Mahindra FINANCE



EMPOWERING DREAMS.
ENABLING PROGRESS.

SUSTAINABILITY REPORT **2015-16**

COLLABORATE

COLLABORATION IS KEY TO CREATING A SUSTAINABLE FUTURE. WE COLLABORATE WITH STAKEHOLDERS, INDUSTRY EXPERTS AND CIVIL SOCIETIES TO DEVELOP COST-EFFICIENT AND SUSTAINABLE SOLUTIONS. RELEVANT COLLABORATION IS THE CORNERSTONE OF OUR SUSTAINABILITY EFFORTS.

SUSTAIN

OUR SUSTAINABILITY GOAL IS ESSENTIAL FOR CONSISTENT BUSINESS PROGRESS. WE AIM TO BUILD A SUSTAINABLE FUTURE FOR A WIDE CROSS-SECTION OF OUR CUSTOMERS.

SAVE

SUSTAINABILITY IS MORE THAN A BUZZWORD. SUSTAINABLE EFFORTS NOT ONLY SAVES THE PLANET, BUT IT ALSO EMPOWERS BUSINESSES WITH INNOVATIVE SOLUTIONS FOR GROWTH.

GROW

OUR CORE VALUES INSPIRE US TO CREATE A SUSTAINABLE WORLD. WE AIM TO GROW AS A SUSTAINABLE BUSINESS AND EMPOWER OUR STAKEHOLDER TO PROSPER.

WE, AT MAHINDRA FINANCE, ARE PLAYING THE ROLE OF A CATALYST IN THE FAST ECONOMIC GROWTH OF RURAL INDIA. OUR MODEL OF DOING BUSINESS IS SOCIALLY INCLUSIVE TO HELP EMPOWER INDIA AT THE GRASSROOTS. FROM A HUMBLE FARMER TO AN ASPIRING ENTREPRENEUR, WE HELP MILLIONS OF DREAMS TAKE FLIGHT WITH CONFIDENCE. AND WITH IT, AN ENTIRE NATION.



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EXECUTIVE SPEAK



AT MAHINDRA & MAHINDRA FINANCIAL SERVICES SECTOR, SUSTAINABILITY IS IMBIBED IN OUR WAYS OF WORKING SINCE INCEPTION. FOCUS ON RURAL CUSTOMERS AT THE BOTTOM OF THE PYRAMID AND ENABLING THEM TO RISE HAS BEEN OUR BUSINESS PHILOSOPHY.

WE STRONGLY BELIEVE IN PEOPLE EMPOWERMENT AND CREATING SHARED VALUE. AS WE ARE PROGRESSING, WE ARE ENSURING THAT OUR BUSINESS MODEL BECOMES MORE INCLUSIVE AND EFFICIENT. WE ARE MAKING CONTINUOUS EFFORTS TO BENEFIT OUR STAKEHOLDERS AND BRING IMPROVEMENTS FOR THE SOCIETY AND ENVIRONMENT.

AS AN INTEGRAL ENABLER FOR LIVELIHOOD CREATION, WE HAVE BEEN A FACILITATOR OF ENTREPRENEURSHIP, FARM MECHANIZATION AND AFFORDABLE HOUSING ALONG WITH PROVIDING SECURITY OF LIFE, PROPERTY AND ACCESS TO ESSENTIAL FINANCIAL PRODUCTS AND SERVICES.

We commenced on our journey towards reporting our sustainability performance through our first standalone Sustainability Report for the year 2012-13. We are now releasing our fourth sustainability report for 2015-16 with the theme Empowering Dreams. Enabling Progress. based on the Global Reporting Initiative's (GRI) G4 guidelines which highlights our endeavors towards creating a better future. Also, we have proactively volunteered to release our First Business Responsibility Report (BRR) for year 2015-16 in accordance with the SEBI Mandate of releasing BRR by top 500 listed companies.

By offering a wide portfolio of financial products and services which are essential for creating livelihood, we are constantly encouraging entrepreneurship, facilitating farm mechanization, making affordable housing available and providing security of life, property to our customers. The driving factor of our continued growth over the years has been our dedication towards customer centricity and thorough understanding of markets where we operate. This approach has given us trigger to align our long-term organizational goals with the nation's objective of enhancing financial inclusion. Today, we have our presence in over 2.8 lakhs villages and a workforce of over 21,000 employees across 1,167 offices. It helps us to empower dreams & enable progress of over 4 million customers across India.

We are continuously driving interventions on sustainability at organizational level with our Board taking keen interest to understand our initiatives and progress made in each of them regularly and by ensuring adequate engagement of our employees, customers and the local communities in the areas we operate. These initiatives includes road safety of our field staff, installation of LED lights and recycling of waste in our branch and regional offices, providing financial security to our customer's through insurance options and many more. Our commendable efforts on sustainability endeavors have been recognized at various levels and platforms. On DJSI and CDP, we continue to be industry leader in NBFC/Diversified Financial Services segment in the reporting year. Also, employees' volunteering is one of our key strength in making a promising impact to the society in areas of health, education, environment protection, skill enhancement, rural development and technology incubation. Around 40% of our employees volunteered in various CSR initiatives and contributed 43,417 man-hours during the year.

We are steering a positive change and working in alignment with Mahindra Group's 'Rise for Good' philosophy by putting cohesive efforts towards sustainability, corporate social responsibility and corporate governance initiatives. Through our long-term Sustainability Roadmap, we have been ensuring contribution to making our planet a better place, empowering communities & focusing on growth and well being of our employees.

Our orientation towards rural India had been a differentiator for us in terms of enabling progress. The challenges and opportunities prevailing in markets we operate have been well managed through our robust risk management framework. We continually aspire to make sustainability a strategic differentiator for us and encourage adoption of sustainable practices across our value chain partners and stakeholders at large.

I encourage you all to read through our progress journey on sustainability presented in this report capturing our efforts towards building a shared and inclusive economy.

Ramesh Iyer
Vice Chairman & Managing Director,
President – Financial Services Sector &
Member of the Group Executive Board

WE ARE EXPANDING SCOPE OF OUR REACH AND ENGAGEMENT ON SUSTAINABILITY TO OTHER STAKEHOLDERS AND VALUE CHAIN PARTNERS AS WELL BY ENCOURAGING THEM TO ADOPT SUSTAINABLE PRACTICES.

REPORTING SCOPE

Report Boundary & Scope

The reporting period for Mahindra & Mahindra Financial Services Sector fourth standalone Sustainability Report is April 2015 to March 2016. We are committed to reporting our triple-bottom line performance on an annual basis. We follow the Global Reporting Initiative (GRI) Sustainability Reporting G4 Guidelines, the world's most widely adopted non-financial reporting framework. It is used to help communicate sustainability performance and encourage transparency and accountability.

This report is prepared adhering to 'In Accordance – Core' option of GRI G4 Guideline.

The following companies of the Financial Services Sector (FSS) are part of the scope:

1. Mahindra and Mahindra Financial Services Ltd. (MMFSL)
2. Mahindra Insurance Brokers Ltd. (MIBL)
3. Mahindra Rural Housing Finance Ltd. (MRHFL)

Considering a large network of 1,167 branch offices across India, the scope has been kept limited to the Head Office (HO) and following Regional Offices (ROs), which majorly assess the control over business in all the parts of the country.

Going forward we intent to include more offices in our scope of report in a phased wise manner.

Regional Distribution and Scope Presence

NORTH

1. Chandigarh
2. Delhi
3. Jaipur
4. Lucknow

EAST

5. Bhubaneswar
6. Kolkata
7. Guwahati

WEST

8. Ahmedabad
9. Mumbai - Head Office
10. Pune
11. Thane

SOUTH

12. Bengaluru
13. Cochin
14. Hyderabad
15. Chennai

CENTRAL

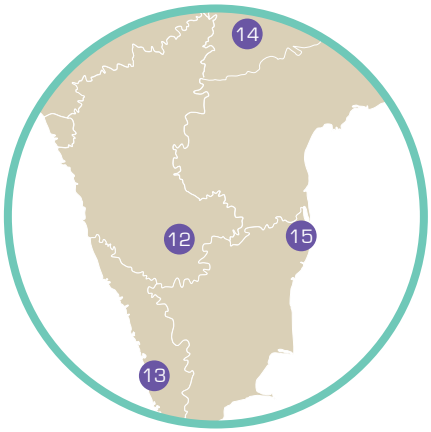
16. Bhopal
17. Nagpur
18. Nashik
19. Patna
20. Raipur
21. Ranchi



NORTH



WEST



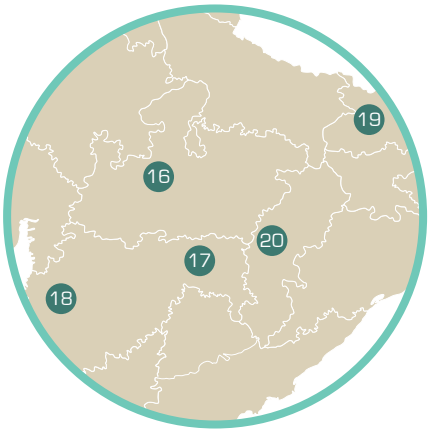
SOUTH

Materiality Disclosure Information: G4-17, G4-23





EAST



CENTRAL

Materiality Disclosure Information: G4-17, G4-23

Regarding GRI indicators on Labour Practices (LA) reported here, the scope covers entire business operations and all the locations of Financial Services Sector.

