

alternative
THINKING

Sustainability Review 08-09





WE ALL SEE THE SAME THINGS;
**THE WAY WE LOOK AT
THEM IS WHAT MAKES
ALL THE DIFFERENCE.**

alternative THINKING

At Mahindra we are exploring outside the conventional and rethinking the regular. We are looking at emerging problems through the prism of Alternative Thinking to turn them into emerging opportunities.

Alternative Thinking is Mahindra's strategic approach towards integrating sustainability into our businesses. It involves proactive alignment of our business operations to the exponentially rising social and environmental demands, and new economic opportunities.

Alternative Thinking, for us, is the fountainhead of progress, leadership and the only way forward to create sustainable businesses in a sustainable world.

The cover visual depicts the progression of Alternative Thinking from ideation to practice and its propagation across stakeholders through a variety of micro and macro initiatives.



Our Sustainability Report 2008-09 is based on the internationally recognised Global Reporting Initiative (GRI) Sustainability Reporting G3 Guidelines (2006).

It has also been externally assured by Ernst & Young (India) Private Limited.

All figures in the report are current as of March 31st 2009.

Message from the Chairman

I am pleased to present the Mahindra Group's 2nd Sustainability Report continuing with the theme of our first report - ALTERNATIVE THINKING. I believe that, the need for Alternative Thinking is more relevant today than it was last year and will become still more relevant in the future.

The year 2008-09 was rather startling in more ways than one. On one hand the financial crisis brought to the fore, issues of comprehensive risk management, need for long term profitability, ethics and accountability in business. On the other, the intensity and frequency of

The need for Alternative Thinking is more relevant today than it was last year and will become still more relevant in the future

natural calamities raised one more alarm for an urgent need to address risks of climate change through clean technology. Conflict situations continued to simmer across all geographies.

At Mahindra our approach to business has always been "Beyond Profits". The "sustainability reporting journey" which we commenced last year, enabled us to consolidate the cost and input efficiency initiatives being undertaken across our businesses and the social programs being undertaken centrally as well as by each of our individual businesses.

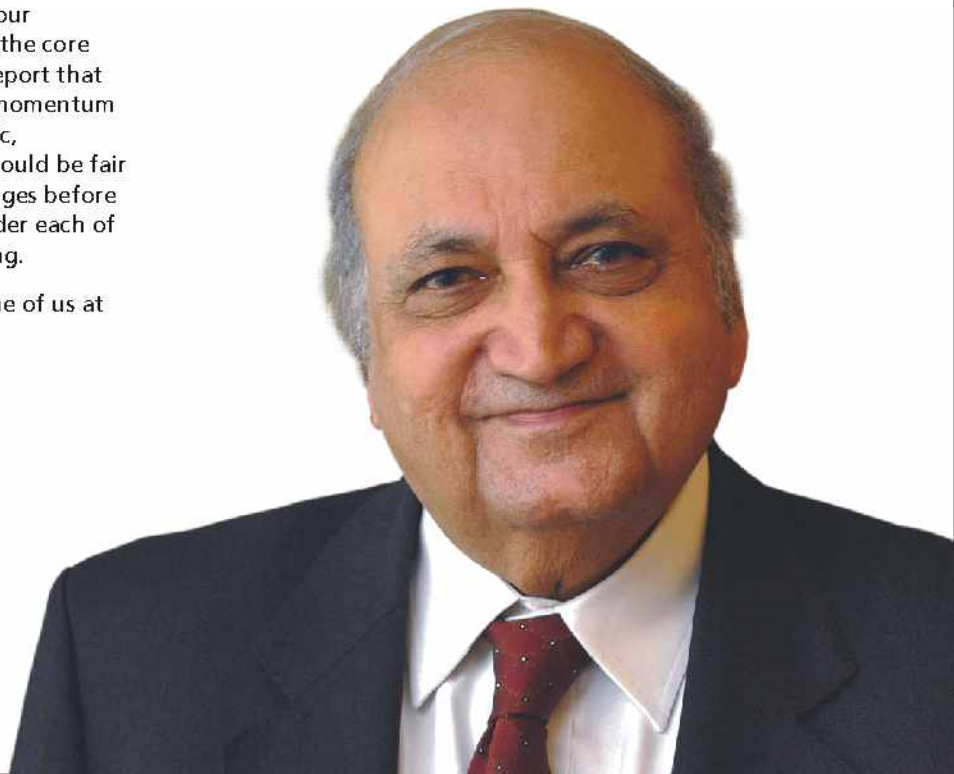
During the year, conscious efforts were made to develop an understanding of the risks and opportunities that arise out of climate change for each of our different businesses. Our human capital was the core strength in this exercise and I am happy to report that Sustainability has now gained considerable momentum in all our different businesses, at the strategic, managerial as well as operational levels. It would be fair to say that in view of the scale of the challenges before us, the trends shown in our performance under each of the three bottom lines are rather encouraging.

