99	61,39,74,839	306.99
<b>Add :</b>				
Shares issued under Schemes of Arrangement.....	—	—	5,917	*
Shares issued to ESOP Trust .....	19,11,628	0.96	—	—
Balance as at the end of the year .....	61,58,92,384	307.95	61,39,80,756	306.99
<b>Less :</b>				
Shares issued to ESOP Trust but not allotted to Employees [Note 5(O)] .....	2,55,69,113	12.79	2,36,57,485	11.83
<b>Adjusted : Issued and Subscribed Share Capital.....</b>	<b>59,03,23,271</b>	<b>295.16</b>	<b>59,03,23,271</b>	<b>295.16</b>

\* denotes amounts less than Rs. 50,000

 (B) The Ordinary (Equity) Shares of the Company rank *pari-passu* in all respects including voting rights and entitlement to dividend.

## (C) Details of Ordinary (Equity) Shares held by shareholders holding more than 5% of the aggregate shares in the Company :

Name of the Shareholder	2014		2013	
	No. of shares	% shareholding	No. of shares	% shareholding
(i) Prudential Management and Services Pvt. Ltd. ....	7,07,60,790	11.49	6,99,86,970	11.40
(ii) Life Insurance Corporation of India.....	7,00,77,205	11.38	6,52,03,016	10.62
(iii) M&M Benefit Trust.....	5,18,35,214	8.42	5,18,35,214	8.44
(iv) The Bank of New York Mellon (for GDR holders) ..			3,29,49,467	5.37

## (D) Issued and Subscribed Share Capital includes an aggregate of 40,647 (2013 : 6,61,99,551) Ordinary (Equity) Shares of Rs. 5 each allotted as fully paid-up pursuant to Schemes of Arrangement without payment having been received in cash, for a period of five years immediately preceding the end of the financial year.

5. Reserves and Surplus :

Rupees crores

	2014	2013
<b>(A) Capital Reserve :</b>		
Balance as at the beginning of the year.....	23.49	27.37
Add :		
(i) Consequent to change in Group's Interest.....	—	0.28
(ii) Consequent to sale/disposal of subsidiaries.....	0.05	—
	23.54	27.65
Less :		
(i) Refund of grant.....	—	3.83
(ii) Transfer on sale of entity.....	—	0.33
	—	4.16
Balance as at the end of the year.....	23.54	23.49
<b>(B) Capital Reserve on Consolidation :</b>		
Balance as at the beginning of the year.....	1,297.77	1,290.40
Add :		
(i) On acquisition/increase in stake in subsidiaries during the year.....	18.29	9.96
	1,316.06	1,300.36
Less :		
(i) Consequent to sale/disposal of subsidiaries.....	111.91	—
(ii) Consequent to change in Group's Interest.....	—	2.59
	111.91	2.59
Balance as at the end of the year.....	1,204.15	1,297.77
<b>(C) Securities Premium Account :</b>		
Balance as at the beginning of the year.....	2,351.02	2,333.54
Add :		
(i) On account of issue of Ordinary (Equity) Shares to ESOP Trust.....	182.94	—
(ii) On account of exercise of employee stock options.....	—	25.88
(iii) Consequent to change in Group's Interest.....	0.09	—
	2,534.05	2,359.42
Less :		
Applied, in accordance with Section 78 of the Companies Act, 1956, towards :		
(i) Writing-off of debenture issue expenses [Net of Tax of Rs. 0.06 crores (2013 : Rs. 0.05 crores)].....	0.12	0.10
(ii) Consequent to change in Group's Interest.....	—	8.30
	2,533.93	2,351.02
Less :		
Premium on shares issued to ESOP Trust but not allotted to employees [Note 5(O)].....	259.61	76.67
Balance as at the end of the year.....	2,274.32	2,274.35
<b>(D) Revaluation Reserve :</b>		
Balance as at the beginning of the year.....	13.99	14.35
Less :		
(i) Adjusted against depreciation for the year.....	0.32	0.35
(ii) Adjusted in respect of revalued Land and Buildings sold/demolished.....	—	0.01
Balance as at the end of the year.....	13.67	13.99



## 5. Reserves and Surplus : (contd.)

	Rupees crores	
	2014	2013
<b>(E) General Reserve :</b>		
Balance as at the beginning of the year.....	2,319.79	2,340.03
Add :		
(i) Transfer from Surplus in Statement of Profit and Loss.....	472.43	473.43
(ii) On account of employee stock options* .....	51.44	22.73
(iii) Transfer from Investment Fluctuation Reserve .....	147.76	1.09
(iv) Transfer from Debenture Redemption Reserve .....	—	0.20
(v) Consequent to change in Group's Interest.....	4.20	—
	<b>2,995.62</b>	<b>2,837.48</b>
Less :		
(i) Consequent to change in Group's Interest.....	—	317.69
(ii) Transfer back to Investment Fluctuation Reserve.....	0.52	200.00
(iii) Consequent to the Scheme of Arrangement .....	119.82	—
	<b>2,875.28</b>	<b>2,319.79</b>
Add :		
Bonus shares issued to ESOP Trust but not allotted to employees [Note 5(O)] .....	1.08	1.08
Balance as at the end of the year.....	<b>2,876.36</b>	<b>2,320.87</b>
*relating to shares other than those allotted by the Company to the ESOP Trust.		
<b>(F) Debenture Redemption Reserve :</b>		
Balance as at the beginning of the year.....	153.57	244.44
Add :		
(i) Transfer from Surplus in Statement of Profit and Loss (Net).....	110.04	108.68
	<b>263.61</b>	<b>353.12</b>
Less :		
(i) Consequent to change in Group's Interest.....	—	199.35
(ii) Transfer to General Reserve .....	—	0.20
Balance as at the end of the year.....	<b>263.61</b>	<b>153.57</b>
<b>(G) Investment Fluctuation Reserve :</b>		
Balance as at the beginning of the year.....	269.68	207.99
Add :		
(i) Adjustment to Deferred Tax on assets relating to a product development project.....	—	66.29
(ii) Transfer back from General Reserve .....	0.52	200.00
	<b>270.20</b>	<b>474.28</b>
Less :		
(i) Provision made during the year [Net of tax of Rs. Nil (2013 : Rs. 1.42 crores)] .....	—	3.51
(ii) Transfer to General Reserve [Net of tax of Rs. Nil (2013 : Rs. 0.45 crores)].....	147.76	1.09
(iii) Provision for impairment of goodwill on consolidation.....	—	200.00
Balance as at the end of the year.....	<b>122.44</b>	<b>269.68</b>

5. Reserves and Surplus : (contd.)

Rupees crores

	2014	2013
<b>(H) Capital Redemption Reserve :</b>		
Balance as at the beginning and end of the year .....	90.32	90.32
<b>(I) Statutory Reserve (under regulatory compliances) :</b>		
Balance as at the beginning of the year.....	395.37	301.38
Add :		
Transfer from Statement of Profit and Loss .....	96.05	93.99
Less :		
Consequent to change in Group's Interest.....	0.09	—
Balance as at the end of the year.....	491.33	395.37
<b>(J) Hedging Reserve Account :</b>		
Balance as at the beginning of the year .....	(72.82)	(246.42)
Consequent to change in Group's Interest.....	—	286.81
Gain/(Loss) on mark to market of hedging instruments designated and effective as hedges of future cash flows (net of tax) .....	0.96	(113.21)
Balance as at the end of the year.....	(71.86)	(72.82)
<b>(K) Foreign Currency Translation Reserve :</b>		
Balance as at the beginning of the year.....	592.51	309.73
Add :		
On currency translation during the year (Net).....	344.13	282.78
Balance as at the end of the year.....	936.64	592.51
<b>(L) Employee Stock Options Outstanding :</b>		
Balance as at the beginning of the year.....	244.15	257.77
Add :		
On account of options granted during the year.....	39.40	46.61
	283.55	304.38
Less :		
(i) Transfer to Securities Premium Account on exercise of options during the year.....	—	25.88
(ii) Transfer to General Reserve on account of employee stock options*.....	51.44	22.73
(iii) For options lapsed during the year.....	9.00	11.62
Balance as at the end of the year.....	223.11	244.15
Less :		
<b>Deferred Employee Compensation Expense</b> .....	84.41	112.69
Balance as at the end of the year.....	138.70	131.46
*relating to shares other than those allotted by the Company to the ESOP Trust.		
<b>(M) Foreign Currency Monetary Items Translation Difference Account :</b>		
Balance as at the beginning of the year.....	(94.51)	(66.40)
Add :		
Arising on revaluation of long term monetary assets and liabilities (Net) .....	(92.45)	(56.34)
	(186.96)	(122.74)
Less :		
Amortisation during the year.....	65.95	28.23
Balance as at the end of the year.....	(121.01)	(94.51)

## 5. Reserves and Surplus : (contd.)

	Rupees crores	
	2014	2013
<b>(N) Surplus in Statement of Profit and Loss :</b>		
Balance as at the beginning of the year.....	12,269.49	9,528.71
Add :		
(i) Consequent to change in Group's Interest.....	79.49	240.84
(ii) Profit for the year .....	4,666.93	4,099.20
	<b>17,015.91</b>	<b>13,868.75</b>
Less :		
(i) Transfer to Debenture Redemption Reserve (Net).....	110.04	108.68
(ii) Transfer to General Reserve.....	472.43	473.43
(iii) Transfer to Statutory Reserve .....	96.05	93.99
(iv) Consequent to change in Group's Interest.....	545.47	—
(v) Group's share of subsidiaries and associates' dividend tax.....	53.66	32.01
(vi) Proposed Dividend [Rs. 14.00 per share (2013 : Rs. 13.00 per share)].....	862.25	798.17
(vii) Income-tax on Proposed Dividend .....	103.56	92.98
(viii) Dividend for 2012-13 paid on shares issued in June 2013.....	2.48	—
(ix) Income-tax on Dividend Paid.....	0.48	—
	<b>2,246.42</b>	<b>1,599.26</b>
Balance as at the end of the year.....	<b>14,769.49</b>	<b>12,269.49</b>
<b>Total Reserves and Surplus *</b> .....	<b>23,011.70</b>	<b>19,665.54</b>

\* [including Group Share of Joint Ventures Rs. 98.13 crores (2013 : Rs. 74.80 crores)]

- (O) 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 and Surplus. Accordingly, the Company has reduced the Share Capital by Rs. 11.71 crores (2013 : Rs. 10.75 crores) and Securities Premium Account by Rs. 259.61 crores (2013 : Rs. 76.67 crores) for the 2,34,16,888 shares of Rs. 5 each (2013 : 2,15,05,260 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. 1.08 crores (2013 : Rs. 1.08 crores) for the 21,52,225 bonus shares of Rs. 5 each (2013 : 21,52,225 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 the Trust, is included under Other Current Liabilities and Other Long Term Liabilities.

## 6. Long Term Borrowings :

	Rupees crores	
	2014	2013
<b>(A) Secured :</b>		
(i) Debentures/Bonds.....	4,628.53	4,496.27
(ii) Term Loan from Banks.....	11,280.98	8,963.96
(iii) Term Loan from Other Parties.....	478.19	390.84
(iv) Other Loans.....	11.58	1.36
	<b>16,399.28</b>	<b>13,852.43</b>
Group Share of Joint Ventures.....	549.23	273.69
	<b>16,948.51</b>	<b>14,126.12</b>
<b>(B) Unsecured :</b>		
(i) Debentures/Bonds.....	1,294.10	594.10
(ii) Term Loan from Banks.....	2,678.23	1,740.20
(iii) Fixed Deposits.....	2,810.34	1,979.77
(iv) Other Loans.....	1,600.48	1,420.07
	<b>8,383.15</b>	<b>5,734.14</b>
Group Share of Joint Ventures.....	160.09	—
	<b>8,543.24</b>	<b>5,734.14</b>
	<b>25,491.75</b>	<b>19,860.26</b>

Secured borrowings are secured by a *pari-passu* charge on immovable properties of certain entities both present and future, subject to certain exclusions and are also secured by *pari-passu* charge on the movable properties of certain entities including movable machinery, machinery spares, tools and accessories, both present and future, subject to certain exclusions.

The borrowings carry varying rates of interest ranging from 0% to 14.35% and have maturities starting from 2014 and ending with 2063.

6. Long Term Borrowings : (contd.)

	Rupees crores	
	2014	2013
<b>Borrowings repayable schedule :</b>		
<b>(a) Secured* :</b>		
(i) In the first year (Note 12).....	6,053.79	4,871.45
(ii) In the second year.....	6,107.42	6,165.95
(iii) In the third to fifth year.....	10,719.50	7,729.90
(iv) Above five years.....	121.59	230.27
	<b>23,002.30</b>	<b>18,997.57</b>
* Above amount includes current maturities of long term debt in note 12 and Group Share of Joint Ventures.		
<b>(b) Unsecured* :</b>		
(i) In the first year (Note 12).....	1,082.28	713.62
(ii) In the second year.....	1,519.14	941.53
(iii) In the third to fifth year.....	4,637.48	3,339.67
(iv) Above five years.....	2,386.62	1,452.94
	<b>9,625.52</b>	<b>6,447.76</b>
* Above amount includes current maturities of long term debt in note 12 and Group Share of Joint Ventures.		

7A. Deferred Tax Liabilities (Net) :

The components of Deferred Tax Liabilities and Assets are as under :

	Rupees crores	
	2014	2013
<b>Deferred Tax Liabilities :</b>		
(i) On fiscal allowances on fixed assets.....	1,391.04	1,046.55
(ii) Others.....	129.63	108.83
	<b>1,520.67</b>	<b>1,155.38</b>
Group Share of Joint Ventures.....	2.03	1.22
<b>Total Deferred Tax Liabilities.....</b>	<b>1,522.70</b>	<b>1,156.60</b>
<b>Deferred Tax Assets :</b>		
(i) On provision for employee benefits.....	159.59	158.77
(ii) On provision for doubtful debts/advances.....	23.55	19.21
(iii) Others.....	137.04	84.63
	<b>320.18</b>	<b>262.61</b>
Group Share of Joint Ventures.....	0.55	0.49
<b>Total Deferred Tax Assets.....</b>	<b>320.73</b>	<b>263.10</b>
<b>Net Deferred Tax Liabilities.....</b>	<b>1,201.97</b>	<b>893.50</b>

**7B. Deferred Tax Assets (Net) :**

The components of Deferred Tax Liabilities and Assets are as under :

	Rupees crores	
	2014	2013
Deferred Tax Liabilities :		
(i) On fiscal allowances on fixed assets.....	8.64	17.75
(ii) Others.....	1.24	8.77
	<b>9.88</b>	26.52
Group Share of Joint Ventures .....	—	0.01
<b>Total Deferred Tax Liabilities</b> .....	<b>9.88</b>	26.53
Deferred Tax Assets :		
(i) On provision for employee benefits.....	9.72	10.22
(ii) On provision for doubtful debts/advances.....	276.09	205.87
(iii) On unabsorbed depreciation carried forward # .....	1.66	16.60
(iv) Others.....	100.90	132.08
	<b>388.37</b>	364.77
Group Share of Joint Ventures .....	3.18	0.12
<b>Total Deferred Tax Assets</b> .....	<b>391.55</b>	364.89
<b>Net Deferred Tax Assets</b> .....	<b>381.67</b>	338.36

# Considered, as there are compensatory timing differences the reversal of which, will result in sufficient future taxable income against which this can be realised.