Also for different Material Aspects managed and covered as a part of this report, we have kept our scope to include all the locations and units where they are applicable.

This report has been externally assured by KPMG

Change in Scope

No change is made in the scope of reporting during the current Reporting Cycle, compared with last year.

Report Scope Limitations

The report's purview is pan-India and does not cover any branches. We look forward to adding other regional offices and expanding the scope of report in the coming years.

Location of the organization's Headquarters

Registered Office

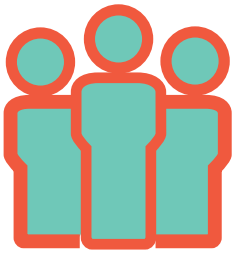
Gateway Building, Apollo Bunder, Mumbai 400 001.

Corporate Office

Sadhana House, 2nd floor, Behind Mahindra Towers, 570, P.B. Marg, Worli, Mumbai 400 018.

Please email your suggestions, views and opinions to:
sustainability-mmfsl@mahindra.com

COMPANY PROFILE



MAHINDRA GROUP

About Mahindra

Our operations span 20 key industries that form the foundation of every modern economy. Our businesses and brands live our purpose of enabling people everywhere to Rise.

Core Purpose

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. Our Core Purpose defines our purpose of existence and binds the entire workforce across the globe to develop solutions which can create a sustainable future. It sets our aspirations to grow as a sustainable business and outlines our approach to help our stakeholders to prosper and rise.

A USD 17.8 billion
global Mahindra Group

Largest selling
tractor brand, by volume, in the world

Employing more than
200,000 people
in over 100 countries

India's No. 1
UV Maker

One of India's Leading
Telecom Software Services Exporters

Largest
non-banking financial services provider in rural India with over 2 million customers



Mahindra & Mahindra Ltd. won the Golden Peacock Award 2015 for excellence in Corporate Governance and National Award 2015 by Institute of Company Secretaries of India for being one of the two best governed companies.

Material Aspects covered in this section: • Corporate Governance • Sustainable Business Model

Core Values

GOOD CORPORATE CITIZENSHIP

PROFESSIONALISM

CUSTOMER FIRST

QUALITY FOCUS

DIGNITY OF THE INDIVIDUAL

Sustainability Performance of Mahindra Group at a Glance - 2015-16





Mahindra & Mahindra Financial Services Limited (MMFSL)

Mahindra & Mahindra Financial Services Limited (MMFSL) is a subsidiary of the Indian conglomerate Mahindra & Mahindra (M&M). It is a leading Non-Banking Financial Company (NBFC), which caters to the financing needs of a large population residing in rural and semi-urban areas of India. We provide a range of retail products and services, such as financing utility vehicles for commercial use and personal use, tractors, SME loans and many other financial products.

On recognizing the demand in niche segments, we have introduced Mutual Fund Distribution, Fixed Deposit Schemes and Personal Loans.

Mahindra Insurance Brokers Ltd. (MIBL)

Mahindra Insurance Brokers Ltd., a subsidiary company of Mahindra & Mahindra Financial Services Ltd. (Mahindra Finance), entered the insurance broking business in May 2004 to meet the insurance needs of customers primarily in India's rural and semi-urban markets.

MIBL undertakes Direct Insurance broking business in both Non-Life and Life insurance segments for individuals and corporate. The insurance broking service helps customers to select the best insurance products. The Company's customized solutions (like Mahindra Loan Suraksha, Mahindra Arogya Suraksha and Sampoorna Suraksha) and the team are well-integrated and equipped to meet our customer needs, vindicating the Company's objective of serving the underserved markets. MIBL widened its operations and upgraded the license to a Composite Broker License in September 2011, thus foraying into Reinsurance Broking business, along with Direct Broking. Today, MIBL has marked its presence not only in India, but on the global map having established relationships with reinsurers and reinsurance brokers in over 25 countries.

During the year under review, MIBL serviced 1.3 million insurance cases, totalling 1,330,929 cases for both Life and Non-Life Retail business.

Mahindra Rural Housing Finance Limited (MRHFL)

Leveraging our grassroots presence in rural India, our subsidiary Mahindra Rural Housing Finance Limited caters to housing needs of rural India. We have also partnered with National Housing Bank (NHB), the regulator and apex financial institution for housing in India, to strengthen our presence in rural housing. We continued to focus on serving customers in rural India, with a majority of the loans disbursed to customers in villages with an average annual household income of less than Rs. 1.5 lakhs. During the year under review, around 125,074 families were provided home loans (in addition to around 263,080 existing families as on 31st March, 2015). We have been expanding MRHFL's geographical presence, to provide affordable services for rural households and have also entered the semi-urban market segment.

The Securities and Exchange Board of India (SEBI) vide its letter dated 4th February, 2016 has granted the certificate of registration to 'Mahindra Mutual Fund' ("the Fund") and approval to the Company's wholly-owned subsidiary **Mahindra Asset Management Company Private Limited (MAMCPL)**, to act as the asset management company/investment manager to the Fund. **During the year under review, MAMCPL has not commenced any business activities.**

In 2011, Mahindra & Mahindra Financial Services Sector entered into a joint venture with the US based De LageLanden Financial Services Inc. (DLLFS), a wholly-owned subsidiary of the Rabobank Group. The joint venture is marketed as **Mahindra Finance USA LLC,** providing exclusive wholesale inventory financing to the US based tractor dealers and retail financing to end-user customers on Mahindra tractors, implements or used products. DLLFS and Mahindra Financial Services Sector have 51% and 49% stakes, respectively in Mahindra Finance USA LLC.

Leveraging a vast network of 1,167 branch offices and a significant human resource strength of over 15,821 employees, Mahindra & Mahindra Financial Services Sector has established over 5.2 lakhs customer relationships across India. Mahindra & Mahindra Financial Services Sector has financed assets of Rs. 2,670,633 lakhs, generating income of Rs. 590,510 lakhs and PAT (Profit after Tax) of Rs. 67,260 lakhs in March 2016.

Over the years, Mahindra & Mahindra Financial Services Sector has extended support in retail financing for other products like tractors, two-wheelers, commercial vehicles and pre-owned vehicles. The Company also provides trade advances for business needs to dealers of Mahindra Group products.

MAHINDRA & MAHINDRA LIMITED (MMFSL)

Mahindra & Mahindra Financial Services Limited [51.2%]

85%
Mahindra Insurance Brokers Limited

87.5%
Mahindra Rural Housing Finance Limited

49%
Mahindra Finance USA LLC (Joint venture with Rabo Bank Group Subsidiary)

100%
Mahindra Asset Management Company Private Limited

100%
Mahindra Trustee Company Private Limited

VISION
To be a leading financial services provider in semi-urban and rural India.

MISSION
To transform rural lives and drive positive change in the communities.

Mahindra Group's Rise Philosophy is imbibed in us.

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.