It is also a matter of great pride that each one of us at Mahindra is one in this endeavour.



Keshub Mahindra
Chairman,
Mahindra & Mahindra Limited

August 2009





Message from the Vice Chairman & Managing Director

For the Mahindra Group, the year 2008-09 has been a year of growth, expansion and diversification in the face of considerable odds. Our 2nd Sustainability Review, which is again 'A+' rated, and GRI checked, reflects another happy development - that along with our business growth, our responsibility to our stakeholders has also grown, expanded and intensified.

I am happy to report that during this year we have fulfilled all commitments undertaken last year; the extent & details of which are elaborated in relevant sections of our 2nd report.

The responsiveness of our employees has been significant and we are confident that this awareness will fuel a deeper sense of responsibility

During the year we undertook an intense drive to create awareness about the challenges of climate change and how these can be addressed both individually and collectively. The response from our employees has been significant. We are confident that this awareness will fuel a deeper sense of awareness and responsibility in each one of them. Our focus now onwards will be to spread this same awareness amongst other key stakeholders across our value chain.

The second year also saw all businesses defining their individual Sustainability Road Maps with specific targets for reduction of GHG emissions, consumption of non-renewable energy, and waste. Targets have also been set to strengthen Green IT and Green supply-chain policies as well as for e-waste management. The exercise has helped each business identify key impact areas relevant to them and sharpen their focus.

As we venture into new areas, and grow our existing businesses, we will continue to be conscious of our responsibilities towards fostering a sustainable future.

Anand Mahindra
Vice Chairman & Managing Director,
Mahindra & Mahindra Limited
Chairman, Group Management Board

August 2009



Group Profile

A market leader in the multi-utility vehicles segment in India, it achieved a milestone entry in the passenger car segment with the launch of Logan. Mahindra & Mahindra is the only Indian company among the top tractor brands in the world and is the only tractor company in the world to win the Deming Prize.

Our Indian Footprint

The group has a leading presence in key sectors of the Indian Economy, including financial services, trade, retail & logistics, automotive components, aftermarket, information technology and infrastructure development. Mahindra has recently made an entry in the two-wheeler segment which will see the company emerge as a full range player with a presence in almost every segment of the automobile industry.