**8. Other Long Term Liabilities :**

	Rupees crores	
	2014	2013
(i) Trade Payables .....	130.68	204.84
(ii) Advance towards vacation ownership membership facilities.....	1,393.07	1,253.11
(iii) Interest accrued but not due on borrowings.....	156.01	160.15
(iv) Others.....	705.14	485.30
	<b>2,384.90</b>	2,103.40
Group Share of Joint Ventures .....	3.20	—
	<b>2,388.10</b>	2,103.40

Others include dealer deposits, advance from customers, payable for investments, gratuity payable and monies adjusted from share capital and reserves & surplus on account of shares held by ESOP Trust pending transfer to the eligible employees.

## 9. Long Term Provisions :

	Rupees crores	
	2014	2013
(i) Provision for Employee Benefits .....	1,714.46	1,493.95
(ii) Provision for Estimated Loss/Expenses on Assignment .....	67.57	155.64
(iii) Provision for Warranty [Note 31] .....	593.59	503.49
(iv) Provision for Standard assets [Note 31] .....	67.72	54.85
(v) Provision others.....	145.30	40.31
	<b>2,588.64</b>	2,248.24
Group Share of Joint Ventures .....	1.48	3.39
	<b>2,590.12</b>	2,251.63

## 10. Short Term Borrowings :

	Rupees crores	
	2014	2013
<b>(A) Secured :</b>		
(i) Loans repayable on demand from banks and cash credit accounts from banks.....	1,659.49	2,355.33
(ii) Other loans and advances.....	430.34	57.78
	<b>2,089.83</b>	2,413.11
Group Share of Joint Ventures.....	287.90	309.76
	<b>2,377.73</b>	2,722.87
<b>(B) Unsecured :</b>		
(i) Loans repayable on demand from banks.....	318.71	261.70
(ii) Fixed Deposits.....	60.06	34.33
(iii) Other loans and advances.....	23.82	349.12
	<b>402.59</b>	645.15
Group Share of Joint Ventures.....	0.33	0.46
	<b>402.92</b>	645.61
	<b>2,780.65</b>	3,368.48

Loans and Advances from Banks are secured by a first charge on certain current assets namely inventories, certain book debts, outstanding monies, receivables, claims, etc. both present and future.

## 11. Trade Payables :

	Rupees crores	
	2014	2013
(i) Acceptances .....	2,820.76	2,714.53
(ii) Other Trade Payables .....	8,962.57	9,181.91
	<b>11,783.33</b>	11,896.44
Group Share of Joint Ventures .....	16.51	14.19
	<b>11,799.84</b>	11,910.63

**12. Other Current Liabilities :**

	Rupees crores	
	2014	2013
(i) Current maturities of long term debt .....	6,894.39	5,482.31
(ii) Interest accrued but not due on borrowings .....	392.66	203.60
(iii) Interest accrued and due on borrowings .....	5.74	15.37
(iv) Advance towards vacation ownership membership facilities .....	75.11	115.44
(v) Dividend Payable .....	12.43	11.83
(vi) Unclaimed matured deposits and interest accrued thereon .....	0.47	0.72
(vii) Other payables .....	2,801.82	2,818.69
	<b>10,182.62</b>	<b>8,647.96</b>
Group Share of Joint Ventures: Includes Current maturity of long term debt <b>Rs. 241.68 crores</b> (2013 : Rs 102.76 crores) .....	296.71	141.50
	<b>10,479.33</b>	<b>8,789.46</b>

Other payables mainly include advance from customers, capital creditors, government dues and taxes payable, gratuity payable and salary deductions payable.

**13. Short Term Provisions :**

	Rupees crores	
	2014	2013
(i) Provision for Employee Benefits .....	310.21	253.49
(ii) Proposed Dividend .....	862.25	798.17
(iii) Provision for Tax on Proposed Dividend .....	103.56	92.98
(iv) Provision for Warranty [Note 31] .....	555.29	478.48
(v) Provision for Estimated Loss/Expenses on Assignment .....	88.08	41.90
(vi) Provision for Standard assets [Note 31] .....	53.71	43.74
(vii) Provision for losses to Project Completion .....	10.23	10.23
(viii) Provision for Taxation .....	274.81	287.32
(ix) Others .....	239.73	27.35
	<b>2,497.87</b>	<b>2,033.66</b>
Group Share of Joint Ventures .....	0.67	1.10
	<b>2,498.54</b>	<b>2,034.76</b>

14. Fixed Assets :

Rupees crores

Description of Assets	Cost/ Professional valuation as at 31st March, 2013	Additions during the year	Other Adjustments during the year	Deductions and Adjustments during the year	Cost/ Professional valuation as at 31st March, 2014	Depreciation upto 31st March, 2013	Depreciation for 2013-2014	Deductions and Adjustments of Depreciation	Depreciation upto 31st March, 2014	Net Balance before Impairment as at 31st March, 2014	Impairment as at 31st March, 2014	Net Balance after Impairment as at 31st March, 2014
<b>A : Tangible Assets</b>												
Land – Freehold.....	2,613.52	22.07	330.79	59.19	2,907.19	—	—	—	—	2,907.19	—	2,907.19
	2,371.23	70.85	174.42	2.98	2,613.52	—	—	—	—	2,613.52	—	2,613.52
Land – Leasehold .....	570.94	12.07	15.72	85.03	513.70	41.02	9.27	12.42	37.87	475.83	—	475.83
	547.08	18.42	5.44	—	570.94	31.51	9.09	(0.42)	41.02	529.92	—	529.92
Buildings – Freehold.....	6,661.29	353.73	517.47	411.05	7,121.44	1,750.22	163.27	27.71	1,885.78	5,235.66	1,039.21	4,196.45
	5,965.39	482.23	248.77	35.10	6,661.29	1,523.15	160.45	(66.62)	1,750.22	4,911.07	922.65	3,988.42
Buildings – Leasehold.....	64.97	14.05	1.30	9.49	70.83	24.89	11.74	4.65	31.98	38.85	0.86	37.99
	52.96	15.49	0.17	3.65	64.97	18.35	9.46	2.92	24.89	40.08	0.24	39.84
Plant and Equipment – Freehold	22,010.77	1,445.96	1,939.68	2,508.93	22,887.48	13,238.07	1,419.78	601.90	14,055.95	8,831.53	1,470.51	7,361.02
	19,553.06	1,788.99	860.74	192.02	22,010.77	11,595.27	1,266.89	(375.91)	13,238.07	8,772.70	1,300.32	7,472.38
Plant and Equipment – Leasehold	112.64	16.24	18.11	8.03	138.96	67.18	8.73	(11.34)	87.25	51.71	—	51.71
	88.58	22.66	1.40	—	112.64	59.06	7.06	(1.06)	67.18	45.46	—	45.46
Office Equipment.....	217.29	41.46	5.80	35.07	229.48	94.15	26.17	23.29	97.03	132.45	0.15	132.30
	189.71	36.05	0.39	8.86	217.29	76.48	22.22	4.55	94.15	123.14	0.04	123.10
Furniture and Fixtures.....	1,109.71	163.65	121.23	285.21	1,109.38	673.97	94.16	117.59	650.54	458.84	30.08	428.76
	1,020.36	131.91	27.42	69.98	1,109.71	627.12	90.11	43.26	673.97	435.74	28.25	407.49
Aircraft .....	56.82	46.64	—	—	103.46	6.83	5.37	—	12.20	91.26	—	91.26
	56.82	—	—	—	56.82	3.64	3.19	—	6.83	49.99	—	49.99
Vehicles – Freehold .....	424.58	99.70	11.99	66.44	469.83	188.55	56.61	40.87	204.29	265.54	7.86	257.68
	361.35	100.33	4.91	42.01	424.58	164.35	49.54	25.34	188.55	236.03	8.13	227.90
Vehicles – Leasehold.....	1.34	—	—	1.34	—	0.14	—	0.14	—	—	—	—
	1.34	—	—	—	1.34	0.14	—	—	0.14	1.20	—	1.20
<b>Sub Total .....</b>	<b>33,843.87</b>	<b>2,215.57</b>	<b>2,962.09</b>	<b>3,469.78</b>	<b>35,551.75</b>	<b>16,085.02</b>	<b>1,795.10</b>	<b>817.23</b>	<b>17,062.89</b>	<b>18,488.86</b>	<b>2,548.67</b>	<b>15,940.19</b>
	30,207.88	2,666.93	1,323.66	354.60	33,843.87	14,099.07	1,618.01	(367.94)	16,085.02	17,758.85	2,259.63	15,499.22
<b>Group Share of Joint Ventures ...</b>	<b>43.70</b>	<b>92.53</b>	<b>—</b>	<b>0.17</b>	<b>136.06</b>	<b>11.94</b>	<b>6.12</b>	<b>0.10</b>	<b>17.96</b>	<b>118.10</b>	<b>—</b>	<b>118.10</b>
	698.53	96.97	0.38	752.18	43.70	368.45	33.13	389.64	11.94	31.76	—	31.76
<b>Sub Total A .....</b>	<b>33,887.57</b>	<b>2,308.10</b>	<b>2,962.09</b>	<b>3,469.95</b>	<b>35,687.81</b>	<b>16,096.96</b>	<b>1,801.22</b>	<b>817.33</b>	<b>17,080.85</b>	<b>18,606.96</b>	<b>2,548.67</b>	<b>16,058.29</b>
	30,906.41	2,763.90	1,324.04	1,106.78	33,887.57	14,467.52	1,651.14	21.70	16,096.96	17,790.61	2,259.63	15,530.98



14. Fixed Assets : (contd.)

Description of Assets	Rupees crores											
	Cost/ Professional valuation as at 31st March, 2013	Additions during the year	Other Adjustments during the year	Deductions and Adjustments during the year	Cost/ Professional valuation as at 31st March, 2014	Depreciation/ Amortisation upto 31st March, 2013	Depreciation/ Amortisation for 2013-2014	Deductions and Adjustments of Depreciation/ Amortisation	Depreciation/ Amortisation upto 31st March, 2014	Net Balance before Impairment as at 31st March, 2014	Impairment as at 31st March, 2014	Net Balance after Impairment as at 31st March, 2014
<b>B : Intangible Assets</b>												
Technical Knowhow.....	104.76 174.17	0.04 28.67	— —	— 98.08	104.80 104.76	57.99 134.94	21.01 21.12	— 98.07	79.00 57.99	25.80 46.77	— —	25.80 46.77
Development Expenditure.....	1,882.27 1,460.76	379.30 341.36	142.02 88.88	1,051.72 8.73	1,351.87 1,882.27	1,253.47 850.13	267.57 343.04	936.02 (60.30)	585.02 1,253.47	766.85 628.80	— —	766.85 628.80
Computer Software.....	335.44 280.15	137.23 56.19	14.74 3.70	70.24 4.60	417.17 335.44	270.13 206.27	66.82 65.72	53.97 1.86	282.98 270.13	134.19 65.31	— —	134.19 65.31
Websites.....	4.11 4.11	— —	— —	— —	4.11 4.11	3.95 3.78	0.11 0.17	— —	4.06 3.95	0.05 0.16	— —	0.05 0.16
Non-Compete Fees.....	3.73 3.73	— —	— —	1.50 —	2.23 3.73	1.84 1.44	0.16 0.40	— —	2.00 1.84	0.23 1.89	— —	0.23 1.89
Vacation Ownership.....	— 0.62	— —	— —	— 0.62	— —	— 0.62	— —	0.62 —	— —	— —	— —	— —
Trademarks.....	37.53 34.11	3.30 1.94	3.93 1.48	14.82 —	29.94 37.53	25.84 22.58	2.89 2.50	10.82 (0.76)	17.91 25.84	12.03 11.69	0.13 0.18	11.90 11.51
Other Intangible.....	44.26 56.98	26.22 8.53	7.17 (16.74)	12.64 4.51	65.01 44.26	16.40 26.62	10.04 5.76	4.57 15.98	21.87 16.40	43.14 27.86	3.85 3.38	39.29 24.48
<b>Sub Total.....</b>	<b>2,412.10</b> 2,014.63	<b>546.09</b> 436.69	<b>167.86</b> 77.32	<b>1,150.92</b> 116.54	<b>1,975.13</b> 2,412.10	<b>1,629.62</b> 1,246.38	<b>368.60</b> 438.71	<b>1,005.38</b> 55.47	<b>992.84</b> 1,629.62	<b>982.29</b> 782.48	<b>3.98</b> 3.56	<b>978.31</b> 778.92
<b>Group Share of Joint Ventures.....</b>	<b>0.29</b> 11.25	<b>0.34</b> 4.95	<b>—</b> 0.25	<b>—</b> 16.16	<b>0.63</b> 0.29	<b>0.19</b> 6.29	<b>0.07</b> 4.30	<b>—</b> 10.40	<b>0.26</b> 0.19	<b>0.37</b> 0.10	<b>—</b> —	<b>0.37</b> 0.10
<b>Sub Total B.....</b>	<b>2,412.39</b> 2,025.88	<b>546.43</b> 441.64	<b>167.86</b> 77.57	<b>1,150.92</b> 132.70	<b>1,975.76</b> 2,412.39	<b>1,629.81</b> 1,252.67	<b>368.67</b> 443.01	<b>1,005.38</b> 65.87	<b>993.10</b> 1,629.81	<b>982.66</b> 782.58	<b>3.98</b> 3.56	<b>978.68</b> 779.02
<b>Grand Total (A+B).....</b>	<b>36,299.96</b> 32,932.29	<b>2,854.53</b> 3,205.54	<b>3,129.95</b> 1,401.61	<b>4,620.87</b> 1,239.48	<b>37,663.57</b> 36,299.96	<b>17,726.77</b> 15,720.19	<b>2,169.89</b> 2,094.15	<b>1,822.71</b> 87.57	<b>18,073.95</b> 17,726.77	<b>19,589.62</b> 18,573.19	<b>2,552.65</b> 2,263.19	<b>17,036.97</b> 16,310.00

14. Fixed Assets : (contd.)

The above includes following assets given on operating lease :

Particulars	As at 31 <sup>st</sup> March, 2014			Rupees crores
	Gross Block	Accumulated Depreciation	Net Block	2014
				Depreciation charge for the year
Building – Freehold .....	<b>110.53</b>	<b>9.75</b>	<b>100.78</b>	<b>2.39</b>
	108.65	7.36	101.29	2.12
Plant and Equipment – Freehold .....	<b>11.86</b>	<b>2.27</b>	<b>9.59</b>	<b>0.21</b>
	11.08	2.06	9.02	0.88
Furniture and Fixtures.....	<b>13.91</b>	<b>7.33</b>	<b>6.58</b>	<b>1.46</b>
	13.91	5.87	8.04	1.47
<b>Total</b> .....	<b>136.30</b>	<b>19.35</b>	<b>116.95</b>	<b>4.06</b>
	133.64	15.29	118.35	4.47

Current year figures are in Bold.