Brand Pillars
- ACCEPTING NO LIMITS
- ALTERNATIVE THINKING
- DRIVING POSITIVE CHANGE

Core Values
GOOD CORPORATE CITIZENSHIP | PROFESSIONALISM | QUALITY FOCUS | CUSTOMER FIRST | DIGNITY OF THE INDIVIDUAL

Materiality Disclosure Information: G4-17

Milestones

1991
- Organization incorporated and received certificate for the commencement of business

1993
- Commenced operations with the financing of M&M Utility Vehicles

1995
- First branch outside Mumbai, established at Jaipur with the aim to expand business

2006
- Issued Initial Public Offering (IPO)
- Collaboration with Maruti Udyog Limited

2007
- Issued a certificate by the RBI under Section 45-IA of the Reserve Bank of India Act, 1934 classifying it as an 'Asset Finance Company – Deposit Taking'

2008
- Entered the home loan business through our subsidiary MRHFL

2009
- NHB provides 12.5% equity participation for our subsidiary, MRHFL

2010
- Introduction of finance for Commercial Vehicles and Construction Equipment

2011
- Total Assets crosses the Rs. 100 billion benchmark
- Maiden QIP Issue
- Joint Venture with Rabobank subsidiary for tractor financing in USA
- Consolidated the product portfolio by introducing Small and Medium Enterprises (SME) financing

2012
- Crossed the benchmark of financing over two million customers through more than 1,000 branches
- Won the inaugural Porter Prize in the category of Creating Distinctive Value
- MRHFL selected as the winner of the Golden Peacock Innovation Management Award
- MIBL announced a strategic partnership with Leap Frog investments
- Ranked 9th in the prestigious Dun & Bradstreet's India's Top 500 Companies 2011 based on the total income in the FIs/ NBFCs/FSS Companies 2011

1996

- Started financing M&M dealers for purchase of tractors

1999

- Tractor retail financing in rural and semi-urban areas introduced

2001

- A decade of good work results in total assets, crossing the Rs. 10 billion mark

2002

- Started financing of non-M&M vehicles
- International Finance Corporation grants us Tier II debt

2004

- Listing of non-convertible debentures on BSE on the wholesale debt market segment

2005

- MIBL becomes our wholly-owned subsidiary

2013

- Winner of the prestigious Golden Peacock Award for Excellence in Corporate Governance
- Woori Financials & Mahindra & Mahindra Financial Services Sector sign an MoU for a joint venture
- Consolidated PBT crossed Rs 1,000 Crores
- Recognized as Asia's Most Promising Brands by the World Consulting & Research Corporation
- Ranked 10th in the prestigious Dun & Bradstreet's India's Top 500 Companies 2012, based on the total income in the FIs/ NBFCs/ FSS

2014

- India Ratings and Brickworks Ratings upgraded the Company's long-term debt rating to 'AAA'. CARE Ratings also assigned 'AAA' rating to the Company's long-term debt
- MIBL declared 'Broker of the Year' at 18th Asia Insurance Industry Awards
- Won ABP Award for Most Admired Company in Financial Services Sector
- Crossed the benchmark of financing over 3 million customers through more than 1,000 branches

2015

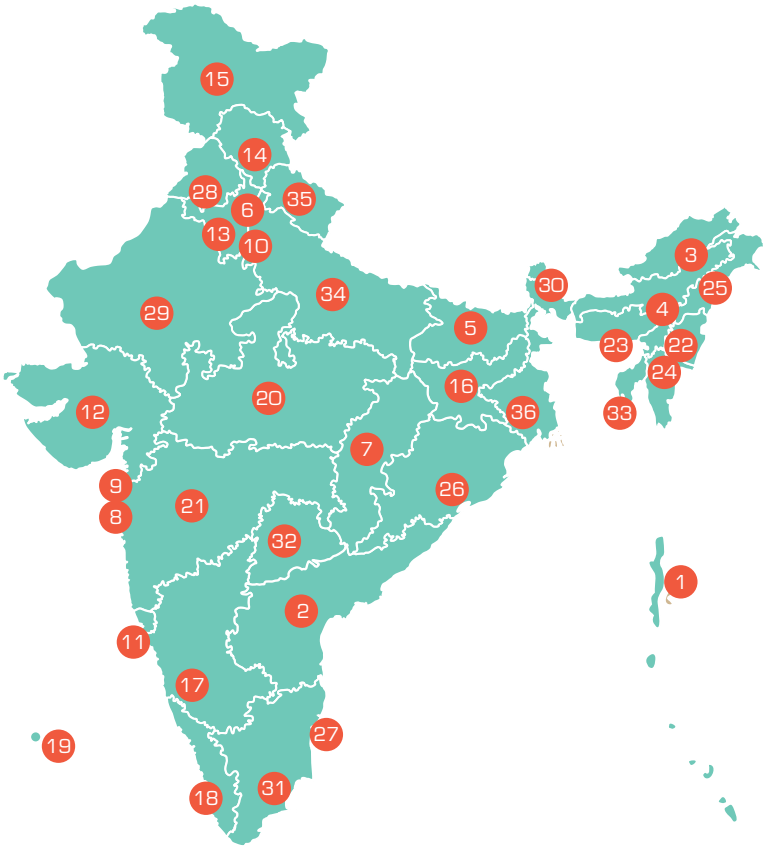
- Mahindra & Mahindra Financial Services Sector was successfully appraised and rated at Maturity Level 3 of the People Capability Maturity Model® (People-CMM®)
- Financial Services Sector won 3 awards at the Rural Marketing Forum & Award 2016
- The Securities and Exchange Board of India approval to the Company's wholly-owned subsidiary Mahindra Asset Management Company Private Limited (MAMCPL), to act as the asset management company/ investment manager to the Fund

Shareholding Pattern

Shareholding pattern by ownership as on 31st March, 2016

Category of Shareholders	Number of Shares held	% of Shareholding
Promoter and Promoter Group	295,371,242	51.93
Mutual Funds	44,136,968	7.76
FIIs	191,464,366	33.66
Bodies Corporate	4,417,050	0.78
Indian Public/HUF	20,541,676	3.61
NRIs	1,130,036	0.20
Trusts	860,191	0.15
Indian Financial Institutions/Banks	6,330,301	1.11
Venture Capital Funds	1,855,000	0.33
Insurance Companies	2,028,550	0.36
Clearing Members	629,580	0.11
Total	**568,764,960**	**100.00**

Presence in villages across India



Note: Numbers in the map above correspond to the name of the respective state in the table.

Sr. No.	States	No. of villages of MF's presence
1	Andaman and Nicobar Islands	317
2	Andhra Pradesh	9269
3	Arunachal Pradesh	162
4	Assam	4791
5	Bihar	24215
6	Chandigarh	22
7	Chhattisgarh	10688
8	Dadra and Nagar Haveli	68
9	Daman and Diu	25
10	Delhi	265
11	Goa	18
12	Gujarat	13246
13	Haryana	5460
14	Himachal Pradesh	6615
15	Jammu and Kashmir	1934
16	Jharkhand	8477
17	Karnataka	15636
18	Kerala	1642
19	Lakshadweep	2
20	Madhya Pradesh	29161
21	Maharashtra	22915
22	Manipur	3
23	Meghalaya	1317
24	Mizoram	74
25	Nagaland	2
26	Odisha	13138
27	Puducherry	83
28	Punjab	7289
29	Rajasthan	21519
30	Sikkim	325
31	Tamil Nadu	11694
32	Telangana	8726
33	Tripura	419
34	Uttar Pradesh	44374
35	Uttaranchal	3122
36	West Bengal	18994
	GRAND TOTAL	286007



Recognition

At Mahindra Finance, we are deeply honoured for being recognized for our commitment to excellence. Some of our key awards and achievements include:

Mr. Ramesh Iyer received 'Business Leadership Award' at the Indian Achievers Forum.

Mr. Ramesh Iyer received an award in the category 'CEO – FINANCIAL SERVICES' at the CEO Awards 2015.

Mr. V. Ravi was conferred with the 'Most Influential CFOs of India' Award by the Chartered Institute of Management Accountants (CIMA).

Mahindra Finance was declared winner in the Best Innovative CSR Project Category by India CSR Awards.

Mahindra Finance was bestowed with the 'Best Innovative Workplace Practices' and 'Excellence in HR' at the Business World HR Excellence.

Mahindra Finance was bestowed with an award by the Indian Development Foundation (IDF) for our CSR initiatives.

Mahindra Finance received the 'Best Integrated Rural Marketing Campaign' Award for 'Bharat Ko Pehchante Hai Hum' campaign at 'The Rural Marketing Forum and Awards' organized by CMO Asia.

MEMBER OF
Dow Jones Sustainability Indices
In Collaboration with RobecoSAM

We made it to the Dow Jones Sustainability Emerging Markets Index (DJSI 2015) for the third consecutive year.

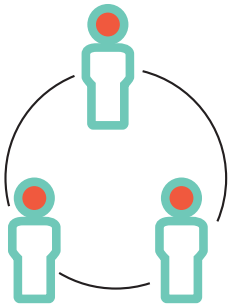
CMMI

We were appraised at level 3 of the People Capability Maturity Model (People-CMM). An appraisal rating level 3 indicates that the organization is performing at a defined level; and its processes are well characterized, understood and described in its standards, procedures, tools and methods.

CDP CLIMATE DISCLOSURE LEADER 2015

We were featured in the Carbon Disclosure Leadership Index (CDLI) 2015 in India for the 2nd year in a row.