Our Global Footprint

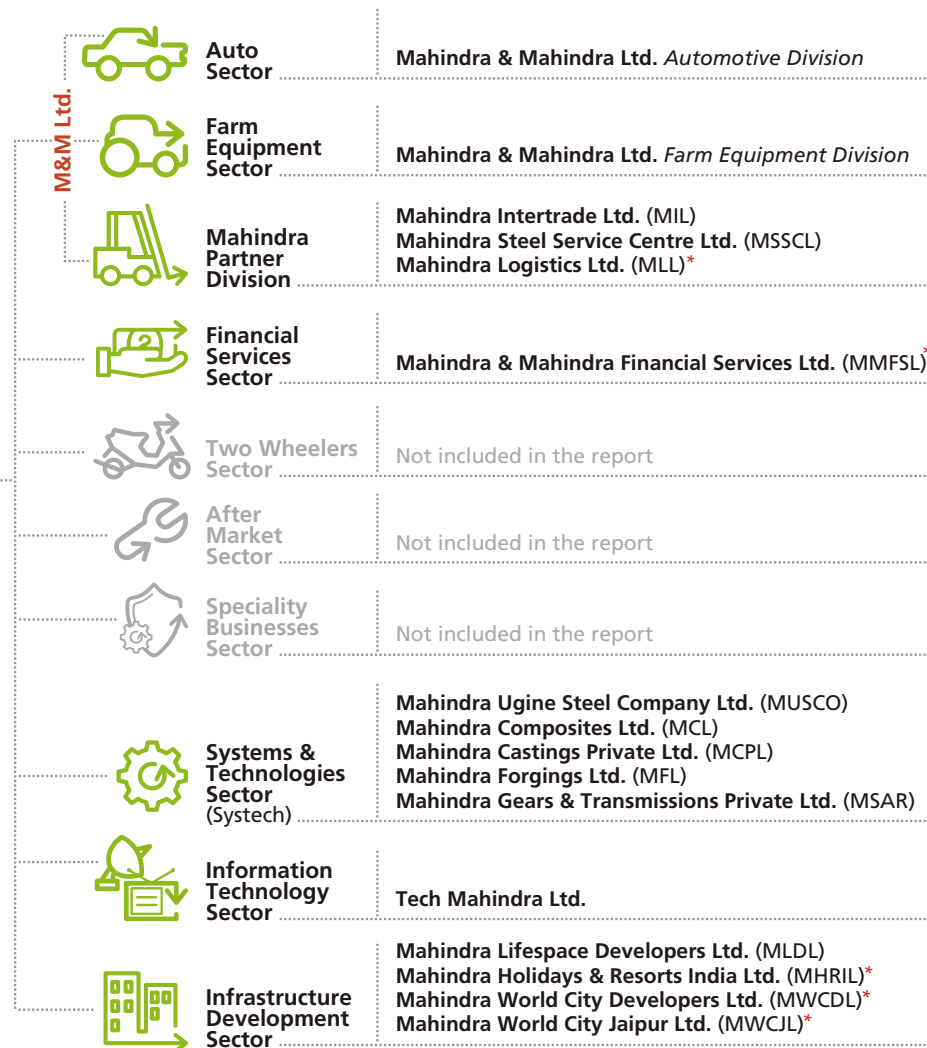
The Mahindra Group has ambitious global aspirations and a presence on five continents. M&M has a tractor manufacturing plant in China, three assembly plants in the United States and one in Australia. This year, Metalcastello Spa (Italy) & Engines Engineering S.r.l (Italy) were added to our list of international strategic acquisitions which include Stokes Forgings (UK), Jeco Holding AG (Germany) and Schoneweiss & Co GmbH (Germany). Its global subsidiaries include Mahindra Europe Srl. based in Italy, Mahindra USA Inc. and Mahindra South Africa. Forbes has ranked the Mahindra Group in its Top 200 list of the World's Most Reputable Companies.

A USD **6.3 billion**
(INR 290 billion)
confederation of diverse
businesses, with a dominant
position in virtually every
sector it's present in,
**the Mahindra Group is
among the top ten
industrial houses in India.**



The **Mahindra** Group

The scope of our second report is enhanced to cover **92.1%** of our Group's gross annual turnover; as compared to **84%** in 2007-08.



*Companies added in the scope of the second (current) report

Sustainability and Mahindra

The relationship of business with society and environment is undergoing a fundamental, permanent change. The engagement is no more a good-to-have-if-resources-permit. Societal expectations and environmental limitations have ushered in new challenges and opportunities. Mahindra recognises that our continuing business success

Sustainability Commitments and Achievements

Create 100% awareness on sustainability issues amongst all employees



Status: 75% Achieved

Implementation Process

- An intensive awareness drive that comprised of multi-disciplinary tools such as training programs, sustainability modules, celebrations, intranet, print collateral and film screenings, was administered across businesses.
- An organisation wide survey conducted by Gallup reported an awareness penetration of 75%. Focussed initiatives are being undertaken to ensure that we achieve 100% awareness in the near future.

Enhance the breadth & depth of sustainability monitoring



Status: In Progress

- Monitoring mechanism is in place.
- Review mechanism is being established.