- (a) Other Adjustments during the year includes Translation difference of opening balance, Difference in exchange and Interest capitalised.
- (b) Depreciation charge for the year excludes :
- (i) An amount of **Rs. 0.32 crores** (2013 : Rs. 0.35 crores), representing depreciation on the increase due to revaluation of Land and Buildings transferred from Revaluation Reserve.
- (c) The Revaluation Reserve is adjusted for an amount of **Rs. Nil** (2013 : Rs. 0.01 crores) in respect of revalued Land and Building sold/ demolished during the year.
- (d) Impairment charge for the year to Statement of Profit & Loss is given below :

Particulars	Rupees crores
	Charge for the year
Building – Leasehold .....	0.86
Plant and Equipment – Freehold .....	3.74
Office Equipment .....	0.14
Furniture and Fixtures.....	0.44
Trademarks.....	0.17
Computer Software.....	0.03
<b>Total</b> .....	<b>5.38</b>

- (e) Addition to tangible and intangible assets and depreciation/amortisation for the year include the following assets and accumulated depreciation/amortisation taken over on acquisition of subsidiaries :

Description of Assets	As at 31 <sup>st</sup> March, 2014		As at 31 <sup>st</sup> March, 2013	
	Cost	Accumulated Depreciation/ Amortisation	Cost	Accumulated Depreciation/ Amortisation
Land – Freehold .....	—	—	34.94	—
Buildings – Freehold.....	—	—	48.02	10.10
Plant and Equipment .....	—	—	3.02	1.48
Furniture and Fixtures.....	—	—	2.59	1.11
Vehicles.....	—	—	0.22	0.14
Office Equipment .....	—	—	0.81	0.65
Computer Software.....	—	—	0.08	0.07
Other Intangible.....	—	—	3.41	0.39
<b>Total</b> .....	—	—	93.09	13.94

## 15. (A) Non Current Investments (At Cost, unless otherwise specified)

Rupees crores

	2014	2013
	Long Term	Long Term
<b>Investments in Equity Instruments : (Trade and fully paid-up)</b>		
<b>Unquoted :</b>		
(i) In Associate Companies.....	2.10	1.77
(ii) In Other Companies.....	9.38	12.03
	<b>11.48</b>	<b>13.80</b>
<b>Quoted :</b>		
(i) In Associate Companies.....	3,645.28	2,747.44
	<b>3,656.76</b>	<b>2,761.24</b>
<b>Investments in Equity Instruments : (Non-trade and fully paid-up)</b>		
<b>Unquoted :</b>		
(i) In Other Companies.....	122.58	94.42
	<b>122.58</b>	<b>94.42</b>
<b>Quoted :</b>		
(i) In Other Companies.....	2.36	2.39
	<b>2.36</b>	<b>2.39</b>
<b>Investment in Equity Instruments.....</b>	<b>3,781.70</b>	<b>2,858.05</b>
<b>Investment in Preference Shares : (Trade and fully paid-up)</b>		
<b>Unquoted :</b>		
(i) In Associate Companies.....	5.53	5.64
(ii) In Other Companies.....	11.82	15.17
	<b>17.35</b>	<b>20.81</b>
<b>Investment in Preference Shares : (Non-trade and fully paid-up)</b>		
<b>Unquoted :</b>		
(i) In Other Companies.....	35.23	33.61
<b>Investment in Preference Shares.....</b>	<b>52.58</b>	<b>54.42</b>
<b>Investment in Government/Trust Securities</b>		
<b>Unquoted :</b>		
(i) Government Securities .....	—	0.01
(ii) Trust Securities .....	1,567.15	1,562.93
	<b>1,567.15</b>	<b>1,562.94</b>
<b>Quoted :</b>		
(i) Government Securities .....	378.96	241.68
<b>Investment in Government/Trust Securities.....</b>	<b>1,946.11</b>	<b>1,804.62</b>
<b>Investment in Debentures/Bonds : (Trade and fully paid-up)</b>		
<b>Unquoted :</b>		
(i) In Joint Venture Companies .....	160.09	—
<b>Other Investments :</b>		
<b>Unquoted :</b>		
(i) In Other Companies.....	3.19	2.81
	<b>5,943.67</b>	<b>4,719.90</b>
<b>Group Share of Joint Ventures.....</b>	<b>0.06</b>	<b>0.06</b>
	<b>5,943.73</b>	<b>4,719.96</b>
Less : Provision for diminution in value of Long Term Investments.....	91.36	93.76
	<b>5,852.37</b>	<b>4,626.20</b>
<b>Other Disclosures :</b>		
(i) Aggregate amount of quoted Investments (Gross).....	4,026.60	2,991.51
Market Value of quoted Investments.....	12,685.25	6,844.81
(ii) Aggregate amount of unquoted Investments (Gross) .....	1,917.13	1,728.45

15. (B) Current Investments (At Cost, unless otherwise specified)

Rupees crores

	2014	2013
	Current	Current
Investment in Government Securities (Quoted) : .....	12.24	1.91
Investment in Debentures/Bonds (Quoted) : .....	57.37	78.32
<b>Other Investments (Unquoted) :</b>		
(i) Units of Mutual Funds.....	1,342.89	910.28
(ii) Certificate of Deposits.....	811.14	813.79
<b>Other Investments (Quoted) :</b>		
(i) Units .....	10.00	10.00
	<b>2,233.64</b>	<b>1,814.30</b>
<b>Group Share of Joint Ventures.....</b>	<b>0.01</b>	<b>0.01</b>
	<b>2,233.65</b>	<b>1,814.31</b>
Less : Aggregate excess of cost over fair value, by category.....	3.67	0.10
	<b>2,229.98</b>	<b>1,814.21</b>
<b>Other Disclosures :</b>		
(i) Aggregate amount of quoted Investments (Gross).....	79.61	90.23
Market Value of quoted Investments.....	76.17	90.13
(ii) Aggregate amount of unquoted Investments (Gross) .....	2,154.04	1,724.08

16. Long Term Loans and Advances :

Rupees crores

	2014	2013
<b>(A) Capital Advances :</b>		
Unsecured, considered good .....	584.36	475.24
Doubtful.....	2.92	1.69
	<b>587.28</b>	<b>476.93</b>
Less : Provision for doubtful capital advances .....	2.92	1.69
	<b>584.36</b>	<b>475.24</b>
<b>(B) Security Deposits :</b>		
Unsecured, considered good .....	304.38	264.80
Doubtful.....	1.70	1.22
	<b>306.08</b>	<b>266.02</b>
Less : Provision for doubtful security deposits.....	1.70	1.22
	<b>304.38</b>	<b>264.80</b>
<b>(C) Loans and Advances to Related Parties :</b>		
Unsecured, considered good .....	7.22	7.00
Doubtful.....	10.00	10.00
	<b>17.22</b>	<b>17.00</b>
Less : Provision for doubtful Loans and Advances to Related Parties....	10.00	10.00
	<b>7.22</b>	<b>7.00</b>
<b>(D) Loans and Advances against Assets :</b>		
Secured, considered good.....	16,335.53	13,333.01
Doubtful.....	376.29	162.15
	<b>16,711.82</b>	<b>13,495.16</b>
Less : Provision for Loans and Advances against Assets .....	179.56	91.72
	<b>16,532.26</b>	<b>13,403.44</b>

**16. Long Term Loans and Advances : (contd.)**

Rupees crores

	2014	2013
<b>(E) Other Loans and Advances :</b>		
Secured, considered good.....	4.45	6.30
Unsecured, considered good .....	3,012.21	2,227.21
Doubtful.....	8.35	10.30
	3,025.01	2,243.81
Less : Provision for doubtful Other Loans and Advances .....	8.35	10.30
	3,016.66	2,233.51
	20,444.88	16,383.99
Group Share of Joint Ventures.....	919.53	588.60
	21,364.41	16,972.59

Other Loans and Advances includes VAT receivable, payment towards income-tax & surtax, other recoverable expenses and advances to employees.

**17. Other Non-Current Assets :**

Rupees crores

	2014	2013
<b>(A) Long Term Trade Receivables</b>		
Unsecured, considered good .....	384.42	329.63
Doubtful.....	0.42	0.44
	384.84	330.07
Less : Provision for doubtful Long Term Trade Receivables.....	0.42	0.44
	384.42	329.63
<b>(B) Others</b>	105.47	52.66
	489.89	382.29
Group Share of Joint Ventures.....	15.48	15.37
	505.37	397.66

**18. Inventories :**

Rupees crores

	2014	2013
(i) Raw Materials and Bought-out Components [includes in transit <b>Rs. 599.76 crores</b> (2013 : Rs. 648.70 crores)] .....	2,988.12	3,152.11
(ii) Contracts and Work-in-Progress.....	544.21	684.81
(iii) Work-in-Progress – Property Development Activity and Long term Contracts.....	1,572.34	1,558.81
(iv) Manufactured Components.....	144.43	156.90
(v) Finished Products produced .....	2,256.48	2,066.15
(vi) Stock-in-Trade [includes in transit <b>Rs. 54.33 crores</b> (2013 : Rs. 121.15 crores)] .....	572.93	602.67
(vii) Stores and spares .....	112.76	122.54
(viii) Loose Tools .....	48.77	56.36
(ix) Food, Beverages, Smokes and Operating Supplies .....	10.17	7.17
	8,250.21	8,407.52
Group Share of Joint Ventures .....	103.33	9.38
	8,353.54	8,416.90

19. Trade Receivables :

	Rupees crores	
	2014	2013
<b>(A) Secured, considered good</b>		
Outstanding for a period exceeding six months from the date they are due for payment	3.46	0.53
Others.....	175.46	122.60
	<b>178.92</b>	<b>123.13</b>
<b>(B) Unsecured, considered good</b>		
Outstanding for a period exceeding six months from the date they are due for payment	477.55	532.64
Others.....	5,043.89	4,499.96
	<b>5,521.44</b>	<b>5,032.60</b>
<b>(C) Doubtful</b>		
Outstanding for a period exceeding six months from the date they are due for payment	132.86	119.86
Others.....	4.49	10.73
	<b>137.35</b>	<b>130.59</b>
Less : Provision for doubtful Trade Receivables .....	137.35	130.59
	—	—
	<b>5,700.36</b>	<b>5,155.73</b>
Group Share of Joint Ventures.....	25.06	21.24
	<b>5,725.42</b>	<b>5,176.97</b>

20. Cash and Bank Balances :

	Rupees crores	
	2014	2013
<b>(A) Cash and Cash Equivalents :</b>		
Balances with Banks :		
(i) On Current Accounts.....	1,396.10	1,535.26
(ii) Fixed Deposits with original maturity less than 3 months.....	2,634.24	1,804.42
	<b>4,030.34</b>	<b>3,339.68</b>
Cheques, drafts on hand.....	545.34	445.67
Cash on hand .....	32.50	25.88
Group Share of Joint Ventures.....	24.66	11.61
	<b>4,632.84</b>	<b>3,822.84</b>
<b>(B) Other Bank Balances :</b>		
Earmarked balances with banks.....	33.21	38.81
Balances with Banks :		
(i) On Margin Accounts .....	459.49	221.63
(ii) Fixed Deposits with original maturity greater than 3 months* ...	1,386.29	836.34
	<b>1,845.78</b>	<b>1,057.97</b>
Group Share of Joint Ventures.....	10.96	16.92
	<b>1,889.95</b>	<b>1,113.70</b>
	<b>6,522.79</b>	<b>4,936.54</b>

\* Includes deposits of Rs. 260.84 crores (2013 : Rs. 122.69 crores) with maturity greater than 12 months from Balance Sheet date.

**21. Short Term Loans and Advances :**

	Rupees crores	
	2014	2013
<b>(A) Loans and Advances to Related Parties :</b>		
Unsecured, considered good.....	65.41	8.56
Doubtful.....	5.84	6.42
	71.25	14.98
Less : Provision for doubtful Loans and Advances to Related Parties...	5.84	6.42
	65.41	8.56
<b>(B) Loans and Advances against Assets :</b>		
Secured, considered good.....	11,636.67	9,566.95
Doubtful.....	877.26	477.19
	12,513.93	10,044.14
Less : Provision for doubtful Loans and Advances against Assets.....	449.46	287.69
	12,064.47	9,756.45
<b>(C) Other Loans and Advances :</b>		
Secured, considered good.....	68.82	36.31
Unsecured, considered good.....	3,200.73	3,035.27
Doubtful.....	48.31	47.27
	3,317.86	3,118.85
Less : Provision for doubtful other Loans and Advances.....	48.31	47.27
	3,269.55	3,071.58
	15,399.43	12,836.59
Group Share of Joint Ventures.....	442.71	169.97
	15,842.14	13,006.56

Other Loans and Advances includes balances with government authorities, MAT credit entitlement, advance to suppliers, other recoverable expenses, deposits and prepaid expenses.

**22. Other Current Assets :**

	Rupees crores	
	2014	2013
(i) Government Grant Receivable.....	254.90	366.98
(ii) Others.....	671.01	485.27
	925.91	852.25
Less : Provision for doubtful other current assets.....	26.16	23.56
	899.75	828.69
Group Share of Joint Ventures.....	20.81	16.57
	920.56	845.26

**23. Revenue from Operations :**

Rupees crores

		2014	2013
Sale of Products.....		68,940.89	64,638.16
Sale of Services.....		2,134.37	2,004.28
Group Share of Joint Ventures .....		85.41	1,279.49
Gross Revenue from Sale of Products and Services.....		71,160.67	67,921.93
Other Operating Revenues :			
(i) Income from long term contracts.....	548.45		492.03
(ii) Lease and rental income.....	110.34		191.32
(iii) Scrap Sales.....	395.05		477.54
(iv) Interest income of financial enterprises consolidated.....	5,114.20		3,976.01
(v) Dividend Income of Investment enterprises consolidated.....	0.11		0.52
(vi) Government Grant and Incentives.....	433.57		365.88
(vii) Others.....	408.10		537.25
Group Share of Joint Ventures .....	60.14		9.40
		7,069.96	6,049.95
		78,230.63	73,971.88
Less: Excise Duty attributable to products sold.....		4,229.70	5,278.39
		74,000.93	68,693.49

**24. Other Income :**

Rupees crores

		2014	2013
(i) Interest Income :			
(a) Interest – Current Investments.....	5.54		5.95
(b) Interest – others .....	303.43		139.27
		308.97	145.22
(ii) Dividend on long term Investments.....		0.21	0.15
(iii) Dividend on current Investments.....		89.44	79.31
(iv) Profit on sale of current Investments (Net).....		10.56	76.69
(v) Profit on sale of tangible assets (Net).....		—	1.23
(vi) Other non operating Income .....		93.74	83.25
		502.92	385.85
Group Share of Joint Ventures .....		2.17	3.09
		505.09	388.94

**25. Cost of Materials Consumed :**

Rupees crores

		2014	2013
Opening Stock .....		3,152.11	2,713.83
Add : Purchases .....		42,920.09	39,693.94
		46,072.20	42,407.77
Add : Stock taken over on Acquisition/(Disposal).....		(104.10)	—
		45,968.10	42,407.77
Less : Closing Stock.....		2,988.12	3,152.11
		42,979.98	39,255.66
Foreign currency translation.....		202.15	91.47
Group Share of Joint Ventures .....		70.42	62.37
		43,252.55	39,409.50