CORPORATE GOVERNANCE



At Mahindra & Mahindra Financial Services Sector, we believe that our strong commitment to business ethics in all our business processes and engagements with our stakeholders is beneficial for attaining operational excellence, engaged workforce, satisfied investors and creates consistent shareholder value. We ensure that our performance goals are met with integrity.

We believe that sound corporate governance is pivotal to enhance and retain investor trust; and we always seek to ensure that the performances of corporate governance goals are met with integrity. We continue to adopt best practices in the area of corporate governance and promote and practice a culture that is built on core values, beliefs and ethics. We have an active, experienced and well-informed Board to ensure highest standards of corporate conduct.

Our Company has established robust business practices and procedures to ensure that it remains fully compliant with mandated regulations and achieves business excellence to enhance stakeholder value, retain trust and goodwill of our investors, business partners, employees and meet societal expectations as well. Through sustained efforts and robust business processes we have been able to achieve highest standards of corporate governance.

Code of Conduct

Ethical business conduct is critical to our business. Our Code of Conduct helps maintain the standards of business conduct for the FSS. The purpose of this Code is to deter wrong-doings and promote ethical conduct. Accordingly, all employees are expected to read and understand this Code, uphold these standards in day-to-day activities, and comply with all applicable laws, rules and regulations and all applicable policies adopted by the Company. The Board has established two detailed Codes of Conduct, one for Board members and the other for senior management and employees of the Company.

The Codes of Conduct represent an integral part of the induction of new employees; and have been posted on the Company's website. All Board members and senior management personnel affirm compliance with these codes annually. We expect the employees to exhibit the highest level of integrity and ethics in every sphere of activity. We deem any act of corruption to be non-negotiable and undertake stringent action against anyone found indulging in such unethical acts. No incidents of unethical behaviour were found during the reporting period.

Fair Practices Code

Our core purpose and values are the foundation of our Codes of Conduct. These codes form the foundation of our identity, drive employee action and permeate through the organization, helping us maintain high standards of business conduct. The Fair Practices Code outlines standard procedures for loan appraisals, disbursements and grievance mechanisms to ensure fair dealing with customers.

Governance

We have extensive corporate governance policies to address multiple aspects of our operations. The stipulations mandated by Clause 49 of the Listing Agreement with the Stock Exchanges are fully complied with.

The composition of the Board of your Company is in conformity with the provisions of the Companies Act, 2013 and the Listing Regulations, as amended from time to time. The Board currently comprises of nine Directors. The Chairman of the Company is an Independent Director and the number of Non-Executive and Independent Directors (including a lady Director) is more than one-half of the total number of Directors.

The Management of the Company is entrusted with the Steering Committee comprising of Senior Executives from different functions headed by the Vice-Chairman & Managing Director who operates under the supervision and control of the Board. The Board reviews and approves strategy and oversees the actions and results of Management to ensure that the long-term objectives of enhancing stakeholders' value are met.

We continue to strengthen our principles of transparency, fairness and accountability to generate long-term value for our stakeholders on a continuous and sustainable basis, thus ensuring ethical and responsible leadership both at the Board and at the Management levels.

As on 31st March, 2016, our Board of Directors comprised:

- Mr. Dhananjay Mungale, Chairman & Independent Director
- Mr. M. G. Bhide, Independent Director

Material Aspects covered in this section: • Investor Security • Corporate Governance • Human Rights • Environmental Regulations

- Mr. Piyush Mankad, Independent Director
- Mrs. Rama Bijapurkar, Independent Director
- Mr. V. S. Parthasarathy, Director
- Mr. C. V. Bhave, Independent Director
- Mr. Ramesh Iyer, Vice Chairman & Managing Director
- Dr. Anish Shah, Director
- Mr. V. Ravi, Executive Director and Chief Financial Officer

All the information regarding our Board of Directors can be found on our website: http://www.mahindrafinance.com/management.aspx

The Company has seven Board - level committees including:

- Audit Committee
- Nomination & Remuneration Committee
- Stakeholders Relationship Committee
- Asset Liability Committee (ALCO)
- Risk Management Committee
- Corporate Social Responsibility Committee
- Strategy Committee for Acquisitions

All decisions pertaining to the constitution of Committees, appointment of members and finalising of terms of reference of the committees for Committee members are taken by the Board of Directors.

Details about the roles and responsibilities of the Committees may be found at: http://www.mahindrafinance.com/ management.aspx

Compliance

We comply with the high standards of corporate governance, business integrity and professionalism across business operations. We have an active Audit Committee to overview adherence to all regulatory frameworks applicable to the Company. The Company does not engage in any anti-competitive practice, and is committed to protect intent of consumers in all markets in which it operates.

The Company has complied with all the requirements of regulatory authorities. No penalties or strictures were imposed on the Company by Stock Exchanges or SEBI or any statutory authority on any matter related to capital market since the listing of the Company's Equity Shares.

Regulatory Compliance

The Audit Committee and the Board of Directors monitor regulatory compliance in the Company, while the responsibility of adherence to the policy and procedures lies with respective department heads. Internal audits are conducted at regular intervals to ensure strict adherence. Wherever related party observations exist, and they are immediately brought to the notice of the senior management and corrective actions are taken to resolve the issue. Regulatory compliance is periodically reviewed by the Group Executive Board (GEB) of Mahindra & Mahindra Limited, the parent Company.

Performance Evaluation of the Board

The Companies Act, 2013 and revised Clause 49 of the Listing Agreement entered into with the Stock Exchanges stipulates the evaluation of the performance of the Board, its Committees, Individual Directors and the Chairperson.

The Company has formulated a policy for performance evaluation of the Independent Directors, the Board, its Committees and other individual Directors, which includes criteria for performance evaluation of the Non-Executive Directors and Executive Directors.

Policies

The Mahindra Group has extensive Corporate Governance Policies that provide guidance on more specific matters. All Group companies are expected to follow them in letter and spirit to foster the Mahindra 'culture' throughout the Company. The FSS abides by all the policies established by our parent Company.
These policies are on:

- Corporate Communications
- Disaster Management
- Employee Relations
- Capital Budgeting
- Corporate Representation in Trade and Industry Forum
- Corporate Social Responsibility
- Corporate Finance
- Dealing with Dealers and Retail Customers
- E-business Security
- Environment and Pollution
- Human Resources
- Insider Trading
- Intranet Usage
- Investor Grievances
- Quality
- Investor Relations
- Safety and Occupational Health
- Prevention of Sexual Harassment
- Trade Marks
- Green IT Guidelines
- Business Responsibility Policy
- Human Rights in Economic Decision Making Process
- Dealing with Suppliers and Vendors
- Whistle Blower Policy

Public Policy Advocacy

Senior Executives of the Company represent Mahindra Finance on governing councils, executive committees and various other committees of several trade and industry associations and organizations.
Some of the major participations in industry forums by our top management are listed below:

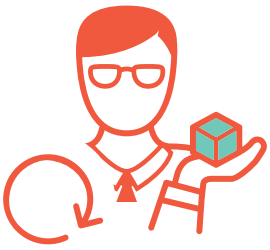
Vice Chairman & Managing Director, Mr. Ramesh Iyer, is part of the following committees:

- Member of core committee of Finance Industry Development Council (FIDC) since 2005
- Member of Task Force of NBFCs of Federation of Indian Chambers of Commerce and Industry (FICCI) since 2007
- Co-Chairman of the Group on Finance and Leasing and Insurance of the Council of Economic Affairs, set up by the Society of Indian Automobile Manufacturers (SIAM), since 2010
- Member of the CII National Committee on Financial Inclusion since 2011
- Member of Banking, Finance and Economics Committee of the Bombay Chamber of Commerce and Industry since 2011
- Member of Managing Committee of the Bombay Chamber of Commerce and Industry since 2012
- Member of the CII National Committee on NBFC since 2013
- Member of the Governing Council of the Mahindra Leadership University since 2014
- Member of the Reserve Bank of India Committee constituted for Comprehensive Financial Services for the year 2013
- Member of the Academic Advisory Committee in Finance Area, Birla Institute of Management Technology (BimTech) since 2014
- Member of WeSchools' PGDM-Rural Management Committee (Emerging Economies) since 2015
- Member of Directors' Forum by FICCI since 2015

Chief Financial Officer, Mr. V. Ravi, is part of the following committees:

- Member of the Finance Industry Development Council
- Member of Corporate Finance Committee of Federation of Indian Chambers of Commerce and Industry
- Member of the Capital Markets Group of Banking, Finance and Economics Committee of the Bombay Chamber of Commerce and Industry

STAKEHOLDER ENGAGEMENT AND MATERIALITY



Understanding the stakeholder's expectation and mapping them vis-à-vis our business priority is vital for our long-term sustainability. We have adopted the stakeholder engagement and materiality assessment process in line with the GRI G4 guidelines; and our approach on this is shared here in the section below.