Implementation Process

- Members of the Corporate Sustainability Cell (CSC) underwent refresher programs conducted by the Confederation of Indian Industries (CII), to update their knowledge and understanding of the GRI standard.
- The sustainability champions and data owners within business verticals were given an intense 2-day training for understanding the necessary requirements.
- The CSC worked closely with each of the scoped companies to develop a monitoring mechanism and process.
- A template with explanation / reason / requirement under each GRI indicator was developed to suit the individual business requirement.

Set a target for reduction of non-renewable energy use for each sector



Status: Achieved

Implementation Process

- Each sector has committed to reduce 5% of its non-renewable energy consumption by 2013-14.



depends on our ability to effectively manage the fast changing economic, environmental and social landscape. Last year we commenced our sustainability reporting journey and zeroed in on four commitments which would sharpen our focus in the short term and help leverage sustainability to create competitive advantage in the long term.

Articulate a Sustainability Roadmap for the next 3-5yrs for each sector



Status: Achieved

Implementation Process

- A detailed exercise to plot the sustainability roadmap of all scoped companies.
- It clearly spells out measurable milestones which will enable group companies to monitor and manage their respective "Sustainability Journey" over a 3 to 5 year horizon.

Sustainability Roadmap

Commitment	2011-12 (3yr)	2013-14 (5yr)
Reduction in Energy Consumption	2%	5%
Reduction in Resource Consumption (Paper / Water / Wood / Waste etc)	2%	5%
Green IT / Green Procurement Policy	Draft, Release & Implement	Review & Update
Certifications (IGBC-GRIHA / ISO 14001 / OHSAS 18001 / ECOTEL)	10	15
Sustainability Awareness to Significant Stakeholders	50%	100%
Reduction in GHG / CO ₂ Emissions	2%	5%
Enhance Employee Engagement in Esops	10%	20%

*Baseline Year for all commitments - 2008-09

*Based on the production / services scale of 2008-09



Environmental Responsibility

Environmental Sustainability was one of the key material issues identified by Mahindra in 2008-09. The previous year's report helped us assess our environmental footprint at a group level. During the current year we have gone a step ahead. We focussed on generating deeper awareness regarding climate change issues across the organisation and on reducing our Scope 1 & Scope 2 emissions.

On a long term perceptive, we are committed to reduce the Carbon footprint of our vehicles right from the manufacturing to operation stage.



Awareness on Climate Change issues across organisation



Reducing Scope 1 & Scope 2 Emissions



Reducing Carbon Footprint of our vehicles from manufacturing to operational stage

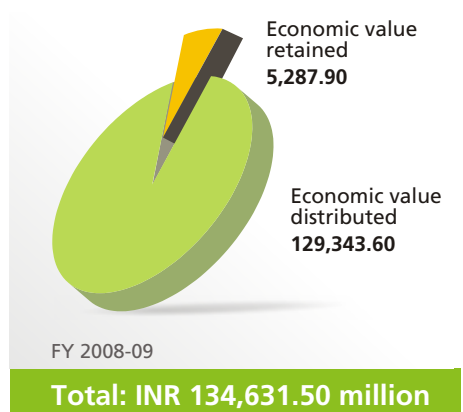
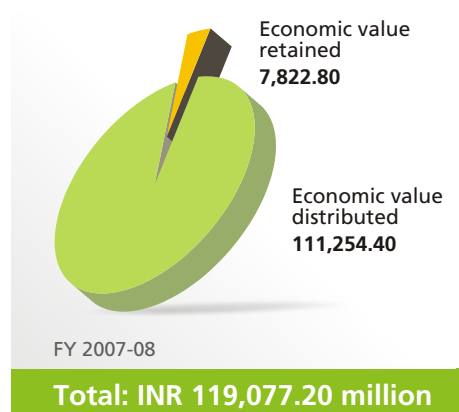
Economic Responsibility

Good economic performance is a core sustainability objective for Mahindra. In spite of the global economic downturn the Group posted healthy financial results. The gross revenues and other income for the year ended 31st March, 2009 grew by 8.9% to INR 290,997 million (USD 6.3 billion) from INR 266,000 million (USD 6.7 billion).