**26. Changes in Inventories of Finished Goods, Work-in-Progress, Stock-in-Trade and Manufactured Components :**

Rupees crores

	2014	2013
Opening Stock :		
(i) Finished Products Produced.....	2,066.15	1,956.85
(ii) Contracts and Work-in-Progress.....	684.81	750.23
(iii) Stock-in-Trade.....	602.67	470.98
(iv) Manufactured Components.....	156.90	112.30
	<b>3,510.53</b>	<b>3,290.36</b>
Add : Stock on Acquisition/(Disposal):		
(i) Finished Products Produced.....	(92.33)	—
(ii) Contracts and Work-in-Progress.....	(206.91)	—
(iii) Stock-in-Trade.....	—	0.07
(iv) Manufactured Components.....	(1.49)	—
	<b>(300.73)</b>	<b>0.07</b>
Less: Closing Stock		
(i) Finished Products Produced.....	2,256.48	2,066.15
(ii) Contracts and Work-in-Progress.....	544.21	684.81
(iii) Stock-in-Trade.....	572.93	602.67
(iv) Manufactured Components.....	144.43	156.90
	<b>3,518.05</b>	<b>3,510.53</b>
	<b>(308.25)</b>	<b>(220.10)</b>
Excise Duty paid on stocks.....	(46.81)	48.58
Foreign currency translation.....	118.00	43.78
Group Share of Joint Ventures.....	(1.91)	(0.26)
Increase in Stock.....	<b>(238.97)</b>	<b>(128.00)</b>

**27. Employee Benefits Expense :**

Rupees crores

	2014	2013
(i) Salaries, Wages, Bonus, etc.....	5,679.08	4,986.02
(ii) Contribution to Provident and other funds.....	510.86	488.30
(iii) Employee Stock Compensation Expense.....	76.66	88.26
(iv) Welfare.....	604.82	622.57
	<b>6,871.42</b>	<b>6,185.15</b>
Group Share of Joint Ventures.....	14.52	633.92
	<b>6,885.94</b>	<b>6,819.07</b>

**28. Finance Costs :**

Rupees crores

	2014	2013
(i) Interest Expense.....	2,812.00	2,155.86
(ii) Other Borrowing Costs.....	120.74	111.35
	<b>2,932.74</b>	<b>2,267.21</b>
Group Share of Joint Ventures.....	21.19	29.79
	<b>2,953.93</b>	<b>2,297.00</b>

29. Other Expenses :

		Rupees crores	
		2014	2013
(i)	Stores consumed .....	394.77	370.27
(ii)	Tools consumed .....	67.45	96.78
(iii)	Power and Fuel.....	923.38	936.88
(iv)	Rent including lease rentals.....	362.05	321.16
(v)	Rates and Taxes.....	156.76	126.83
(vi)	Insurance.....	88.94	77.48
(vii)	Repairs and Maintenance :		
	(a) Buildings .....	76.40	62.26
	(b) Machinery.....	331.35	336.49
	(c) Others .....	181.25	176.01
		589.00	574.76
(viii)	Advertisement .....	507.56	439.80
(ix)	Commission on sales/contracts (Net) .....	844.03	602.79
(x)	Freight outward .....	1,906.34	1,742.66
(xi)	Sales Promotion Expenses.....	879.89	725.66
(xii)	Dealer and other sales incentives .....	877.98	655.32
(xiii)	Travelling and Conveyance Expenses.....	376.87	323.75
(xiv)	Cost of Projects, Property etc.....	470.39	401.88
(xv)	Subcontracting, Hire and Service Charges.....	1,064.47	935.92
(xvi)	Provision for doubtful trade and other receivables, loans and advances...	294.74	103.98
(xvii)	Donations and contributions .....	38.56	33.89
(xviii)	Excess of carrying cost over fair value of current investments (Net).....	3.57	—
(xix)	Excess of carrying cost over fair value of current investments, reversed (Net).....	—	(1.84)
(xx)	Miscellaneous expenses.....	2,459.63	2,299.58
		12,306.38	10,767.55
	Group Share of Joint Ventures .....	35.53	364.89
		12,341.91	11,132.44

30. (a) During the year, Mahindra & Mahindra Financial Services Ltd. (MMFSL) has without recourse securitised on “at par” basis vide PTC route loan receivables of **47,122 contracts** (2013 : 54,374 contracts) amounting to **Rs. 1,262.93 crores** (2013 : Rs. 1,433.61 crores) for a consideration of **Rs. 1,262.93 crores** (2013 : Rs. 1,433.61 crores) and de-recognised the assets from the books.
- (b) During the year, MMFSL has without recourse assigned loan receivables of **6,490 contracts** (2013 : Nil contracts) amounting to **Rs. 198.51 crores** (2013 : Rs. Nil) for a consideration of **Rs. 155.54 crores** (2013 : Rs. Nil) towards 90% of receivables assigned and de-recognised the assets from the books. Out of the total receivables, an amount of **Rs. 19.85 crores** equivalent to 10% of the receivables have been recognized as “Retained interest in assignment transactions” representing Minimum Retention Requirement (MRR) as required under revised guidelines on securitization transactions vide RBI Circular dated August 21, 2012.

The amount of profit in cash of Rs. 3.15 crores on this assignment transaction has been held under an accounting head “Cash profit on loan transfers under assignment transactions pending recognition” and the same is amortized in line with above referred guidelines.

31. (a) Provision for warranty relates to warranty provision made in respect of sale of certain products, the estimated costs of which are accrued at the time of sale.
- (b) Provision on standard assets relates to those created under regulatory compliances of certain financial enterprises consolidated. The movement in above provisions is as follows :

Rupees crores

	Warranty		Standard Assets	
	2014	2013	2014	2013
Balance as at 1 <sup>st</sup> April.....	981.97	874.15	98.59	45.61
Add :				
Provision made during the year .....	582.05	548.03	22.84	52.98
	1,564.02	1,422.18	121.43	98.59
Less :				
Utilisation during the year .....	486.28	486.87	—	—
Subsidiaries sold/disposed off during the year.....	9.89	—	—	—
	1,067.85	935.31	121.43	98.59
Add :				
Adjustments due to Exchange Difference.....	81.03	46.66	—	—
Balance as at 31 <sup>st</sup> March .....	1,148.88	981.97	121.43	98.59
Out of the above,				
Classified as Current.....	555.29	478.48	53.71	43.74
Classified as Non-Current .....	593.59	503.49	67.72	54.85
<b>Total</b> .....	<b>1,148.88</b>	<b>981.97</b>	<b>121.43</b>	<b>98.59</b>

32. **Employee Defined Benefits :**

General description of defined benefit plans :

**Gratuity**

Some of the group entities operate 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. Some entities makes annual contribution to the group gratuity scheme administered by the Life Insurance Corporation of India through its Gratuity Trust Fund.

Ssangyong Motor Company provides certain severance benefit to employees on leaving service. The benefit is payable after one year of service and is one months salary for every completed year of service. Additionally based on number of years of service an additional benefit is provided on normal retirement.

**Post Retirement medical**

Few entities provide 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**

M&M operates a post retirement benefit scheme for a certain grade 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.

**Defined Benefit Plans - as per Actuarial valuation on 31<sup>st</sup> March, 2014**

Rupees crores

	Funded Plan		Unfunded Plan					
	Gratuity		Gratuity		Post Retirement Medical Benefits		Post Retirement Housing Allowance	
	2014	2013	2014	2013	2014	2013	2014	2013
<b>A. Expense recognised in the Statement of Profit and Loss for the year ended 31<sup>st</sup> March</b>								
1. Current Service Cost.....	50.70	44.49	183.38	130.12	1.04	0.86	2.08	1.74
2. Interest Cost.....	44.38	41.53	30.09	31.04	1.31	1.20	2.64	2.18
3. Expected return on Plan Assets.....	(31.10)	(29.40)	—	—	—	—	—	—
4. Actuarial (Gains)/Losses.....	21.18	11.82	(2.99)	125.12	(0.95)	(0.04)	(3.04)	3.60
5. Past Service Cost.....	0.13	0.02	—	12.86	—	—	—	—
6. Settlement Cost/Curtailment Cost .....	(1.90)	0.08	—	(53.55)	—	—	—	—
7. Payments on account of employees transferred .....	(0.07)	—	—	—	—	—	—	—
8. Effect of the limit in Para 59(b) of the revised AS 15.....	0.01	(0.03)	—	—	—	—	—	—
9. Total expense recognised in Employees Benefits Expense.....	83.33	68.51	210.48	245.59	1.40	2.02	1.68	7.52
<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 .....	636.96	569.32	1,162.75	864.49	16.37	15.53	32.13	31.46
2. Fair value of Plan Assets as at 31 <sup>st</sup> March ....	448.30	425.19	—	—	—	—	—	—
3. Amount not recognised as an asset.....	0.04	0.01	—	—	—	—	—	—
4. Trust Fund Receivable.....	—	—	8.21	7.44	—	—	—	—
5. Net Asset/(Liability) as at 31 <sup>st</sup> March.....	(188.70)	(144.14)	(1,154.54)	(857.05)	(16.37)	(15.53)	(32.13)	(31.46)
6. Current Portion of the above .....	(37.80)	(24.59)	(2.15)	(1.73)	(0.64)	(0.75)	(1.01)	(1.01)
7. Non Current Portion of the above.....	(150.90)	(119.55)	(1,152.39)	(855.32)	(15.73)	(14.78)	(31.12)	(30.45)
<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.....	569.32	500.99	864.49	1,024.92	15.53	13.87	31.46	24.95
2. Adjustment to the opening balance/ exchange rate variation.....	(0.23)	—	119.53	77.42	—	—	—	—
3. Obligations arising on account of acquisitions/Change in group interest during the year.....	—	0.38	0.75	(51.71)	—	—	—	—
4. Consequent to sale/disposal of the subsidiaries.....	(12.73)	—	—	—	—	—	—	—
5. Current Service Cost.....	50.70	44.49	183.38	130.12	1.04	0.86	2.08	1.74
6. Interest Cost.....	44.38	41.53	30.09	31.04	1.31	1.20	2.64	2.18
7. Actuarial (Gains)/Losses.....	26.83	18.70	(2.99)	125.12	(0.95)	(0.01)	(3.04)	3.60
8. Benefits paid.....	(41.44)	(36.79)	(32.50)	(485.28)	(0.56)	(0.39)	(1.01)	(1.01)
9. Past Service Cost.....	0.13	0.02	—	12.86	—	—	—	—
10. Present Value of Defined Benefit Obligation at the end of the year.....	636.96	569.32	1,162.75	864.49	16.37	15.53	32.13	31.46

Rupees crores

	Funded Plan		Unfunded Plan					
	Gratuity		Gratuity		Post Retirement Medical Benefits		Post Retirement Housing Allowance	
	2014	2013	2014	2013	2014	2013	2014	2013
<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 .....	425.19	384.51	—	—	—	—	—	—
2. Adjustment to the opening balance/ exchange rate variation.....	1.09	—	—	—	—	—	—	—
3. Fair value of Plan Assets arising on account of acquisitions during the year.....	—	—	—	—	—	—	—	—
4. Fair value of Plan Assets transferred on disposal/sale of subsidiaries.....	(7.38)	—	—	—	—	—	—	—
5. Expected return on Plan Assets.....	31.10	29.40	—	—	—	—	—	—
6. Actuarial Gains/(Losses).....	5.65	6.88	—	—	—	—	—	—
7. Contributions by employer .....	34.10	41.19	—	—	0.56	0.39	1.01	1.01
8. Actual Benefits paid.....	(41.44)	(36.79)	—	—	(0.56)	(0.39)	(1.01)	(1.01)
9. Fair value of Plan Assets at the end of the year .....	448.30	425.19	—	—	—	—	—	—
10. Actual return on Plan Assets .....	33.98	30.77	—	—	—	—	—	—
<b>E. Major category of Plan Assets as a percentage of total plan</b>								
Insurer Managed Funds* .....	100.00%	100.00%	—	—	—	—	—	—
<b>F. Actuarial Assumptions</b>								
1. Discount Rate.....	8.00% - 9.35%	7.90% - 8.50%	3.66% - 9.30%	3.02% - 8.30%	8.95% - 9.05%	7.95% - 8.00%	9.05%	8.00%
2. Expected rate of return on Plan Assets.....	7.50% - 9.50%	7.50% - 12.30%	—	—	—	—	—	—
3. Attrition rate.....	1.00% - 25.00%	1.00% - 25.00%	1.00% - 25.00%	1.00% - 7.00%	1.00% - 10.00%	7.00%	—	—
4. Medical Premium inflation.....	—	—	—	—	7.00%	7.00%	—	—

\* In the absence of detailed information regarding plan assets which is funded with Insurance Companies, the composition of each major category of plan assets, the percentage or amount for each category to the fair value of plan assets has not been disclosed.

Rupees crores

	One percentage point increase in medical inflation rate	One percentage point decrease 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.....	0.39	(0.32)
Effect on the accumulated Post Employment Medical benefit obligations.....	2.19	(1.84)
<b>Previous Year</b>		
Effect on the aggregate service and interest cost of Post Employment Medical benefits.....	0.37	(0.31)
Effect on the accumulated Post Employment Medical benefit obligations.....	2.10	(1.84)

Rupees crores

H. Experience Adjustments	Period Ended				
	2014	2013	2012	2011	2010
<b>Gratuity (Funded)</b>					
Defined Benefit Obligation.....	636.96	569.32	500.99	435.87	378.12
Fair value of plan assets.....	448.30	425.19	384.51	338.13	305.04
Surplus/(Deficit).....	(188.70)	(144.14)	(116.48)	(97.74)	(73.08)
Experience adjustment on Plan Liabilities [(Gain)/Loss].....	74.10	7.86	20.90	0.41	13.40
Experience adjustment on Plan Assets [Gain/(Loss)].....	6.50	10.89	8.97	(0.41)	4.92
<b>Gratuity (Unfunded)</b>					
Defined Benefit Obligation.....	1,154.54	857.05	1,024.92	781.33	46.30
Surplus/(Deficit).....	(1,154.54)	(857.05)	(1,024.92)	(781.33)	(46.30)
Experience adjustment on Plan Liabilities [(Gain)/Loss].....	(1.20)	21.38	4.10	(2.36)	0.26
<b>Post Retirement Medical Benefits (Unfunded)</b>					
Defined Benefit Obligation.....	16.37	15.53	13.87	14.36	9.88
Surplus/(Deficit).....	(16.37)	(15.53)	(13.87)	(14.36)	(9.88)
Experience adjustments on Plan Liabilities [(Gain)/Loss].....	1.07	(0.67)	(0.16)	(0.36)	5.21
<b>Post Retirement Housing Allowance (Unfunded)</b>					
Defined Benefit Obligation.....	32.13	31.46	24.95	16.18	10.99
Surplus/(Deficit).....	(32.13)	(31.46)	(24.95)	(16.18)	(10.99)
Experience adjustments on Plan Liabilities [(Gain)/Loss].....	0.75	2.55	6.28	(1.41)	0.15

Unfunded Pension Liability in respect of certain foreign subsidiaries is as below :

Rupees crores

	2014	2013
<b>A. Expense recognised in the Statement of Profit and Loss for the year ended 31<sup>st</sup> March</b>		
1. Current Service Cost.....	—	1.18
2. Interest Cost.....	—	6.30
3. Actuarial (Gains)/Losses.....	—	29.03
4. Past Service Cost.....	—	0.03
5. Total expense recognised in Employee Benefits Expense.....	—	36.54
<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.....	—	154.53
2. Net Asset/(Liability) as at 31 <sup>st</sup> March.....	—	(154.53)
<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.....	154.53	124.80
2. Adjustment on account of exchange rate variations.....	—	2.29
3. Consequent to sale/Disposal of Subsidiaries.....	(154.53)	—
4. Current Service Cost.....	—	1.18
5. Interest Cost.....	—	6.30
6. Actuarial (Gains)/Losses.....	—	29.03
7. Benefits paid.....	—	(9.10)
8. Past Service Cost.....	—	0.03
9. Present Value of Defined Benefit obligation at the end of the year.....	—	154.53