We undertake materiality assessments to identify and prioritize sustainability aspects for purposes of deciding where to set on the directions, mobilize our resources, define goals and targets, along with evolving and reporting on our business practices. It is the process of defining what's important from social, environmental and business (financial) dimensions for the organization.

In the current reporting cycle, Mahindra & Mahindra Financial Services Sector conducted a stakeholder engagement and materiality analysis by engaging with key external and internal stakeholders. Our external stakeholders were defined as parties interested in Mahindra Finance's performance, operations, products and services and identified as: Employees, Customers, Shareholders, Dealers, Regulators, Lenders and Community. Internal stakeholders covers senior management members and member of our Sustainability Council, comprising departmental heads and reporting to the Company's Steering Committee, which is the apex committee overseeing overall business progress.

The material issues were arrived through a detailed discussion with key internal stakeholders on the importance of relevant issues from the business perspective and from external stakeholder's perspective; and through engagement with external stakeholders on aspects they consider important. A consensus mapping of internal stakeholder and top seven external stakeholders was done to identify the focus areas relating to each stakeholder in business, society and the environment.

Stakeholder Engagement – Our Approach

IDENTIFY

The material issues were arrived at by conducting in-depth secondary research of sustainability literature and industry reports.

ENGAGE

Engaging with senior management forming the FSS Sustainability Council and external stakeholders. The Company reached its external stakeholders through telephonic, email and face-to-face surveys.

PRIORITIES

Internal and external stakeholders ranked issues most important to our business and to our stakeholders. For issues important to our business, an average mean of responses was taken, while for the issues important to the stakeholders, a weighted average of responses by internal and external stakeholders was considered.

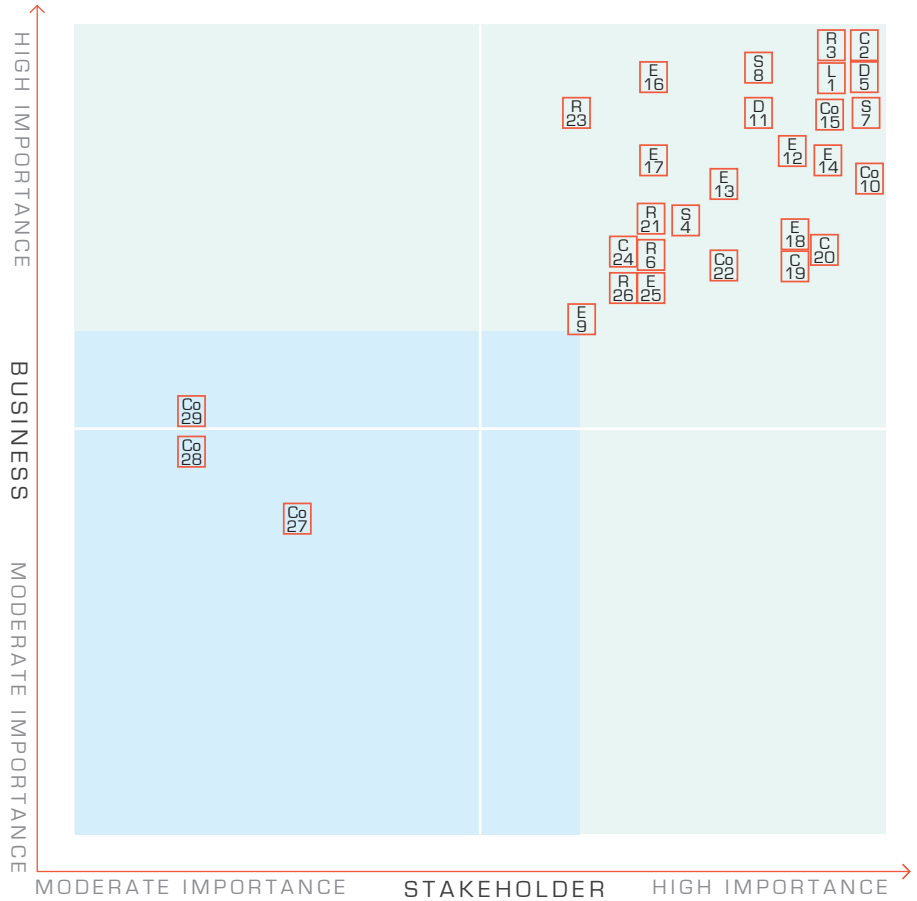
VALIDATE

Most important issues emerging from the prioritization were validated with internal stakeholders.

Material Aspects covered in this section: • Transparency and Communications

Materiality Disclosure Information: • G4-19, G4-23, G4-24, G4-25, G4-26, G4-27

The Materiality Matrix was plotted, which maps the concerns of external stakeholders with the priorities of internal stakeholders. All key aspects and their related indicators and parameters have been covered in our sustainability report.



E: Employees; C: Customers; D: Dealers; S: Shareholders, L: Lenders; R: Regulators; Co: Community

1. Credit Ratings (L)
2. Customer Need Identification and Satisfaction (C)
3. Corporate Governance (R)
4. Sustainable Business Model (S)
5. Business Profitability (D)
6. Investor Security (R)
7. RONW, EPS (S)
8. Transparency and Communications (S)
9. Community Initiatives (E)
10. Financial Literacy (Co)
11. Dealer Relationship (D)
12. Safety (E)
13. Talent Attraction and Retention (E)
14. Employee Engagement (E)
15. Product and Services Information to Customers (Co)
16. Human Rights (E)
17. Risk Management Framework (E)
18. Employee Productivity (E)
19. Product Portfolio (C)
20. Brand Management (C)
21. Financial Inclusion (R)
22. Paper and Waste IT Products Management (Co)
23. Representation with Regulators (R)
24. Customer Privacy (C)
25. Diversity and Equal Opportunity (E)
26. Supply Chain Management (R)
27. Environmental Regulations (Co)
28. Emissions to Air - GHG (Co)
29. Effluents and Waste (Co)

Materiality Disclosure Information: • G4-18, G4-19, G4-20, G4-21, G4-23, G4-24, G4-25, G4-26, G4-27

BOUNDARY SETTING

Within the organization	Link with GRI G4 Aspects	Indicators covered in the report	Significant Impact	Reference Page No.
Credit Ratings, Investor Security	Economic Performance, Product Responsibility	EC8, G4-DMA	Within the organization	30-31, 32-35
Customer Need Identification & Satisfaction, Products & services information to customers	Product Responsibility	EC8, G4-DMA	Within the organization	32-35
Corporate Governance	Governance, Society	G4-34, G4- 56, SO8	Within the organization	8-10, 16-19, 24-27
Sustainable Business Model	Economic	G4- DMA	Within the organization	8-10, 24-27, 32-35
Business Profitability	Economic	EC1, EC2	Within the organization	30-31
RONW/ EPS	Economic	Reported in the Mahindra Finance Annual Report 2015-16	Within the organization	Pg. 34 – Financial Report
Transparency and Communications	Stakeholder Engagement Product Responsibility	PR7, G4-24, G4-27	Within the organization	18-22
Human Rights	Social – Human Rights	G4-DMA	Within the organization	16-17, 40-41
Community Initiatives	Society	SO1	Within the organization and community	50-54
Financial Literacy & Inclusion	Economic Performance, Financial Sector Disclosure	EC8, FS16	Impact within the organization and external impact on Customers	26, 32-35, 54
Talent Attraction & Retention, Employee Engagement	Labour Practices & Decent Work	LA1, LA3, LA9	Within the organization	40-48
Paper & Waste IT products' management	Environment	EN1	Within the organization	36-38
Product Portfolio	Economic Performance	G4-DMA, PR5 – PR7	Within the organization	32-35
Environmental Regulations, Emissions to air – GHG, Effluents & Waste	Environment Performance – Materials, Energy, Emissions, Compliance	EN1, EN3, EN15 – EN17, EN29	Within the organization	16-19, 36-38
Supply Chain Management	Organizational Profile	G4-12	Within the organization and external impact on stakeholders	28-29
Risk Management Framework	Climate Change Risks	G4-DMA, G4-2, EC-2	Impact within the organization and external impact on Customers	30-31
Diversity & Equal Opportunity	Labour Practices & Decent Work, Human Rights	LA1, HR3	Within the organization	40-47