The profit before exceptional items and tax for the corresponding period is INR 23,305 million (USD 506.2 million) as compared to INR 27,983 million (USD 694.4 million) last year.

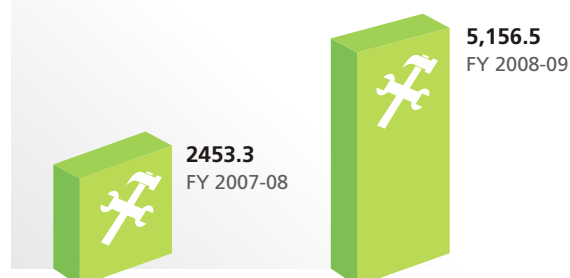
Direct Economic Value Generated (revenues)

INR million



R&D Spend

INR million



Investments in R&D were more than doubled as compared to last year.

Social Responsibility

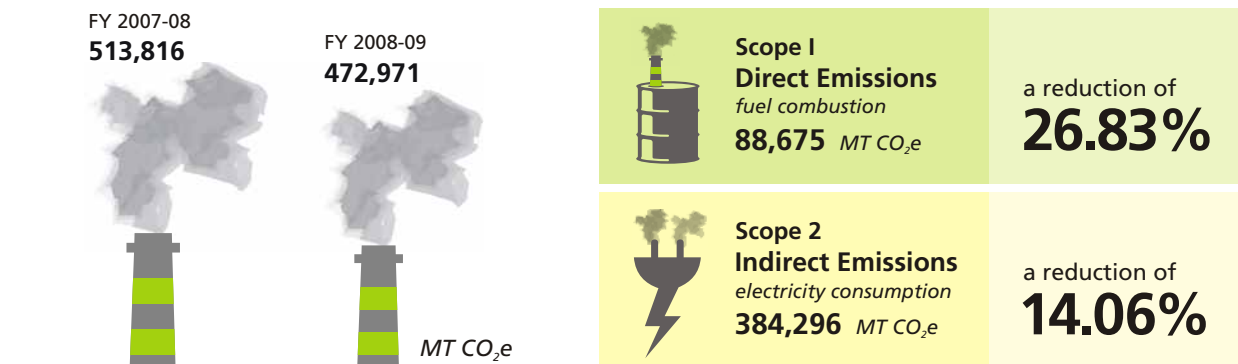
Enhanced social performance is Mahindra's continual endeavour. We have an active Corporate Social Responsibility Council & CSR department which strategises and executes our social ethos. Keeping in tune with the Company's core value of good corporate citizenship, the Chairman pledged to commit 1% of PAT on a continuous basis to support social responsibilities. This initiative was to mark the 60th anniversary of Mahindra & Mahindra Ltd. We continue to contribute to the development of the society in strategic areas like Health, Education & Environment through various initiatives.

M&M was awarded the Business World-FICCI-SEDF Corporate Social Responsibility Award by the Honourable Finance Minister, Mr. P. Chidambaram in New Delhi on May 18, 2008.

Environmental Performance

Greenhouse Gas Emissions 16.78% reduction

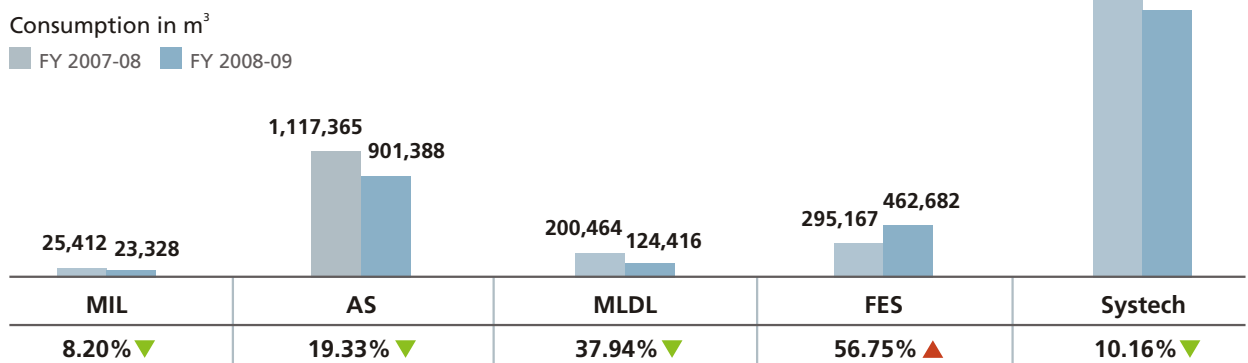
These reductions gain higher significance as they have been achieved in spite of 4 more companies being added to the scope.