**33. Contingent Liability and Commitments :****(A) Contingent Liability**

- (i) Claims against the Company not acknowledged as debts comprise :
  - (a) Excise Duty, Sales Tax and Service Tax claims disputed by the Company relating to issues of applicability and classification aggregating **Rs. 1,868.92 crores** before tax (2013 : Rs. 1,644.70 crores before tax).
  - (b) Other matters (excluding claims where amounts are not ascertainable) : **Rs. 522.97 crores** before tax (2013 : Rs. 576.15 crores before tax).
  - (c) Claims on capital account : **Rs. Nil** (2013 : Rs. 5.67 crores).
  - (d) Group Share of Joint Ventures : **Rs. 1.02 crores** before tax (2013 : Rs. 5.31 crores before tax).
- (ii) Taxation matters :
  - (a) 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 matters : **Rs. 598.36 crores** (2013 : Rs. 386.62 crores).
    - Group Share of Joint Ventures : **Rs. 4.72 crores** (2013 : Rs. 0.76 crores).
  - (b) 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. 177.23 crores** (2013 : Rs. 120.36 crores).
    - Surtax matters : **Rs. 0.40 crores** (2013 : Rs. 0.13 crores).
    - Group Share of Joint Ventures : **Rs. 0.55 crores** (2013 : Nil).
- (iii) Bills discounted not matured **Rs. 16.52 crores** (2013 : Rs. 96.39 crores).
- (iv) Corporate undertaking on assignment/securitisation by Mahindra & Mahindra Financial Services Limited **Rs. 604.13 crores** (2013 : Rs. 744.94 crores).
- (v) Work-in-Progress - Property Development Activity and Long Term Contract include **Rs. 71.46 crores** (2013 : Rs. 71.46 crores) on account of a project, where commencement of construction has been delayed on account of a dispute between the land-owner and Mahindra Lifespace Developers Limited (MLDL), presently referred to arbitration. Post year end, the parties have entered into mutually agreed consent terms and the arbitration award has been issued in accordance with the consent terms, as a result of which this amounts are expected to be recovered either by sale or joint development of the property.
- (vi) 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. 304.10 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. While the Department's appeal against the CESTAT order dated 19<sup>th</sup> July, 2005 has been admitted, the Supreme Court of India has not stayed the operation of this order.

The Company has filed an appeal in the Supreme Court 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 this appeal, the Company has paid an amount of Rs. 40.00 crores in January, 2010. The Supreme Court has admitted the Company's appeal and has stayed the recovery of the balance amount till further orders.

### 33. Contingent Liability and Commitments : (contd.)

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. The final hearing in this matter has been adjourned till the disposal of the appeal by the Supreme Court in the matter relating to Commander range of vehicles.

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. 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. 328.85 crores** (2013 : Rs. 328.85 crores) and the interest of **Rs. 305.34 crores** (2013 : Rs. 269.24 crores) accrued on the same upto 31<sup>st</sup> March, 2014, under Note (i)(a) above.

(vii) In respect (i) and (ii) of the above, it is not practicable for the Company to estimate the closure of these issues and the consequential timings of cash flows, if any.

#### (B) Commitments

The estimated amount of contracts remaining to be executed on capital account and not provided for as at 31<sup>st</sup> March, 2014 is **Rs. 1,808.67 crores** (2013 : Rs. 1,240.71 crores).

Group Share of Joint Ventures : **Rs. 0.29 crores** (2013 : Rs. 1.30 crores).

34. Research and Development Expenditure debited to the Statement of Profit and Loss, including certain expenditure based on allocations made aggregate **Rs. 674.89 crores** (2013 : Rs. 667.05 crores).

Group Share of Joint Ventures : **Rs. 0.30 crores** (2013 : Rs. 0.03 crores).

35. The net difference in foreign exchange loss debited to the Statement of Profit and Loss is **Rs. 1.34 crores** (2013 : gain of Rs. 37.62 crores).

#### 36. Matters pertaining to erstwhile Satyam Computers Services Limited (SCSL) :

In the financial statements of Tech Mahindra Limited (TML) for the year ended March 31, 2014, TML has, *inter-alia*, referred to certain letters, received by the erstwhile SCSL in 2009, from thirty seven companies requesting confirmation by way of acknowledgement for receipt of certain alleged amounts referred to as "alleged advances". These letters were followed by legal notices from these companies in August, 2009, claiming repayment of Rs. 1,230.40 crores allegedly given as temporary advances. The legal notices also claim damages/compensation @18% per annum from date of advance till date of repayment. The erstwhile Satyam has not acknowledged any liability to any of the thirty seven companies and has replied to the legal notices stating that the claims are legally untenable.

Based on legal opinion, the erstwhile SCSL management's view, which is also TML's management's view, the claim regarding repayment of "alleged advances" (including interest thereon) of the 37 Companies are not legally tenable. Accordingly, in the opinion of the TML's Management, even in the unlikely event that the principal amount of the claims of the 37 companies are held to be tenable and TML is required to repay these amounts, such an eventuality will not have an adverse bearing on either TML's profits or its reserves in that period, since TML has been legally advised that no damages/compensation/interest would be payable even in such an unlikely event.

However, pending the final outcome of the recovery suit filed by the 37 companies and other related matters, TML, as a matter of prudence, at this point of time, is continuing to classify, as had the erstwhile SCSL, the amounts of the "alleged advances" as "Amounts Pending Investigation Suspense Account (Net)", and the same would be appropriately dealt with/reclassified when the final outcome becomes clearer.

M&M's shareholding in TML stands at 26%.

37. Exceptional items (net) of **Rs. 317.85 crores** (credit) [2013 : Rs. 452.50 crores (credit)], comprise :

	Rupees crores	
	2014	2013
(i) Profit on change in ownership interest in subsidiaries/disposal of subsidiaries (Net) .....	368.18	453.85
(ii) Others.....	(50.33)	(1.35)
	<b>317.85</b>	<b>452.50</b>

Figures in brackets signify charge to the Statement of Profit and Loss.



**38. Earnings per Share :**

	2014	2013
Profit for the year (Rupees crores).....	4,666.93	4,099.20
Profit for the year for diluted earnings per share (Rupees crores).....	4,666.93	4,099.20
Weighted average number of Ordinary (Equity) Shares used in computing basic earnings per share .....	59,03,23,271	58,97,55,261
Effect of potential Ordinary (Equity) Shares on conversion of bonds and employee stock options.....	2,51,23,100	2,42,30,839
Weighted average number of Ordinary (Equity) Shares used in computing diluted earnings per share .....	61,54,46,371	61,39,86,100
Basic Earnings per share (Rs.) (Face value of Rs. 5 per share).....	79.06	69.51
Diluted Earnings per share (Rs.).....	75.83	66.76

**39. Related Party Disclosures :**

(a) Names of related parties where 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 (upto 3 <sup>rd</sup> October, 2013)	5.	Mahindra CIE Automotive Limited (formerly known as Mahindra Forgings Limited) (w.e.f. 4 <sup>th</sup> October, 2013)
2.	Swaraj Engines Limited		
3.	Mahindra & Mahindra Contech Limited	6.	CIE Automotive, S.A. (w.e.f. 4 <sup>th</sup> October, 2013)
4.	Tech Mahindra Limited		

(ii) Joint Ventures :

Sl. No.	Name of the Company
1.	Mahindra Sona Limited

(iii) Joint Ventures of a Subsidiary :

Sl. No.	Name of the Company
1.	Mahindra Solar One Private Limited
2.	Mahindra Water Utilities Limited

(iv) Key Management Personnel (KMP) :

1.	Chairman and Managing Director.....	Mr. Anand Mahindra
2.	Executive Director and Group CFO (upto 13 <sup>th</sup> November, 2013) .....	Mr. B. N. Doshi
3.	Executive Director and President (Automotive & Farm Equipment Sectors) .....	Dr. Pawan Goenka
	(w.e.f. 23 <sup>rd</sup> September, 2013)	

(v) Enterprise over which KMP is able to exercise significant influence :

Sl. No.	Name of the Company
1.	Prudential Management & Services Private Limited

(vi) 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
4.	Mahindra World School Education Trust

(b) The related party transactions are as under :

					Rupees crores
Sl. No.	Nature of Transactions	Associate Companies	Joint Ventures/Joint Ventures of Subsidiaries **	KMP/KMP Exercising Significant Influence	Welfare Funds
1.	Purchases :				
	Goods.....	<b>819.86</b> (547.79)	<b>188.31</b> (177.54)	— (—)	— (—)
	Fixed Assets.....	<b>2.06</b> (0.25)	— (—)	— (—)	— (—)
	Services .....	<b>26.15</b> (9.40)	<b>5.25</b> (—)	— (—)	— (—)
2.	Sales :				
	Goods.....	<b>6.12</b> (0.10)	<b>21.70</b> (5.56)	— (—)	— (—)
	Services .....	<b>9.19</b> (2.96)	<b>7.44</b> (0.15)	— (—)	— (0.04)
3.	Investments :				
	Purchases/Subscribed/Conversion.....	— (8.00)	<b>0.52</b> (17.13)	— (—)	— (—)
	Redemption/Conversion .....	— (8.00)	— (—)	— (—)	— (—)
4.	Deputation of Personnel :				
	From Parties .....	<b>0.85</b> (0.97)	— (—)	— (—)	— (—)
	To Parties.....	<b>4.03</b> (3.90)	<b>0.09</b> (0.66)	— (—)	— (—)
5.	Managerial Remuneration.....	— (—)	— (—)	<b>14.77</b> (7.83)	— (—)
6.	Stock Options.....	— (—)	— (—)	# (#)	— (—)
7.	Finance :				
	Inter Corporate Deposits given.....	<b>65.05</b> (22.50)	<b>342.56</b> (2.90)	— (—)	— (—)
	Inter Corporate Deposits Refunded by parties.....	<b>10.00</b> (20.00)	<b>446.66</b> (0.60)	— (—)	— (—)
	Debenture issued by Related parties .....	— (—)	<b>320.17</b> (—)	— (—)	— (—)
	Interest Income.....	<b>3.01</b> (0.84)	<b>21.70</b> (0.69)	<b>0.02</b> (—)	— (—)

# Refer Annexure I to the Directors' Report.

(b) The related party transactions are as under : (contd.)

					Rupees crores
Sl. No.	Nature of Transactions	Associate Companies	Joint Ventures/Joint Ventures of Subsidiaries **	KMP/KMP Exercising Significant Influence	Welfare Funds
	Interest Expense .....	0.36	—	—	—
		(—)	(—)	(—)	(—)
	Dividend received .....	53.32	3.54	—	—
		(5.36)	(27.81)	(—)	(—)
	Dividend distributed .....	—	—	93.46	69.92
		(—)	(—)	(21.45)	(67.23)
8.	Other Transactions :				
	Other Income .....	0.41	—	—	67.44
		(0.33)	(0.25)	(—)	(64.79)
	Other Expenses .....	3.54	—	—	—
		(—)	(0.13)	(—)	(—)
	Reimbursements received from parties .....	4.17	0.36	—	—
		(1.20)	(—)	(—)	(—)
	Reimbursements made to parties .....	1.37	—	—	—
		(—)	(—)	(—)	(—)
9.	Outstandings :				
	Payable .....	33.03	32.97	3.41	—
		(11.00)	(36.69)	(3.76)	(—)
	Receivable .....	18.39	51.98	1.07	17.00
		(4.84)	(4.73)	(—)	(17.00)
	Debenture/Bonds issued by parties .....	—	320.17	—	—
		(—)	(—)	(—)	(—)
	Inter Corporate Deposits Given .....	65.78	10.25	—	—
		(9.59)	(5.33)	(—)	(—)
	Inter Corporate Deposits Taken .....	0.50	—	—	—
		(—)	(—)	(—)	(—)
10.	Provision for Doubtful debts/advances .....	11.66	—	—	10.00
		(11.66)	(—)	(—)	(10.00)
11.	Advances Given .....	—	—	—	—
		(0.76)	(—)	(—)	(—)
12.	Advances Refunded .....	0.14	—	—	—
		(—)	(—)	(—)	(—)
13.	Security Deposit received .....	—	—	—	0.01
		(—)	(—)	(—)	(0.01)

Previous year's figures are in brackets.

\*\* Transactions with Joint Ventures/Joint Ventures of Subsidiaries has been reported at full value.

The Significant related party transactions are as under :

					Rupees crores
Sl. No.	Nature of Transactions	Associate Companies	Amount	Joint Ventures/Joint Ventures of Subsidiaries **	Amount
1.	Purchases – Goods	Swaraj Engines Limited	<b>711.61</b> (545.41)	Mahindra Sona Limited	<b>188.31</b> (177.54)
		Mahindra CIE Automotive Limited	<b>104.21</b> (—)		
2.	Purchases – Fixed Assets	Tech Mahindra Limited	<b>2.06</b> (—)		
		Mahindra Composites Limited	— (0.25)		
3.	Purchases – Services	Mahindra & Mahindra Contech Limited	<b>4.89</b> (4.26)	Tech Mahindra Limited	— (*)
		Tech Mahindra Limited	<b>21.24</b> (4.30)	Arabian Dreams Hotel Apartments	<b>5.25</b> (—)
4.	Sales – Goods	Swaraj Engines Limited	<b>5.98</b> (0.10)	Mahindra Sona Limited	<b>3.62</b> (5.56)
				Mahindra Solar One Private Limited	<b>18.08</b> (—)
5.	Sales – Services	Tech Mahindra Limited	<b>9.04</b> (2.75)	Mahindra Homes Private Limited	<b>2.95</b> (—)
				Mahindra Solar One Private Limited	<b>4.34</b> (0.14)
6.	Purchases/Conversion – Investments	Vayugrid Marketplace Services Private Limited	— (8.00)	Mahindra Solar One Private Limited	— (17.13)
				Arabian Dreams Hotel Apartments	<b>0.52</b> (—)
7.	Deputation of Personnel from related parties	Mahindra & Mahindra Contech Limited	<b>0.29</b> (0.56)		
		Swaraj Engines Limited	<b>0.56</b> (0.42)		
8.	Deputation of Personnel to related parties	Swaraj Engines Limited	<b>3.76</b> (3.80)	Mahindra Solar One Private Limited	<b>0.09</b> (0.66)
9.	Inter Corporate Deposits Given	Mahindra CIE Automotive Limited	<b>59.13</b> (—)	Mahindra Solar One Private Limited	— (2.00)
		Mahindra Composites Limited	— (22.50)	Mahindra Homes Private Limited	<b>337.66</b> (—)
				Mahindra Water Utilities Limited	— (0.90)

The Significant related party transactions are as under : (contd.)