Materiality Disclosure Information: • G4-18, G4-20, G4-21, G4-23, G4-24, G4-25, G4-26, G4-27

We effectively engage with our stakeholders around the year through various initiatives and intervention. We ensure that the feedback is taken from them and actions and outcomes are communicated to them. The initiatives on stakeholder engagement for the reporting period are included here:

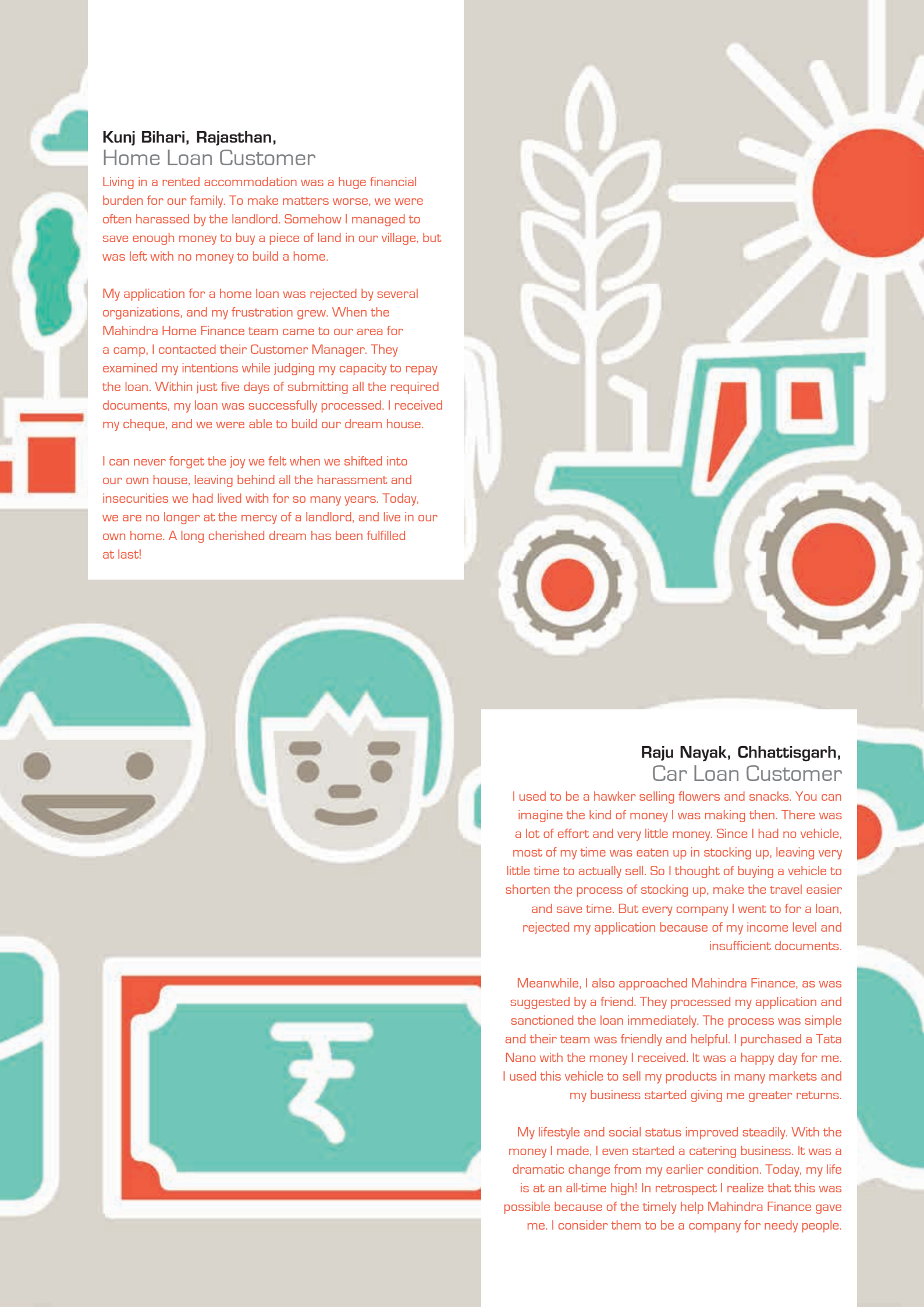
Process of Stakeholder Engagement

Key Stakeholders	Key Material Issues	Stakeholder Engagement	Result of the Engagement
Employees	Skill Development, Employee Engagement	We have undertaken various initiatives for employees to facilitate training, engagement and communication (Top-bottom & Bottom-Top) ● Training Calendar ● Newsletters ● Engagement Activities and Drives ● Safety Awareness Programmes & Aarogya ● Coffee & Conversation (Informal communication between employees and the Senior Management) ● EVP Book ● Diversity and Inclusion	● Our GPTW score increased from 74 to 78 ● Our training man-days for 2015-16 are 4.9 mandays/employee/year for manager and above and 8.2 mandays/employee/year for employees overall ● Our M-Cares score is 4.21 on the scale of 5 ● We have a Diversity Council to support and encourage Diversity & Inclusion initiatives across the sector
Customers	Lending Practices and Customer Satisfaction, Business Ethics	We have organized various engagement activities for our customers throughout the year. ● Sparsh (Customer Contact programme) ● Gram Sabha (Meeting in villages) ● Shikhar Sammelan (Customer Meeting) ● Mandi Diwas (Targeting weekly bazaar day of village) ● Road Shows ● Loan Mela ● Branch Vehicle Display (Promotional Scheme)	● Customer base of over 4 million ● Providing financial literacy to the community ● Based on the issues arising in the Customer CaPS survey, action points were developed to tackle the issues. The implementation has resulted in better customer satisfaction. The CaPS score achieved for 2015-16 is 63, which exceeded our target of 60 this year
Dealers	Service and Support, Dealer Satisfaction	Mahindra Finance has a Dealer Council for dealer engagement	● Based on the feedback received during the Dealer CaPS survey, action points are developed to tackle the issues. The implementation has resulted in a decrease in dissatisfaction with interest rates, improving manpower availability at dealerships; and making the documentation process simpler

Materiality Disclosure Information: • G4-23, G4-24, G4-25, G4-26, G4-27

Key Stakeholders	Key Material Issues	Stakeholder Engagement	Result of the Engagement
Shareholders	Business Performance and Responsible Investments	The Company regularly interacts with its shareholders and investors through multiple channels of communication, such as announcement of financial results, postal ballot results, annual report, media releases, dissemination of information on the website of the Company and Stock Exchanges and subject specific communications The Company publishes its quarterly, half-yearly and annual results in Business Standard and Sakal, which are national and local dailies, respectively. These are not sent individually to shareholders	● We are adhering to good corporate governance practices and the same are in compliance with the requirements of the relevant provisions of applicable laws and statutes ● During the year under review, CRISIL Limited [CRISIL] reaffirmed the rating of Long-term Debt Instruments and Bank Facilities as 'CRISIL AA+/ Stable' and Fixed Deposit Programme as 'FAAA/ Stable', respectively. The 'AA+/Stable' rating indicates a high degree of safety with regard to timely payment of financial obligations. The rating on the Company's Short-term Debt and Bank Loans has been reaffirmed at 'CRISIL A1+' which is the highest level of rating ● India Ratings & Research Private Limited, which is part of Fitch Group, maintained the rating of the Company's National Long-term instrument and Lower Tier II Subordinated Debt programme at 'IND AAA/Stable' ● Brickwork Ratings India Private Limited has, during the year, maintained the rating of Long-term Subordinated Debt Issue at 'BWR AAA/ Stable' ● The 'AAA' ratings denote the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risks ● CARE Ratings assigned 'CARE AAA' rating to Long-term debt instrument and Lower Tier II Subordinated Debt programme
Regulators	Governance and Transparency	Company performance is being regularly provided to RBI and SEBI	● We are adhering to good corporate governance practices and the same are in compliance with the requirements of the relevant provisions of applicable laws and statutes
Community	Community Development	CSR Policy, formulated in 2013, includes a structure of implementation and monitoring our CSR activities. These activities are based on three main pillars i.e. Health, Environment and Education. We conducted the following CSR Activities: ● Lifeline Express (7,421 beneficiaries) ● Health Camps (4,048 beneficiaries) ● Visit to Municipal schools/ Orphanages/Old aged homes (6,913 beneficiaries) ● Tree Plantation (more than 93,570 saplings)	● CSR programmes have been recognized externally through awards ● The CSR policy has given structure to all our CSR initiatives from project planning to reporting phase ● Total volunteer number touched 7,121 which accounts for 44.60% employees across India for MMFSL

Materiality Disclosure Information: • G4-23, G4-24, G4-25, G4-26, G4-27



Kunj Bihari, Rajasthan,

Home Loan Customer

Living in a rented accommodation was a huge financial burden for our family. To make matters worse, we were often harassed by the landlord. Somehow I managed to save enough money to buy a piece of land in our village, but was left with no money to build a home.