In the near future we intend to similarly measure, report and reduce our Scope III GHG emissions from travel, commuting, shipping and receiving supplies.

Water Consumption 4,921,023 m³

The water consumption across almost all companies shows a downward trend. Only FES recorded an increase on an absolute basis, which was due to the added share of water consumption by the Swaraj Division, which was merged with M&M Ltd. during the year.

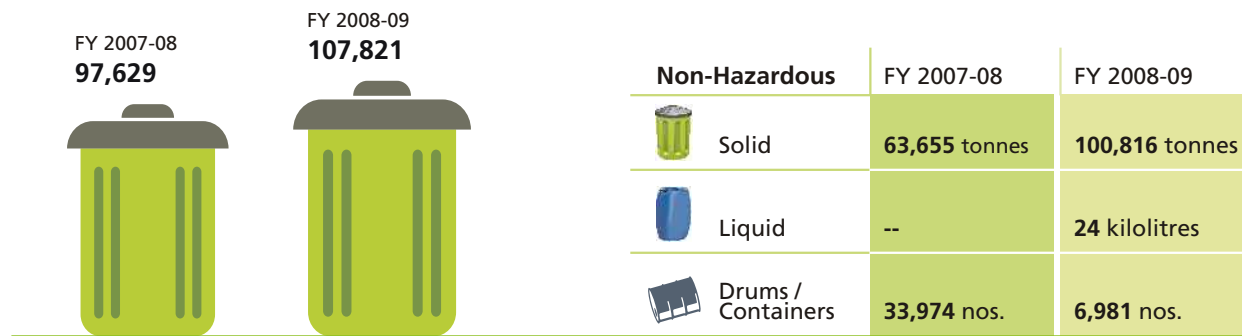


The above trend has been derived for all the companies which were included in the 2007-08 scope. Trends will be available next year for the companies included in the enhanced scope this year.

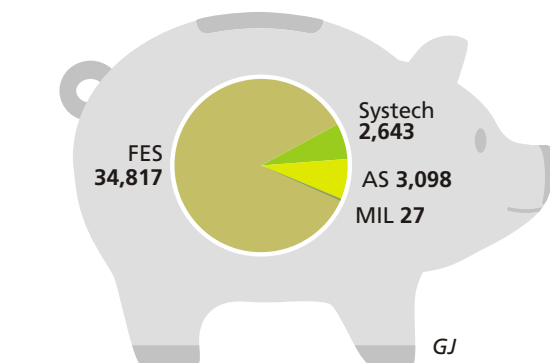
Environmental Performance

Waste 26.06% reduction

Due to the diverse nature of each Group company, the waste generated from each operation is also diverse. Common to all however, is the desire to reduce waste generation and increase recycling.



Energy Savings 40,585 GJ in FY 2008-09



A host of measures were undertaken across group companies to reduce energy consumption.

- Commissioning of the energy efficient Screw Chiller for central air-conditioning systems
- Installation of natural draft turbine air ventilators instead of electrically driven exhaust fans
- Replacing power hungry equipment with lower power consuming equipment such as electronic ballasts, low HP pumps, CFLs, water cooled heat exchanger etc.
- Improving insulation of thermal fluid pipelines to eliminate heat loss
- Process improvement by combining operations, installation of heat pumps, stopping air leakages etc.
- Installation of the Energy Data Acquisition System

Product Performance

Our products are our competitive edge and we take a three dimensional view of our products in terms of quality, durability and usability. It is our constant endeavour to enhance the ownership experience of our products across their lifecycle and reduce their environmental footprint.