					Rupees crores
Sl. No.	Nature of Transactions	Associate Companies	Amount	Joint Ventures/Joint Ventures of Subsidiaries **	Amount
10.	Inter Corporate Deposits refunded by parties			Mahindra Homes Private Limited	<b>446.66</b> (—)
11.	Interest Income	Mahindra CIE Automotive Limited	<b>2.99</b> (—)	Mahindra Solar One Private Limited	<b>7.64</b> (0.66)
		Vayugrid Marketplace Services Private Limited	— (0.27)	Mahindra Homes Private Limited	<b>13.67</b> (—)
		Mahindra Composites Limited	— (0.56)		
12.	Interest Paid	Swaraj Engines Limited	<b>0.31</b> (—)		
13.	Dividend Received	Tech Mahindra Limited	<b>30.34</b> (—)	Tech Mahindra Limited	— (24.27)
		Swaraj Engines Limited	<b>13.62</b> (5.36)	Mahindra Sona Limited	<b>3.54</b> (3.54)
		CIE Automotive, S.A.	<b>9.36</b> (—)		
14.	Other Income	Mahindra Composites Limited	<b>0.16</b> (0.33)	Tech Mahindra Limited	— (0.24)
		Tech Mahindra Limited	<b>0.25</b> (—)		
15.	Other Expenses	Tech Mahindra Limited	<b>3.54</b> (—)		
16.	Reimbursement received from parties	Mahindra CIE Automotive Limited	<b>2.66</b> (—)	Mahindra Homes Private Limited	<b>0.22</b> (—)
		Tech Mahindra Limited	<b>1.14</b> (0.48)	Mahindra Sona Limited	<b>0.09</b> (0.08)
		Mahindra Composites Limited	— (0.69)	Mahindra Solar One Private Limited	<b>0.05</b> (0.01)
				Mahindra Water Utilities Limited	— (0.03)

Previous year's figures are in brackets

\* denotes amounts less than Rs. 50,000.

\*\* Transactions with Joint Ventures has been reported at full value

The Significant related party transactions with Key Management Personnel are as under :

				Rupees crores
Sl. No.	Nature of Transaction	Name of KMP	Amount	Amount
1.	Managerial Remuneration	Mr. Anand Mahindra	<b>5.19</b> (4.66)	
		Dr. Pawan Goenka	<b>2.36</b> (—)	
		Mr. B. N. Doshi	<b>7.22</b> (3.17)	

Previous year's figures are in brackets

## 40. Investment in Associates :

Rupees crores

	No. of Equity shares held	% of Holding	Cost of Investments (Equity Shares)	Goodwill/ (Capital Reserve)	Share in accumulated Profit/(Loss)/ Reserves	Carrying Cost
<b>Unquoted :</b>						
Mahindra Construction Company Limited.....	<b>9,00,000</b>	<b>37.49%</b>	<b>0.97</b>	—	<b>(0.97)</b>	—
	9,00,000	43.83%	0.97	—	(0.97)	—
Officemartindia.com Limited .....	<b>7,49,997</b>	<b>50.00%</b>	<b>0.22</b>	—	<b>(0.22)</b>	—
	7,49,997	50.00%	0.22	—	(0.22)	—
Rathna Bhoomi Enterprises Private Limited.....	<b>500</b>	<b>25.53%</b>	<b>*</b>	—	<b>*</b>	—
	500	25.53%	*	—	*	—
Kota Farm Services Limited .....	<b>2,73,420</b>	<b>45.00%</b>	<b>0.27</b>	—	<b>(0.27)</b>	—
	2,73,420	45.00%	0.27	—	(0.27)	—
Mriyalguda Farm Solution Limited .....	<b>3,37,500</b>	<b>45.00%</b>	<b>0.34</b>	—	<b>(0.34)</b>	—
	3,37,500	45.00%	0.34	—	(0.34)	—
Mega One Stop Farm Services Limited .....	<b>3,51,000</b>	<b>45.00%</b>	<b>0.35</b>	<b>0.03</b>	<b>(0.35)</b>	—
	3,51,000	45.00%	0.35	0.03	(0.35)	—
Mahindra & Mahindra Contech Limited .....	<b>70,000</b>	<b>46.66%</b>	<b>0.07</b>	—	<b>2.03</b>	<b>2.10</b>
	70,000	35.16%	0.07	—	1.70	1.77
Vayugrid Marketplace Services Private Limited .....	—	—	—	—	—	—
	21,21,000	13.73%	1.68	1.68	(1.68)	—
PSL Media & Communications Limited .....	<b>39,498</b>	<b>36.12%</b>	<b>0.01</b>	—	<b>(0.01)</b>	—
	39,498	36.12%	0.01	—	(0.01)	—
Kismat Developers Private Limited.....	<b>15</b>	<b>42.86%</b>	<b>*</b>	—	<b>*</b>	—
	—	—	—	—	—	—
Topical Builders Private Limited.....	<b>175</b>	<b>50.00%</b>	<b>*</b>	—	<b>*</b>	—
	—	—	—	—	—	—
<b>Total - Unquoted .....</b>						<b>2.10</b>
						1.77
<b>Quoted :</b>						
Mahindra Composites Limited .....	—	—	—	—	—	—
	15,61,203	35.37%	4.00	0.83	2.00	6.00
Swaraj Engines Limited .....	<b>41,26,417</b>	<b>33.22%</b>	<b>1.63</b>	<b>(10.33)</b>	<b>59.80</b>	<b>61.43</b>
	41,26,417	33.22%	1.63	(10.33)	53.48	55.11
Tech Mahindra Limited .....	<b>6,07,36,978</b>	<b>26.01%</b>	<b>2,326.87</b>	<b>281.40</b>	<b>483.56</b>	<b>2,810.43</b>
	6,07,36,978	47.39%	2,326.87	281.40	359.46	2,686.33
Mahindra CIE Automotive Limited.....	<b>296,109</b>	<b>0.32%</b>	<b>5.19</b>	—	<b>(2.09)</b>	<b>3.10</b>
	—	—	—	—	—	—
CIE Automotive, S.A. (Refer note 3) (Quoted on a stock exchange outside India) .....	<b>1,60,40,706</b>	<b>13.50%</b>	<b>804.79</b>	<b>339.13</b>	<b>(34.47)</b>	<b>770.32</b>
	—	—	—	—	—	—
<b>Total - Quoted .....</b>						<b>3,645.28</b>
						2,747.44
<b>Total .....</b>						<b>3,647.38</b>
						2,749.21

Current Years Figures are in Bold

\* denotes amount less than Rs. 50,000

41. Segment Information

Segment Report for the year ended 31<sup>st</sup> March, 2014  
Primary Segment Disclosure - Business Segment

	Automotive	Farm Equipment	IT Services	Financial Services	Steel Trading and Processing	Infrastructure	Hospitality	Systech	Others	Total	Eliminations	Consolidated Total
Rupees crores												
<b>REVENUE</b>												
Gross External Revenue	48,385.12	16,993.25	258.91	5,276.93	735.70	695.12	756.48	3,215.76	1,913.36	78,230.63	—	78,230.63
Less : Excise Duty on Sales	46,314.81	13,937.43	1,461.54	4,092.01	761.06	724.89	676.07	4,302.54	1,701.53	73,971.88	—	73,971.88
	3,687.46	132.85	—	—	86.93	—	—	216.00	106.46	4,229.70	—	4,229.70
	4,696.54	142.27	—	—	94.41	—	—	278.61	66.56	5,278.39	—	5,278.39
<b>Net External Sales</b>	<b>44,697.66</b>	<b>16,860.40</b>	<b>258.91</b>	<b>5,276.93</b>	<b>648.77</b>	<b>695.12</b>	<b>756.48</b>	<b>2,999.76</b>	<b>1,806.90</b>	<b>74,000.93</b>	<b>—</b>	<b>74,000.93</b>
	41,618.27	13,795.16	1,461.54	4,092.01	666.65	724.89	676.07	4,023.93	1,634.97	68,693.49	—	68,693.49
Inter Segment Revenue	177.60	23.76	32.81	28.94	648.93	26.55	60.66	812.48	1,401.31	3,213.04	(3,213.04)	—
	179.35	29.59	32.24	25.43	756.63	29.07	51.23	969.69	1,216.34	3,289.57	(3,289.57)	—
<b>Total Revenue</b>	<b>44,875.26</b>	<b>16,884.16</b>	<b>291.72</b>	<b>5,305.87</b>	<b>1,297.70</b>	<b>721.67</b>	<b>817.14</b>	<b>3,812.24</b>	<b>3,208.21</b>	<b>77,213.97</b>	<b>(3,213.04)</b>	<b>74,000.93</b>
	41,797.62	13,824.76	1,493.78	4,117.44	1,423.28	753.96	727.30	4,993.62	2,851.31	71,983.06	(3,289.57)	68,693.49
<b>RESULT</b>												
Segment Result before exceptional items	2,358.05	2,479.76	30.35	1,460.93	95.35	160.64	120.56	(26.85)	(502.84)	6,175.95	2.04	6,177.99
	2,330.01	1,827.56	221.78	1,284.03	88.09	242.58	141.11	(44.42)	(295.31)	5,795.43	25.63	5,821.06
Add/(Less) : Exceptional Items allocated to Segments	—	—	—	—	—	—	—	124.55	0.54	125.09	(124.55)	0.54
	—	—	—	—	—	—	—	—	—	—	—	—
<b>Segment Result after exceptional items</b>	<b>2,358.05</b>	<b>2,479.76</b>	<b>30.35</b>	<b>1,460.93</b>	<b>95.35</b>	<b>160.64</b>	<b>120.56</b>	<b>97.70</b>	<b>(502.30)</b>	<b>6,301.04</b>	<b>(122.51)</b>	<b>6,178.53</b>
	2,330.01	1,827.56	221.78	1,284.03	88.09	242.58	141.11	(44.42)	(295.31)	5,795.43	25.63	5,821.06
Unallocable Corporate Expenses (net of Income)												
												311.03
												209.42
<b>Operating Profit</b>												
												5,867.50
Less : Interest Expense not allocable to segments												5,611.64
												676.36
												629.75
												311.15
												145.98
												317.31
												452.50
<b>Profit before tax</b>												
												5,819.60
												5,580.37
												1,793.91
												1,754.11
												(490.71)
												(21.11)
												193.02
												201.63
<b>Balance of Profit for the year before Share of Profit of Associates</b>												
												4,323.38
												3,645.74
Add/(Less) : Share of Profit/(Loss) of Associates for the year												830.42
												483.41
<b>Profit for the year before Minority Interest</b>												
												5,153.80
												4,129.15

41. Segment Information (contd.) :

	Rupees crores											
	Automotive	Farm Equipment	IT Services	Financial Services	Steel Trading and Processing	Infrastructure	Hospitality	Systech	Others	Total	Eliminations	Consolidated Total
<b>OTHER INFORMATION</b>												
Segment Assets	24,478.40	7,508.60	307.81	32,388.07	714.08	2,901.45	2,321.25	2,219.08	2,413.50	75,252.24	—	75,252.24
Unallocable Corporate Assets	22,461.43	6,227.85	263.80	25,872.13	663.28	2,508.79	1,997.66	3,473.79	1,853.85	65,322.58	—	65,322.58
<b>Total Assets</b>	<b>11,968.30</b>	<b>3,022.52</b>	<b>62.20</b>	<b>27,793.09</b>	<b>276.92</b>	<b>483.83</b>	<b>1,715.15</b>	<b>524.65</b>	<b>635.88</b>	<b>46,482.54</b>	<b>—</b>	<b>46,482.54</b>
Segment Liabilities	11,117.75	2,858.79	54.68	21,817.12	281.77	369.51	1,534.87	1,108.84	759.76	39,903.09	—	39,903.09
Unallocable Corporate Liabilities												
<b>Total Liabilities</b>	<b>2,613.93</b>	<b>345.54</b>	<b>4.74</b>	<b>41.16</b>	<b>5.08</b>	<b>28.33</b>	<b>126.99</b>	<b>186.10</b>	<b>267.69</b>	<b>3,619.56</b>	<b>—</b>	<b>3,619.56</b>
Capital Expenditure	1,992.00	446.15	34.05	34.91	18.59	26.92	109.15	311.67	241.38	3,214.82	—	3,214.82
Depreciation and Amortisation Expense	1,576.16	205.46	4.50	26.08	15.40	10.13	39.34	186.75	77.02	2,140.84	—	2,140.84
	1,428.73	164.64	39.16	23.66	14.91	8.78	27.55	238.84	80.03	2,026.30	—	2,026.30



Segment Information (contd.) :

Secondary Segment Disclosure - Geographical Segment

	Rupees crores		
	Domestic	Overseas	Total
Revenue From External Customers.....	51,191.02	27,039.61	78,230.63
	52,437.93	21,533.95	73,971.88
Segment Assets.....	58,526.71	16,725.53	75,252.24
	50,946.69	14,375.89	65,322.58
Capital Expenditure .....	2,264.70	1,354.86	3,619.56
	2,279.21	935.61	3,214.82

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 sale of automobiles, spare parts and related services.

Farm Equipment Segment comprises of sale 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, Investments etc.

2. Secondary Segments :

The geographical segments are considered for disclosure as secondary segment.

Domestic Segment includes sale to customers located in India and service income accrued in India.

Overseas Segment includes sale and services rendered to customers located outside India.

Segment Revenue comprises of :

	Rupees crores	
	2014	2013
Sale of Products.....	69,022.63	64,702.69
Sale of Services.....	2,138.03	3,219.24
Income from long term contracts .....	555.32	499.74
Lease and rental income .....	110.34	191.32
Interest income of Financial Enterprises Consolidated .....	5,162.02	4,003.75
Other allocable income * .....	1,242.29	1,355.14
<b>Total.....</b>	<b>78,230.63</b>	<b>73,971.88</b>

	Rupees crores	
	2014	2013
* Other allocable income includes :		
Scrap Sales.....	395.88	478.32
Commission .....	11.63	10.60
Dividend Income of Investment Enterprises Consolidated .....	0.11	0.52
Others .....	834.67	865.70
<b>Total.....</b>	<b>1,242.29</b>	<b>1,355.14</b>