My application for a home loan was rejected by several organizations, and my frustration grew. When the Mahindra Home Finance team came to our area for a camp, I contacted their Customer Manager. They examined my intentions while judging my capacity to repay the loan. Within just five days of submitting all the required documents, my loan was successfully processed. I received my cheque, and we were able to build our dream house.

I can never forget the joy we felt when we shifted into our own house, leaving behind all the harassment and insecurities we had lived with for so many years. Today, we are no longer at the mercy of a landlord, and live in our own home. A long cherished dream has been fulfilled at last!

Raju Nayak, Chhattisgarh,

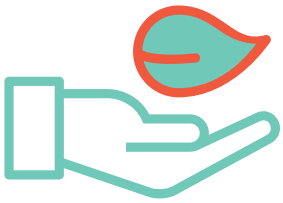
Car Loan Customer

I used to be a hawker selling flowers and snacks. You can imagine the kind of money I was making then. There was a lot of effort and very little money. Since I had no vehicle, most of my time was eaten up in stocking up, leaving very little time to actually sell. So I thought of buying a vehicle to shorten the process of stocking up, make the travel easier and save time. But every company I went to for a loan, rejected my application because of my income level and insufficient documents.

Meanwhile, I also approached Mahindra Finance, as was suggested by a friend. They processed my application and sanctioned the loan immediately. The process was simple and their team was friendly and helpful. I purchased a Tata Nano with the money I received. It was a happy day for me. I used this vehicle to sell my products in many markets and my business started giving me greater returns.

My lifestyle and social status improved steadily. With the money I made, I even started a catering business. It was a dramatic change from my earlier condition. Today, my life is at an all-time high! In retrospect I realize that this was possible because of the timely help Mahindra Finance gave me. I consider them to be a company for needy people.

SUSTAINABILITY AND US



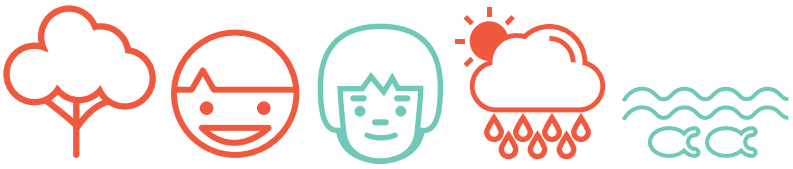
We, at Mahindra & Mahindra Financial Services Sector, are playing the role of a catalyst in the fast economic growth of Rural India. Our model of doing business is socially inclusive to help empower India at the grassroots. We have created financial solutions that empower and enable our customers to give shape to their dreams and help them Rise.

For decades Mahindra & Mahindra Financial Services Sector has supported large number of first-time borrowers with little or no credit history, but a passion to realize their dreams. We have partnered their ambitions passionately and diligently. Today, they are confident participants in India's inclusive growth story.

Apart from business operations, our commitment to community engagement and environmental initiatives take this objective forward. We have well-outlined sustainability goals, against which we measure our actions. These goals are a wide framework for consistent business growth, taking into consideration the aspirations of all stakeholders.

Going forward, we aim to further improve the diversity of our product portfolio to cater to various financial requirements of our customers. At Mahindra & Mahindra Financial Services Sector, we have built flexibility in our business model, so we can evolve it in line with the needs of a transforming rural economy.

Sustainability Context



Climate change, human rights and scarcity of resources are affecting businesses today. Growing emphasis and increased public awareness on climate change and sustainable development is leading businesses to pursue a more responsible way of doing business.

As a business organization, we are cognizant of these issues and address them through strategic integration of sustainability in our business operations and decision-making processes. Almost all our workforce is sensitised and aligned to this cause. Today, we view sustainability as an opportunity to create long-term shared value for all our stakeholders across economic, environment and social bottom-lines.

Like any business, ours is not devoid of risks and challenges. Two years of insufficient monsoons and a gradually recovering economy means that sentiments will take time to improve. It also means that credit off take will be muted and the recovery will be gradual. For a company like Mahindra & Mahindra Financial Services Sector, this is the time to remain committed to our business model by setting requisite set of plans and actions. Assessing the seasonal changes and weather forecasts induced by changing climatic condition is imperative for us. We have mechanism of monsoon report to assess and evaluate such risks and proactively take steps and measures to minimize the impact.

Material Aspects covered in this section: • Corporate Governance • Sustainable Business Model • Emissions to Air-GHG • Effluent and Waste

MEMBER OF

Dow Jones Sustainability Indices

In Collaboration with RobecoSAM

Mahindra & Mahindra Financial Services Ltd. is listed on Dow Jones Sustainability Emerging Markets Index (DJSI) for three years consecutively. Dow Jones Sustainability Emerging Markets Index tracks the performance of the top 10% of the more than 800 largest emerging markets companies in the S&P Global Broad Market Index that lead the field in terms of sustainability. About 800 companies from 23 countries were invited for disclosures from Emerging Markets. 9 were from India who made it to the list.

Rural Financing

At Mahindra & Mahindra Financial Services Sector, our overarching objective has always been to help transform semi-urban and rural India by making finance available to those in need. We began our journey with a strong set of values, a distinguished lineage and a group of dynamic and highly motivated individuals. We have partnered many aspirations in the remote corners of India and empowered people from grassroots. Our socially inclusive business model facilitates loans to customers not on the basis of their current financial status, but their future earning capacity.

Long before the word 'business model' came to be commonplace, Mahindra & Mahindra Financial Services Sector embarked on a journey to empower rural lives through making affordable credit available. The distance covered in these years is significant. Today, as one of India's leading non-banking finance companies, we are present in over 2.8 lakhs villages across the length and breadth of India. We are proud to have touched over four million lives whom we have helped with financial freedom and credit to pursue their dreams.

For a company like Mahindra Finance, doing business in challenging scenarios is not easy and this is the time to reinforce our faith and confidence in the opportunities that rural India offers, as it is to remain committed to our business model. It is also time to ensure that customers and their interests remain at the heart of what we do. 2015-16 was a year that tested our business.

However, we continued growing and resourcing our business. We nurtured relationships with stakeholders across the board. We continued to enrich our offerings to ensure that we are aligned to the specific needs of our customers, and have their interest in mind. We continued to invest in talent and growing our presence. And reaching farther and deeper into rural India, where we believe the largest opportunity lies. We continue to build on our successful four-tier sustainability structure, which lends a top-down approach to enable a strategic context towards sustainability. Additionally, a bottom-up approach enables strategic action through data monitoring and analysis.

Sustainability Structure

1 The **Top Tier** comprises the 'Corporate Sustainability Council', a cross-sector committee of senior executives chaired by a member of the Group Executive Board. Mr. Ramesh Iyer, Vice Chairman & Managing Director - Financial Services Sector, is a member of the Sustainability Council.

2 The **Second Tier** contains the 'Corporate Sustainability Cell', which is the backbone of the Group sustainability initiatives. The responsibilities of the Cell are:

- To ensure approved strategies are in action
- To propose strategies, action plans, scoping of the report, among others, to the Sustainability Council
- To develop and disseminate action plans to all the sectors of the Group
- To share knowledge and capacity building of teams within each sector to ensure synergies in data collection and monitoring

3 The **Third Tier** consists of 'Sustainability Champions' from all three companies of the FSS. It is responsible for:

- Disseminating information from data collected to the core team within the sector
- Creating a single-point of contact between the sector and the sustainability cell
- Ensuring reporting under the GRI framework
- Implementing initiatives and awareness programmes

4 The Fourth Tier comprises 'Location-wise Sustainability Champions' looking after various initiatives at each regional office. They are responsible for data collection and are aided by a team of sustainability enthusiasts to execute various activities.

The Corporate Sustainability Council meets quarterly and reviews progress on sustainability objectives. Various operational measures related to climate change and sustainability are reported back to the senior management, who then assess mitigation measures on risks/opportunities. The implementation of sustainable measures is ultimately reviewed by the Managing Director.

Our Sustainability Roadmap

We have come a long way since our sustainability journey started in 2008-09. By formulation of a structured roadmap, we have undertaken strategic initiatives at the business and location level to achieve the long-term goals that we have set for ourselves.