Sustainable mobility, alternative propulsion technology, green homes, environmentally responsible world cities, green data centres, rural finance etc. are examples of our continuing endeavour towards sustainable product & service performance. All our sectors are sensitive to the need of the hour and continually demonstrate their commitment through innovative products and processes.

Automotive Sector

Launched a CNG passenger vehicle and the CNG Maxi Truck in the UV segment. These vehicles will help reduce the load on conventional fuels and reduce particulate emissions in the ambient air.

Mahindra R&D team is progressively innovating conventional power train technologies to produce cleaner & fuel efficient diesel engines and low friction transmissions & drivelines. Vehicle augmentations like reduced drag, nominal weight reduction; lowering rolling resistance etc have resulted in improved fuel efficiency & reduced emissions.



Farm Equipment Sector

Focus on Biodiesel continued and after the launch of India's first biodiesel tractor in 2007, this year Mahindra Powerol, a division of FES, launched the B100, India's first biodiesel generator set.

Mahindra Samriddhi was conceptualised to go beyond tractors and deliver agri-services to the farming community with an aim to enhance agricultural productivity and usher in increase in rural prosperity.



Systech

Systech companies, specialising in casting, forging, composite manufacture and steel processing, have introduced specific measures to restrict usage of hazardous substances such as Perfluoro-Octanesulfonates (PFOS) and persistent organic chlorinated compounds that are considered toxic.

MLDL

In all our residential and commercial buildings, we incorporate the following elements to ensure complete health, safety, enhanced comfort and lower energy consumption for users.

- An earthquake resistant structure
- Fire exits and fire extinguishing facilities
- Proper lighting and ventilation as per requirement of NBC Part 8. Ample window space to floor ratio is provided for better comfort
- Proper disposal of solid waste generated within project location
- Designed for maximum use of natural light
- Better exhaust systems for kitchens & bathrooms



Future projects will incorporate low Volatile Organic Compound (VOC) based paints, sealants, adhesives and insulations to reduce health impacts.

The CHEERS program

(Contributors to Health, Education and Environment to Revitalize Society)



alternative HOLIDAY

An alternative holiday is one where you not only de-stress yourself,

but also the destination

A holiday full of care and compassion

for the local community and the ecology of the destination.

HOLIDAY

We all retreat to spectacular destinations to rejuvenate ourselves and revitalise bonds with loved ones. But as we escape from our city life, we inadvertently end up bringing our city ways to these pristine places.

As we holiday without 'a care in the world', serene retreats are in danger of becoming dump yards of 'recreational waste'. With the rise in affluence and increase in the number of holidayers, the ecological stress on these places and their residents is also rising.

CHEERS (Contributors to Health, Education and Environment to Revitalize Society), an initiative of Mahindra Holidays & Resorts India Ltd. (MHRIL) enables tourists and club members to engage in environmental and social activities in and around a Club Mahindra resort while they are on a holiday.

MHRIL Resorts are generally located, in pristine locations in the lap of nature and away from the hectic city life. While these locations provide the well-deserved succour to city weary travellers, they also need social interventions to uplift the local communities who have been kept away from the fruits of development.

Under CHEERS, the guests give a few hours from their period of recreation to participate in activities that contribute to the betterment of society and environment. The platform to participate is provided by Club Mahindra.

Through CHEERS, Club Mahindra also supports local artisans and craftsmen. A dedicated space has been allocated at Mahindra Holiday Resort souvenir shops for selling locally made goods.

This initiative ensures that members not only take back good memories but also the goodwill of the people at these destinations.



fun. family. forever.



*"This visit is surely the highlight of our holiday. Whilst we had a lot of fun this visit along with Mahindra's added meaning to our holidays." 😊
Cheers to the initiative!*



Project MF Connect 3000



alternative **SERVICE**

Effective customer service is fundamental to business success. With the general rise in service levels across organisations, service as a paradigm

needs to be rethought
if it is to be leveraged as a competitive advantage.

SERVICE

"Smile" and "the customer is always right" are the customer-service skills everyone teaches. But saying that customer service is smiling and honouring all customer wishes is like saying that driving a car is holding the steering wheel and keeping eyes focused on the road.