42. Details of Subsidiary Companies

Rupees Crores										
Name of the Subsidiary	Capital (including Preference Capital)	Reserves & Surplus	Total Assets	Total Liabilities	Investments (excluding investments in subsidiaries)	Gross Turnover	Profit/ (Loss) before Tax	Provision for Tax	Profit/ (Loss) after Tax	Proposed Dividend and Tax thereon
2 x 2 Logistics Private Limited	0.01	0.01	0.07	0.07	-	0.36	0.01	*	0.01	-
Aerostaff Australia Pty. Limited ^	19.22	(27.10)	8.36	8.36	-	9.29	(7.22)	-	(7.22)	-
Airvan Flight Services Pty. Limited ^	*	-	*	*	-	-	-	-	-	-
Anthurium Developers Limited	0.05	(0.02)	2.03	2.03	-	-	(0.01)	-	(0.01)	-
Bell Tower Resorts Private Limited	19.94	(54.31)	49.83	49.83	-	10.16	(8.70)	-	(8.70)	-
Bristlecone (Malaysia) Sdn. Bhd. **	0.18	2.70	13.33	13.33	-	17.65	4.76	1.25	3.51	-
Bristlecone Consulting Limited @	*	3.65	7.21	7.21	-	5.79	1.89	0.51	1.38	-
Bristlecone GmbH €	0.41	8.43	24.74	24.74	-	34.05	3.26	0.72	2.54	-
Bristlecone Inc. \$	41.14	1.58	95.55	95.55	-	165.53	5.46	0.09	5.37	-
Bristlecone India Limited	19.05	39.13	94.03	94.03	0.01	139.89	15.39	5.38	10.01	-
Bristlecone International AG <	0.68	7.79	18.41	18.41	-	24.34	3.47	0.33	3.14	-
Bristlecone Limited \$	0.14	37.27	198.40	198.40	-	5.47	(5.34)	-	(5.34)	-
Bristlecone (Singapore) Pte. Limited ++	7.95	(7.37)	0.96	0.96	-	1.52	0.18	-	0.18	-
Bristlecone UK Limited £	23.46	(19.03)	4.60	4.60	-	1.78	0.59	*	0.59	-
Brightsolar Renewable Energy Private Limited	0.01	(0.01)	*	*	-	-	(0.01)	-	(0.01)	-
Cleansolar Renewable Energy Private Limited	0.01	(0.01)	*	*	-	-	(0.01)	-	(0.01)	-
Crest Geartech Private Limited	0.60	1.77	2.64	2.64	-	0.07	(0.32)	(0.06)	(0.26)	-
Defence Land Systems India Private Limited	85.00	(71.19)	61.54	61.54	-	20.42	(9.98)	-	(9.98)	-
Divine Heritage Hotels Private Limited	0.70	(3.72)	28.96	28.96	-	1.92	(1.06)	-	(1.06)	-
EPC Industrie Limited	27.64	85.40	162.61	162.61	0.01	177.35	7.71	-	7.71	-
GA200 Pty. Limited ^	*	-	*	*	-	-	-	-	-	-
GA8 Airvan Pty. Limited ^	*	-	*	*	-	-	-	-	-	-
Gables Promoters Private Limited	13.20	(0.03)	24.52	24.52	-	-	(0.02)	-	(0.02)	-
Gipp Aero Investments Pty. Limited ^	39.09	140.58	179.67	179.67	-	0.20	0.20	-	0.20	-
Gippsaero Pty. Limited ^	*	44.07	182.51	182.51	-	87.51	(38.56)	-	(38.56)	-
Heritage Bird (M) Sdn. Bhd. **	0.55	(1.06)	9.45	9.45	-	1.64	0.01	0.02	(0.01)	-
Holiday on Hills Resorts Private Limited	1.00	(4.76)	33.71	33.71	-	5.90	1.21	-	1.21	-
Industrial Township (Maharashtra) Limited	5.00	(0.14)	5.19	5.19	-	-	(*)	-	(*)	-
Infinity Hospitality Group Company Limited #	27.60	(18.08)	37.48	37.48	-	6.33	(1.69)	-	(1.69)	-
Knowledge Township Limited	21.00	(0.44)	44.76	44.76	-	-	(0.01)	-	(0.01)	-
Mahindra & Mahindra Financial Services Limited	112.71	4,981.51	31,665.72	31,665.72	799.74	4,953.00	1,345.77	458.54	887.23	251.58
Mahindra & Mahindra South Africa (Proprietary) Limited »	29.48	39.34	177.57	177.57	-	400.28	28.29	7.92	20.37	-
Mahindra Aerospace Australia Pty. Limited ^	196.38	16.49	327.82	327.82	-	5.50	(0.11)	-	(0.11)	-

42. Details of Subsidiary Companies (Contd.)

Rupees Crores

Name of the Subsidiary	Capital (including Preference Capital)	Reserves & Surplus	Total Assets	Total Liabilities	Investments (excluding investments in subsidiaries)	Gross Turnover	Profit/ (Loss) before Tax	Provision for Tax	Profit/ (Loss) after Tax	Proposed Dividend and Tax thereon
Mahindra Aerospace Private Limited	185.54	158.27	345.51	345.51	2.68	4.64	(1.02)	0.05	(1.07)	-
Mahindra Aerostructures Private Limited	106.51	(33.81)	166.39	166.39	4.37	1.41	(17.54)	-	(17.54)	-
Mahindra Asset Management Company Private Limited	0.05	*	0.05	0.05	-	-	(*)	-	(*)	-
Mahindra Automobile Distributor Private Limited	1.00	7.89	49.44	49.44	1.30	94.79	20.60	7.00	13.60	26.91
Mahindra Automotive Australia Pty. Limited ^	25.49	(18.06)	40.81	40.81	-	105.63	(5.21)	-	(5.21)	-
Mahindra Auto Steel Private Limited	0.01	(0.73)	0.13	0.13	-	-	(0.73)	-	(0.73)	-
Mahindra Bebanco Developers Limited	0.05	(5.60)	121.51	121.51	-	52.61	1.44	0.30	1.14	-
Mahindra Business & Consulting Services Private Limited	0.01	5.30	18.38	18.38	-	168.43	4.38	1.57	2.81	-
Mahindra Consulting Engineers Limited	2.13	8.61	12.80	12.80	-	11.58	0.30	0.11	0.19	0.25
Mahindra Conveyor Systems Private Limited	31.38	26.87	77.62	77.62	10.39	71.89	6.16	1.75	4.41	-
Mahindra Defence Naval Systems Private Limited	15.03	1.01	19.97	19.97	7.53	11.29	1.22	0.25	0.97	-
Mahindra Defence Systems Limited	4.25	29.09	45.27	45.27	3.92	46.94	3.59	0.95	2.64	-
Mahindra Electrical Steel Private Limited	0.05	(2.10)	8.79	8.79	-	-	(0.69)	-	(0.69)	-
Mahindra Emirates Vehicle Armouring FZ-LLC*	16.30	(11.35)	15.87	15.87	-	35.13	0.34	-	0.34	-
Mahindra Engineering and Chemical Products Limited	44.00	448.36	509.90	509.90	5.12	4.62	1.45	0.14	1.31	-
Mahindra Engineering GmbH €	0.49	(7.29)	0.54	0.54	-	1.46	(0.36)	-	(0.36)	-
Mahindra Engineering Services (Europe) Limited £	0.65	16.68	23.89	23.89	-	28.06	3.60	0.83	2.77	-
Mahindra Engineering Services Limited	8.32	174.27	236.20	236.20	96.67	225.43	69.33	26.50	42.83	16.73
Mahindra EPC Services Private Limited	28.00	38.05	92.31	92.31	5.55	124.94	(1.52)	(0.60)	(0.92)	-
Mahindra Europe S.r.l. €	11.74	0.09	54.51	54.51	-	63.10	(7.61)	(*)	(7.60)	-
Mahindra First Choice Services Limited	138.77	(104.41)	45.40	45.40	-	29.42	(42.65)	-	(42.65)	-
Mahindra First Choice Wheels Limited	63.43	(47.87)	39.62	39.62	1.39	55.67	0.43	-	0.43	-
Mahindra Gears & Transmissions Private Limited	15.11	56.05	159.71	159.71	-	158.78	9.94	3.82	6.12	-
Mahindra Gears Cyprus Limited €	0.07	(0.07)	-	-	-	-	-	-	-	-
Mahindra Gears Global Limited €	355.14	(2.37)	402.16	402.16	-	3.85	(0.22)	-	(0.22)	-
Mahindra Gears International Limited €	189.96	(0.86)	238.78	238.78	-	3.10	(0.22)	-	(0.22)	-
Mahindra Graphic Research Design S.r.l. €	7.93	2.85	25.35	25.35	-	52.93	9.38	10.55	(1.17)	-
Mahindra Gujarat Tractor Limited	20.30	(20.96)	53.80	53.80	-	131.52	6.12	1.42	4.70	-
Mahindra Heavy Engines Private Limited	328.00	(256.15)	238.08	238.08	-	108.14	(57.76)	-	(57.76)	-
Mahindra Holdings Limited	61.25	17.84	79.11	79.11	27.81	1.94	2.20	1.38	0.82	-
Mahindra Housing Private Limited	0.05	(0.01)	0.05	0.05	-	-	(0.01)	-	(0.01)	-
Mahindra Holidays & Resorts India Limited	88.02	701.79	2,611.15	2,611.15	12.66	798.93	141.42	46.89	94.53	41.55
Mahindra Holidays and Resorts USA Inc. \$	0.01	0.70	0.72	0.72	-	-	(0.12)	0.03	(0.15)	-

42. Details of Subsidiary Companies (Contd.)

Rupees Crores

Name of the Subsidiary	Capital (including Preference Capital)	Reserves & Surplus	Total Assets	Total Liabilities	Investments (excluding investments in subsidiaries)	Gross Turnover	Profit/ (Loss) before Tax	Provision for Tax	Profit/ (Loss) after Tax	Proposed Dividend and Tax thereon
Mahindra Hotels and Residences India Limited	0.05	(0.12)	*	*	-	-	(0.01)	-	(0.01)	-
Mahindra Infrastructure Developers Limited	18.00	(0.06)	20.36	20.36	15.07	0.17	(0.25)	0.01	(0.26)	-
Mahindra Insurance Brokers Limited	2.58	130.35	145.06	145.06	27.00	111.18	63.76	21.76	42.00	3.02
Mahindra Integrated Business Solutions Private Limited	1.50	2.60	7.74	7.74	1.43	11.63	2.21	0.63	1.58	0.18
Mahindra Integrated Township Limited	50.43	(7.11)	191.80	191.80	-	62.59	(5.16)	-	(5.16)	-
Mahindra Investments (India) Private Limited	80.06	(0.67)	79.41	79.41	-	-	(0.67)	-	(0.67)	-
Mahindra Investments (International) Private Limited	0.05	(0.07)	5.76	5.76	-	-	(0.07)	-	(0.07)	-
Mahindra Intertrade Limited	16.60	328.41	596.28	596.28	6.00	1,244.46	92.57	28.20	64.37	19.42
Mahindra Lifespace Developers Limited	40.85	1,096.46	2,171.49	2,171.49	415.99	421.33	101.40	23.67	77.73	28.67
Mahindra Logistics Limited	59.06	65.33	372.29	372.29	0.01	1,756.61	54.34	17.70	36.64	-
Mahindra MiddleEast Electrical Steel Service Centre (FZC) •	3.30	30.85	48.76	48.76	-	68.04	4.58	-	4.58	-
Mahindra Namaste Private Limited	6.01	(3.02)	3.34	3.34	-	0.23	(2.95)	0.03	(2.98)	-
Mahindra North America Technical Centre, Inc. \$	0.06	0.14	13.57	13.57	-	2.98	0.23	0.09	0.14	-
Mahindra Overseas Investment Company (Mauritius) Limited \$	527.94	(185.31)	1,261.13	1,261.13	901.21	9.31	(93.00)	-	(93.00)	-
Mahindra Offgrid Services Private Limited	0.05	(0.03)	0.03	0.03	-	-	(0.02)	-	(0.02)	-
Mahindra Punjab Tractors Private Limited	0.01	(0.01)	*	*	-	-	(*)	-	(*)	-
Mahindra Racing S.r.l. €	0.17	(0.02)	13.49	13.49	-	39.42	0.28	0.30	(0.02)	-
Mahindra Residential Developers Limited	0.26	92.68	157.29	157.29	-	155.57	41.51	8.70	32.81	-
Mahindra Retail Private Limited	468.25	(463.24)	132.54	132.54	-	206.00	(114.00)	-	(114.00)	-
Mahindra Reva Electric Vehicles Private Limited	32.61	55.27	196.41	196.41	0.18	37.14	(80.51)	-	(80.51)	-
Mahindra Rural Housing Finance Limited	55.73	65.79	1,377.64	1,377.64	-	212.52	36.80	9.72	27.08	7.17
Mahindra Trucks And Buses Limited	22.96	2.61	48.13	48.13	-	78.21	5.85	1.90	3.95	1.34
Mahindra Sanyo Special Steel Private Limited	10.00	246.05	575.02	575.02	-	855.05	(68.34)	-	(68.34)	-
Mahindra Shubhlabh Services Limited	10.11	2.89	72.42	72.42	0.59	148.82	8.58	1.75	6.83	-
Mahindra Steel Service Centre Limited	16.54	71.53	188.77	188.77	-	133.51	7.18	1.75	5.43	1.06
Mahindra Technologies Services Inc. \$	6.31	4.69	19.92	19.92	-	54.94	4.16	1.48	2.68	-
Mahindra Telecommunications Investment Private Limited	0.47	2.72	3.23	3.23	2.60	0.17	0.15	0.03	0.12	-
Mahindra Tractor Assembly Inc. \$	0.06	(3.03)	11.84	11.84	-	43.74	(3.02)	*	(3.03)	-
Mahindra Telephonics Integrated Systems Limited	5.00	(6.86)	2.27	2.27	-	*	(6.86)	-	(6.86)	-
Mahindra Two Wheelers Limited	1,258.73	(1,240.36)	599.26	599.26	-	842.14	(459.29)	-	(459.29)	-
Mahindra Ugine Steel Company Limited	32.66	324.99	467.37	467.37	7.00	805.45	256.03	67.88	188.15	-
Mahindra United Football Club Private Limited	0.01	0.13	0.15	0.15	-	0.01	0.01	*	0.01	-
Mahindra USA Inc. \$	27.03	35.04	768.43	768.43	-	1,670.50	13.81	(15.18)	28.99	-

42. Details of Subsidiary Companies (Contd.)

Rupees Crores

Name of the Subsidiary	Capital (including Preference Capital)	Reserves & Surplus	Total Assets	Total Liabilities	Investments (excluding investments in subsidiaries)	Gross Turnover	Profit/(Loss) before Tax	Provision for Tax	Profit/(Loss) after Tax	Proposed Dividend and Tax thereon
Mahindra Vehicle Manufacturers Limited	962.25	473.46	3,736.24	3,736.24	46.80	6,968.21	329.11	112.44	216.67	64.96
Mahindra World City (Maharashtra) Limited	1.17	(1.14)	0.04	0.04	-	*	(*)	-	(*)	-
Mahindra World City (Jaipur) Limited	200.00	32.44	664.47	664.47	29.55	102.17	37.04	12.59	24.45	11.70
Mahindra World City Developers Limited	85.00	88.31	513.61	513.61	-	47.87	13.47	4.58	8.89	8.84
Mahindra Yueda (Yancheng) Tractor Company Limited >	497.04	(89.83)	1,058.77	1,058.77	-	734.81	(21.15)	-	(21.15)	-
Mahindra-BT Investment Company (Mauritius) Limited \$	71.35	73.49	144.89	144.89	10.90	0.39	(0.69)	-	(0.69)	-
Metalcastello S.p.A. €	165.18	(76.31)	882.22	882.22	-	407.05	(75.29)	(11.27)	(64.02)	-
MH Boutique Hospitality Limited #	1.84	(0.68)	7.00	7.00	-	0.01	(0.49)	-	(0.49)	-
NBS International Limited	0.05	(6.14)	38.15	38.15	-	192.13	(6.04)	*	(6.04)	-
Nomad TC Pty. Limited ^	0.07	(0.07)	-	-	-	-	-	-	-	-
Raigad Industrial & Business Park Limited	0.11	(0.10)	0.07	0.07	-	-	(*)	-	(*)	-
Retail Initiative Holdings Limited	0.05	(0.99)	448.49	448.49	-	-	(0.01)	-	(0.01)	-
Ssangyong European Parts Center B.V. €	5.78	(30.22)	46.06	46.06	-	78.02	0.96	0.22	0.74	-
Ssangyong Motor (Shanghai) Company Limited >	29.01	15.09	45.82	45.82	-	32.36	19.41	1.59	17.82	-
Ssangyong Motor Company ≈	3,822.20	1,001.73	11,396.13	11,396.13	-	20,240.73	73.62	-	73.62	-
Swaraj Automotives Limited	2.40	21.94	49.73	49.73	-	91.51	3.55	1.20	2.35	0.98
Jiangxi Mahindra Yueda Tractor Company Limited > †	183.92	(204.33)	75.52	75.52	-	12.96	(14.02)	-	(14.02)	-
Mahindra 'Electrol Trust' Company	0.05	-	0.05	0.05	-	-	-	-	-	-
Mahindra Trustee Company Private Limited ‡	-	-	-	-	-	-	-	-	-	-

\* denotes amounts less than Rs. 50,000.

