

THERE ARE
THOSE WHO
ACCEPT THINGS
AS THEY ARE.

**AND THOSE
WHO RISE
TO CHANGE.**

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

Today, we will think bigger than our size.

Today, we will refuse to accept limitations.

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

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

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

Scoff at another convention....

And use alternative thinking...

To solve another previously unsolvable problem.

Today, we will accomplish something astounding....

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

Today, Mahindra will set an example for the world.

With boldness.

With confidence.

With relentless optimism.

Good morning.

Today is another perfect day...

To Rise.



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

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

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

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

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

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



COMMITTEES OF THE BOARD

Audit Committee

Deepak S. Parekh
Chairman

Nadir B. Godrej

M. M. Murugappan

R. K. Kulkarni

Share Transfer and Shareholders/ Investors Grievance Committee

Keshub Mahindra
Chairman

Anand G. Mahindra

Bharat Doshi

A. K. Nanda

R. K. Kulkarni

Remuneration/Compensation Committee

Narayanan Vaghul
Chairman

Keshub Mahindra

Nadir B. Godrej

M. M. Murugappan

Loans & Investment Committee

Keshub Mahindra
Chairman

Anand G. Mahindra

Bharat Doshi

A. K. Nanda

R. K. Kulkarni

Research & Development Committee

A. S. Ganguly
Chairman

Anand G. Mahindra

Nadir B. Godrej

M. M. Murugappan

Bharat Doshi

BOARD OF DIRECTORS

Keshub Mahindra
Chairman

Anand G. Mahindra
Vice-Chairman & Managing Director

Deepak S. Parekh

A. K. Nanda

Nadir B. Godrej

M. M. Murugappan

Narayanan Vaghul

A. S. Ganguly

R. K. Kulkarni

Anupam Puri

Arun Kanti Dasgupta
Nominee of Life Insurance Corporation of India

Bharat Doshi
Executive Director

Narayan Shankar
Company Secretary

BANKERS

Bank of America N.A.

Bank of Baroda

Bank of India

Canara Bank

Central Bank of India

HDFC Bank Limited

Standard Chartered Bank

State Bank of India

Union Bank of India

AUDITORS

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

ADVOCATES

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

REGISTERED OFFICE

Gateway Building, Apollo Bunder, Mumbai 400 001.

GROUP EXECUTIVE BOARD

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

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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 31st March, 2011.

Financial Highlights

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

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

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

Financial Performance

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

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

Dividend

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

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

Performance Review

Automotive Division:

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

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

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

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

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

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

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

Farm Division:

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

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

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

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