There's much more to driving a car than that, and there's surely much more to customer service too.

This approach led to the implementation of project MF Connect 3000 which enabled Mahindra Finance through technological innovation to take the Mahindra Finance office right to the door steps of the customers.

A 'Hand Held Device (HHD)' that enables recording of financial transactions on line and issuance of receipts on the spot was deployed to raise service levels beyond the ordinary.

Launched in three phases, by March 2009, the collection force of 436 branches were armed with 2,928 devices and around 600,000 customers had been serviced.

The HHD over and above enhancing the service levels has created a market differential and is expected to help achieve 100% collection.

Highlights

- Collection which would otherwise take 2 to 3 days now takes few seconds
- Data entry errors have been eliminated, leading to greater customer satisfaction
- Immediate updation of money, enhances customer trust

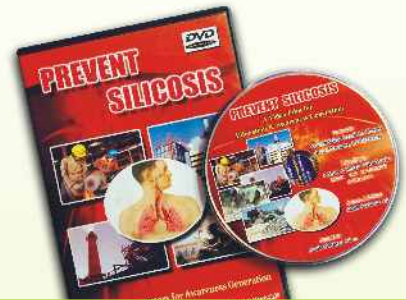
'Prevent Silicosis'

(A film to create awareness on occupational health disease and safety)



alternative MEANS

The chief hazard to safety is lack of buy-in from the individual on the frontline. New workplace hazards and safety concerns



need innovative solutions
to handle them effectively.

MEANS

Deteriorating health of the workforce is deteriorating wealth of an organisation. Thus it's no surprise that good companies invest in requisite safety gear for their employees.

The policies are drafted and the posters displayed. But alas the means don't reach the end.

At Mahindra we faced a similar situation in the Auto Sector. Employees handling silica were vulnerable to Silicosis - a dangerous occupational health disease caused due to inhalation of free crystalline Silica particles or fibres.

In spite of being provided with personal respiratory protective equipment, there was reluctance to use it. The ignorance of the severity of this disease resulted in a very casual approach.

There was an urgent need to deploy alternative means to innovatively educate our workforce about this danger. The Automotive Sector, Zaheerabad, grabbed the opportunity to write and direct a film on "Prevent Silicosis". Produced by National Safety Council, Andhra Pradesh Chapter, it is the first film in India on the subject.

A film being a more engaging form of communication effectively illustrated the harmful effects of inhaling Silica and helped motivate employees to use protective equipment through a process of self-realisation.



Mahindra Splendour

(India's 1st platinum rated pre-certified residential green building)



alternative DWELLINGS

We need to create a reality which while meeting the comfort needs of its residents doesn't

tax us environmentally
and demonstrate environmental leadership

while still meeting business needs.

DWELLINGS

The demand for resources to create and operate our dwellings continues to grow at a furious pace even as the resources themselves are being exhausted.

The more comfortable the homes get the more uncomfortable is its environmental footprint. Residing in these homes at many a time are indoor toxins and energy guzzlers.

Mahindra Lifespace Developers Ltd. (MLDL), the real estate and infrastructure arm of Mahindra Group has already embarked on its mission to make all its future residential buildings green as reported in 2007-08.

One such green residential project from MLDL in Mumbai is Mahindra Splendour- India's 1st platinum rated pre-certified residential green building under IGBC's Green Homes Rating System. Mahindra Splendour has been designed with a broad emphasis on lower utility bills, minimised greenhouse gas emissions, and reduced indoor toxin levels.

Highlights

- New and ingenious construction materials to cool the homes naturally, reducing the need for air conditioning
- Restoration of top soil and existing trees
- Waste water treatment and reuse
- Low energy density flyash brick
- Reuse of construction waste within site
- Portable water saving techniques during operational stages
- Xeriscaping with drought tolerant plants and drip irrigation system





Mahindra & Mahindra Ltd.

Gateway Building,
Apollo Bunder,
Mumbai 400 001, India.

www.mahindra.com

Please e-mail your
suggestions/views/opinions to
sustainability@mahindra.com



*Printed on GardaPat 13 KIARA –
a wood free, acid free, OBA free,
FSC certified paper.*