- # Converted into Indian Rupees at the exchange rate, 1THB = Rs 1.84 as on 31st March, 2014
- \$ Converted into Indian Rupees at the exchange rate, 1USD = Rs 60.06 as on 31st March, 2014
- Converted into Indian Rupees at the exchange rate, 1AED = Rs 16.30 as on 31st March, 2014
- \*\* Converted into Indian Rupees at the exchange rate, 1MYR = Rs 18.32 as on 31st March, 2014
- @ Converted into Indian Rupees at the exchange rate, 1CAD = Rs 54.15 as on 31st March, 2014
- ^ Converted into Indian Rupees at the exchange rate, 1AUD = Rs 55.71 as on 31st March, 2014
- £ Converted into Indian Rupees at the exchange rate, 1GBP = Rs 99.85 as on 31st March, 2014
- € Converted into Indian Rupees at the exchange rate, 1EUR = Rs 82.59 as on 31st March, 2014
- ++ Converted into Indian Rupees at the exchange rate, 1SGD = Rs 47.63 as on 31st March, 2014
- < Converted into Indian Rupees at the exchange rate, 1CHF = Rs 67.77 as on 31st March, 2014
- > Converted into Indian Rupees at the exchange rate, 1CNY = Rs 9.67 as on 31st March, 2014
- ≈ Converted into Indian Rupees at the exchange rate, 1ZAR = Rs 5.67 as on 31st March, 2014
- ≈ Converted into Indian Rupees at the exchange rate, 1KRW = Rs 0.056 as on 31st March, 2014

† Extracted from the financial statements as provided by management.

‡ Mahindra Trustee Company Private Limited (MTCPL) was incorporated as a subsidiary of Mahindra & Mahindra Financial Services Limited (MMFSL). MMFSL has agreed to subscribe to 49,998 equity shares of Rs. 10/- each of MTCPL, which Investment is yet to be made by MMFSL.

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

## Notes

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# AWARDS AND ACCOLADES

- ▶ Mahindra was declared one of India's top ten best brands in the first edition of the Best Indian Brands study conducted by Interbrand and The Economic Times. The company ranked seventh in the study which is an India focused version of Interbrand's highly acclaimed Best Global Brands study.
- ▶ The Mahindra Group received the Financial Times Arcelor Mittal Award for 'Boldness in Business.' This award recognises the Mahindra Group's growing global ambition and acknowledges its innovative spirit.
- ▶ Mahindra's Mergers & Acquisitions team received the M&A Atlas Award for 'Corporate M&A Deal Team of the Year 2013'. These awards honour the best value-generating deals, star dealmaker teams and outstanding firms from the Indian mergers and acquisitions community.
- ▶ The Mahindra Group was honoured with the Global CSR Excellence & Leadership Award by ABP News. The awards aim to promote role models in industry and reward excellence achieved by businesses in mainstreaming sustainability in business practices.
- ▶ Mahindra was declared the winner of the Golden Peacock Award for Corporate Social Responsibility – 2013 in the Automotive category at the 8th International Conference on Corporate Social Responsibility held in Bengaluru.
- ▶ Mahindra & Mahindra Ltd. received the National Energy Conservation Award 2013 for its energy conservation efforts at its Zaheerabad automotive manufacturing facility. This is the 8th consecutive time that the Zaheerabad plant has received this award.
- ▶ Mahindra Reva received the CII Design Excellence award in the 4-Wheeler Mobility Design Category for the Mahindra e2o electric vehicle.
- ▶ Mahindra & Mahindra Ltd. received the CII National HR Excellence Award 2013 from the Confederation of Indian Industry (CII).
- ▶ Mahindra & Mahindra Ltd. was ranked No. 1 in the Automobile Sector in Businessworld's special issue on India's Most Respected Companies.
- ▶ Mr. Anand Mahindra received the Entrepreneur for the Year Award at the Forbes India Leadership Awards 2013 held in Mumbai.
- ▶ Mr. Anand Mahindra received the Sustainable Development Leadership Award from The Energy and Resources Institute (TERI) in recognition of the dynamic and visionary leadership he has shown in spearheading the Mahindra Group on the path of sustainability and environmental awareness.
- ▶ Mr. Rajeev Dubey received the 'Lifetime Achievement Award' at the Global HR Excellence Awards, World HRD Congress 2014. The Mahindra Group received the 'HR Organization of the Year' award.
- ▶ Mr. V S Parthasarathy received the prestigious 'CFO India Hall of Fame' award from CFO India magazine at the Fourth Annual CFO100 Awards.
- ▶ Mr. V. S. Parthasarathy received the prestigious Treasury Management International ("TMI"), Award for Innovation & Excellence in 'Treasury Transformation'. Mahindra was the first Indian corporate and amongst a select few Asian corporates to receive this award.
- ▶ Mr. Ramesh Iyer received an award as one of the 16 finalists in the prestigious 15th EY Entrepreneur of the Year Awards 2013.
- ▶ Ms. Anita Arjundas received the Outstanding Woman CEO of the Year Award at the NDTV Property Awards.

**Mahindra**  
*Rise.*

Registered Office: Mahindra & Mahindra Ltd.,  
Gateway Building, Apollo Bunder, Mumbai - 400001.  
[www.mahindra.com](http://www.mahindra.com)



**Mahindra & Mahindra Limited**

Registered Office: Gateway Building, Apollo Bunder, Mumbai – 400 001

CIN: L65990MH1945PLC004558

website: www.mahindra.com • email: investors@mahindra.com • Tel: +91 22 22021031 • Fax: +91 22 22875485

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) Pvt. Ltd. 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 25<sup>th</sup> July, 2014.

I hereby record my presence at the SIXTY-EIGHTH 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, 2014 at 3.30 pm.

Name(s) of the Shareholder(s)/Proxy (IN BLOCK LETTERS)

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Signature(s) of Shareholder(s) or Proxy

Note: You are requested to bring your copy of the Annual Report to the Meeting.

(To be retained throughout the Meeting)

**E-VOTING SLIP**

**Mahindra & Mahindra Limited**

Registered Office: Gateway Building, Apollo Bunder, Mumbai – 400 001

CIN: L65990MH1945PLC004558

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**ELECTRONIC VOTING PARTICULARS**

<b>EVEN (E-Voting Event Number)</b>	<b>USER ID</b>	<b>PASSWORD/PIN</b>

- Note:**
1. The e-voting period will commence on Saturday, 2<sup>nd</sup> August, 2014 (09:00 am IST) and will end on Monday, 4<sup>th</sup> August, 2014 (05:00 pm IST).
  2. Please read instructions given overleaf before voting electronically.

### **Instructions for e-voting :**

Members are requested to follow the instructions given below before they cast their vote through e-voting:

#### **1. New Users**

- (i) User ID and password/PIN for e-voting is provided in the table overleaf. Please note that the password is an initial password.
- (ii) Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com/>
- (iii) Click on Shareholder – Login
- (iv) Put user ID and password as initial password/PIN noted in step (i) above. Click Login.
- (v) Password change menu appears. Change the password/PIN with new password of your choice with minimum 8 digits/characters or combination thereof. Note the new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (vi) Home page of e-voting opens. Click on e-voting: Active Voting Cycles.
- (vii) Select “EVEN” (E-voting Event Number) of Mahindra & Mahindra Limited which is 100433.
- (viii) Now you are ready for e-voting as Cast Vote page opens.
- (ix) Cast your vote by selecting appropriate option and click on “Submit” and also “Confirm” when prompted.
- (x) Upon confirmation, the message “Vote cast successfully” will be displayed.
- (xi) Once you have voted on the resolution, you will not be allowed to modify your vote.
- (xii) Institutional Members (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/Authority letter etc. together with attested specimen signature(s) of the duly authorised signatory(ies) who are authorised to vote, to the Scrutiniser through e-mail to [sbhagwatcs@yahoo.co.in](mailto:sbhagwatcs@yahoo.co.in) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)

#### **2. Existing Users**

If you are already registered with NSDL for e-voting then you can use your existing user ID and password/PIN for casting your vote. Please follow the steps from Sl. No. (vi) to (xii)

### **General Instructions :**

- I. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholder available at the Downloads section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com)
- II. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently.
- III. The voting rights of Members shall be in proportion to their share in the paid up equity share capital of the Company as on the cut-off date i.e. 27<sup>th</sup> June, 2014.
- IV. Mr. Sachin Bhagwat, Practicing Company Secretary (Membership No. ACS10189) has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.

**PROXY FORM**

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

**Mahindra & Mahindra Limited**

Registered Office: Gateway Building, Apollo Bunder, Mumbai – 400 001  
CIN: L65990MH1945PLC004558

website: www.mahindra.com • email: investors@mahindra.com • Tel: +91 22 22021031 • Fax: +91 22 22875485

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

I/We, being the member(s) of \_\_\_\_\_ shares of the above named company, hereby appoint:

1. Name:	_____	E-mail Id:	_____
Address:	_____ _____	Signature:	<input type="text"/> , or failing him
2. Name:	_____	E-mail Id:	_____
Address:	_____ _____	Signature:	<input type="text"/> , or failing him
3. Name:	_____	E-mail Id:	_____
Address:	_____ _____	Signature:	<input type="text"/>

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 68<sup>th</sup> Annual General Meeting of the Company, to be held on the 8<sup>th</sup> day of August, 2014 at 3.30 p.m. at Birla Matushri Sabhagar, 19, Sir Vithaldas Thackersey Marg (New Marine Lines), Mumbai - 400 020 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Description	For	Against
1.	To receive, consider and adopt the Audited Financial Statements of the Company for the Financial Year ended 31 <sup>st</sup> March, 2014 including the Audited Balance Sheet as at 31 <sup>st</sup> March, 2014 and the Statement of Profit and Loss for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.		
2.	Declaration of Dividend on Ordinary (Equity) Shares.		
3.	Approve not to fill the vacancy created on the Board of Directors of the Company in place of Mr. Narayanan Vaghul, who retires by rotation and does not seek re-appointment.		
4.	Approve not to fill the vacancy created on the Board of Directors of the Company in place of Mr. A. K. Nanda, who retires by rotation and does not seek re-appointment.		

Resolution No.	Description	For	Against
5.	Re-appointment of Messrs Deloitte Haskins & Sells, Chartered Accountants, (ICAI Firm Registration Number 117364W) the retiring Auditors of the Company, as Auditors of the Company from the conclusion of this Annual General Meeting ("AGM") until the conclusion of the third consecutive AGM of the Company and approve their remuneration.		
6.	Appointment of Mr. M. M. Murugappan as an Independent Director for a term of four consecutive years commencing from 8 <sup>th</sup> August, 2014.		
7.	Appointment of Mr. Deepak S. Parekh as an Independent Director for a term of three consecutive years commencing from 8 <sup>th</sup> August, 2014.		
8.	Appointment of Mr. Nadir B. Godrej as an Independent Director for a term of four consecutive years commencing from 8 <sup>th</sup> August, 2014.		
9.	Appointment of Mr. R. K. Kulkarni as an Independent Director for a term of five consecutive years commencing from 8 <sup>th</sup> August, 2014.		
10.	Appointment of Mr. Anupam Puri as an Independent Director for a term of five consecutive years commencing from 8 <sup>th</sup> August, 2014.		
11.	Appointment of Dr. Vishakha N. Desai as an Independent Director for a term of five consecutive years commencing from 8 <sup>th</sup> August, 2014.		
12.	Appointment of Mr. Vikram Singh Mehta as an Independent Director for a term of five consecutive years commencing from 8 <sup>th</sup> August, 2014.		
13.	Appointment of Mr. Bharat Doshi as a Director liable to retire by rotation.		
14.	Appointment of Mr. S. B. Mainak as a Director liable to retire by rotation.		
15.	Appointment of Dr. Pawan Goenka as a Director liable to retire by rotation.		
16.	Appointment of Dr. Pawan Goenka as an Executive Director and approval of the remuneration payable to him.		
17.	Approval of the Remuneration payable to Messrs N. I. Mehta & Co., Cost Accountants, the Cost Auditors of the Company.		
18.	Create, offer, issue and allot Ordinary (Equity) shares of Rs. 5 each of the Company to Mahindra & Mahindra Employees' Stock Option Trust.		
19.	Invite/accept/renew unsecured/secured Deposits from the public and/or Members of the Company.		
20.	Borrow by way of securities including but not limited to secured/unsecured redeemable Non-Convertible Debentures and/or Commercial Paper to be issued under Private Placement basis.		

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2014.

\_\_\_\_\_  
Signature of shareholder

\_\_\_\_\_  
Signature of Proxy holder(s)

Affix  
Revenue  
Stamp



**Note:**

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
2. A person can act as proxy on behalf of Members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. Further, a Member holding more than ten percent, of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or Member.

## FORM A

### (Pursuant to Clause 31(a) of the Listing Agreement)

(Covering letter of the Annual Audit Report to be filed with the Stock Exchanges) – For  
Standalone Accounts

- |                                                               |   |                                                                                                  |
|---------------------------------------------------------------|---|--------------------------------------------------------------------------------------------------|
| 1. Name of the Company                                        | : | Mahindra & Mahindra Limited                                                                      |
| 2. Annual Stand-alone Financial Statements for the year ended | : | March 31, 2014                                                                                   |
| 3. Type of Audit observation                                  | : | Unqualified                                                                                      |
| 4. Frequency of observation                                   | : | Not Applicable                                                                                   |
| 5. Signed by                                                  | : |                                                                                                  |
| - Chairman & Managing Director                                | : |              |
| - Chief Financial Officer & Group CIO                         | : |              |
| - Audit Committee Chairman                                    | : |                                                                                                  |
| - Auditor of the Company                                      | : | Refer our Audit Report dated May 30, 2014 on the Standalone Financial statements of the Company. |

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



Shyamak R Tata  
Partner  
(Membership No. 38320)

MUMBAI: 30<sup>th</sup> May, 2014

  
Fax: +91 22 22875485  
Email : group.communications@mahindra.com  
CIN No. L65990MH1945PLC004558.

## FORM A

### (Pursuant to Clause 31(a) of the Listing Agreement)

(Covering letter of the Annual Audit Report to be filed with the Stock Exchanges) – For  
Consolidated Accounts

1. Name of the Company : Mahindra & Mahindra Limited
2. Annual Consolidated Financial Statements for the year ended : March 31, 2014
3. Type of Audit observation : Emphasis of Matter :  
Attention is drawn to Note 36 to the financial statements which describes the uncertainty related to the recovery suit filed against an associate of the Company and other matters.
4. Frequency of observation : First time.
5. Signed by
  - Chairman & Managing Director : 
  - Chief Financial Officer & Group CIO : 
  - Audit Committee Chairman : 
  - Auditor of the Company : Refer our Audit Report dated May 30, 2014 on the Consolidated Financial statements of the Company.

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



Shyamak R Tata  
Partner  
(Membership No. 38320)

MUMBAI: 30<sup>th</sup> May, 2014

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