The primary elements of our Sustainability Roadmap are:

- **Developing offerings responsibly to cater to the needs of rural and semi-urban people for livelihood, housing and healthcare**
- **Ensuring transparency and accountability, while engaging with our business partners**
- **Providing a conducive environment, which promotes professional and personal growth of every employee**
- **Empowering communities with financial literacy**
- **Generating employment through deep penetration of our branch network**
- **Catalyzing community upliftment through need-based community interventions and employee volunteering**

TARGET 2016-17	ACTUAL 2015-16	BASELINE 2012-13		
5%	42%	9.976	Reduce specific electricity consumption by % Y-o-Y (in GJ)	ECO EFFICIENCY
5%	49%	2.135	Reduce specific GHG emissions by % Y-o-Y (in tCO_2)	ECO EFFICIENCY
4	3.88	1.2	Providing happy homes (Home Finance) to rural families (in lakhs)	PRODUCT RESPONSIBILITY
1.5	1.49	0.051	Providing health insurance products to rural customers (in lakhs)	PRODUCT RESPONSIBILITY
425	433	264	Empowering communities by focusing on financial literacy and increasing the reach by 10% Y-o-Y (in thousands)	PRODUCT RESPONSIBILITY
5.3%	4.90%	3.3	Unleashing the passion of our people through capacity building by increasing training mandays by 5% Y-o-Y (in days per person per year for managers and above)	EMPLOYEE CARE AND DEVELOPMENT
133	160	NIL	Enabling continued focus on employees wellness by increasing awareness sessions on Health and Safety by 10% Y-o-Y (number of workshops conducted)	EMPLOYEE CARE AND DEVELOPMENT
5,334	8,447	3,312	Uplift communities through need-based interventions and employee volunteering by 10% Y-o-Y (number of employees)	EMPLOYEE CARE AND DEVELOPMENT



FSS

Mission: To transform rural lives and drive positive change in the communities.



Business Responsibility Report

As the concept of business sustainability is increasingly taking the centre stage in organizations around the world, the regulatory framework in India is emphasizing on accounting, management and communication of Business Responsibility Performance to all stakeholders. SEBI is enforcing India's esteemed organizations to release their Business Responsibility Report included as a part of their Annual Financial Reports. Mahindra & Mahindra Financial Services Sector released its 1st Business Responsibility Report for 2015-16. It is based on key principles of sustainability and covered information and updates in areas such as environment, social, governance, stakeholder's relationships, work environment and responsible products/services, among others.

Business Performance Parameter – CSR and Sustainability

The Company has sustainability and CSR related goals and targets in the Business Performance which cascades as Key Result Area (KRA) for all employees' at managerial level and above. We have variable compensation distribution in terms of company performance (Business Goals) and individual performance (Individual Key Result Area's) and all employees above this managerial grade are covered under this process. This is a part of our continuous efforts towards internalizing sustainability and CSR as an organization agenda with collaborative efforts.

FSS Sustainability Council

In the reporting year we have constituted Sustainability Council for Financial Services Sector (FSS) comprising of eight senior members from various functions in organization and Chief People Office is chairman of this committee.

Sustainability at FSS is an integral part of the corporate culture and behavior in business. To ensure a close link to the operational part of the business and commitment from management, this Council reflects a cross functional team approach using an integrated network within the organization to make use of all relevant resources, experience and knowledge from all levels to guide sustainability initiatives.

The objective of the FSS Sustainability Council is to:

- Effectively integrate sustainability into business strategy and practices
- Ensure all relevant sustainability policies and goals are well informed, aligned and efficiently executed
- Ensure high levels of organizational understanding, alignment and engagement of the sustainability vision throughout the company.

Council will help the organization achieve a balanced approach in our People, Profit and Plan.

SUPPLY CHAIN EFFICIENCY

As a financial services company, we have classified our value/supply chain based on the impact of our business in the following manner:

Upstream
The stakeholders who influence or impact the way that we do our business

Lenders
Shareholders/ Investors
Regulators

In-stream
The stakeholders involved in our business operations

Dealers
Employees
Local Community

Downstream
The stakeholders who are impacted by our strategies and actions

Customers

Customers

We have adopted a comprehensive approach towards propagating sustainability throughout our value chain. Our long-term success is directly linked to sustained progress and well-being of customers across semi-urban and rural India. The growth of our business remains sustainable only when our customers grow and achieve success over the years. Our approach towards sustainability not only facilitates our customers in realizing their aspirations, but also influences them in making the right choices and decisions that will yield greater benefits both for them, and for the local community as a whole.

When we extend a loan for a new vehicle, we are providing access for people to travel safely and faster in a vehicle, which is less polluting than their old vehicles.

We are also providing loans for more energy-efficient products and machineries, better fuel efficiency vehicles and vehicles based on cleaner fuels.

Employees

We are engaging with our teams and highlighting various aspects of sustainability through a Sustainability Calendar. We conduct regular sustainability awareness sessions for our employees, on topics, such as waste management, water conservation and energy conservation.

Also energy efficiency and reduction in GHG emissions is a part of the Company's Sustainability Roadmap targets. These targets are monitored and reviewed each year.

Community

Mahindra Group is enabling communities to 'RISE' above their limiting circumstances by innovatively supporting them through programmes in the domains of education, health and environment. As a part of our Group's commitment to Corporate Social Responsibility, we have implemented projects engaging community members and Non-governmental Organizations (NGOs) for scholarships to undergraduate and graduate students, vocational training and financial literacy, supported technology incubators, ambulance and medical care equipment donation and sanitation. The Company's Employee Social Options Programme (ESOPs) supports employees in creating volunteering projects, based on the needs of underprivileged communities in and around their places of work.

Material Aspects covered in this section: • Supply Chain Management

Suppliers

As our suppliers are local small-scale vendors and service providers, we encourage them to follow sustainable practices. We engage with them to trigger, learn and initiate projects and other initiatives that contribute in the reduction of GHG emissions as a part of our supply chain network.

Local Vendors

We believe that we are only as good as our suppliers. We ensure fostering strong partnerships with all our local suppliers. We have a pan-India network and operate across locations in rural India. Along with proximity, other significant vendor selection factors include quality, delivery reputation and past performance, place of procurement, logistic advantages, reports, history and past relationship.

Our major suppliers are small scale vendors and service providers. The nature of our business doesn't present opportunities for sustainable sourcing aspect in a holistic way. However, we focus on engaging with local suppliers and giving them a preference. Such a strategy helps them in generating more value and sustaining their business. It also helps them to improve their service levels for future prospects. Besides, the Company encourages its suppliers and vendors to adopt sustainable practices.

Dealers

We have a Dealers Council for engagement with our Dealers and based on the feedback received during the interactions and as an outcome of CaPS survey; action points are developed to tackle the issues. The implementation of these actions has resulted in a decrease in dissatisfaction with interest rates, improving manpower availability at dealerships; and making the documentation process simpler. Our engagement with our OEM Dealers is on ongoing basis throughout the year.

Our engagement with each of our stakeholders described in the supply chain is explained in the Materiality & Stakeholder Engagement Section of this Report.



Value of Suppliers Values (in Rs. Million)		
	Monetary Value of significant (Top 10) suppliers	Of the top 10, monetary value of local suppliers
MIBL	106.3	106.3
MRHFL	96.8	96.8
MMFSL	1794.9	1794.9

WE ENSURE FOSTERING STRONG PARTNERSHIPS WITH ALL OUR LOCAL SUPPLIERS. WE HAVE A PAN-INDIA NETWORK AND OPERATE ACROSS LOCATIONS IN RURAL INDIA.

ECONOMIC PERFORMANCE



Empowering rural India is at the core of our objective. We believe such an objective drives India's growth engines and enables people to achieve their economic aspirations. While our goal is clear, so are the means. The business is driven by ethics and powered by our values.

Management Approach

At Mahindra & Mahindra Financial Services Sector, we believe that viability is a prerequisite for sustainability. Rural financing is more than a regulatory norm for us. It is the heart of our business model. We have helped a large number of first-time borrowers to achieve their aspirations. We have enabled them become confident participants in the transformation of rural India.

Our unparalleled reach takes us to locations hardly known or celebrated by the outside world. However, they are never out of the ambit of our financing.

During the year under review, our total income of MMFSL grew by 6% to Rs. 5,905.1 Crores for the year ended 31st March, 2016, compared to Rs. 5,584.7 Crores for the previous year. Profit After Tax (PAT) declined by 19% to Rs. 672.6 Crores, as compared to Rs. 831.8 Crores in the previous year.

Business Highlights

- Increased number of offices to 1,167 as on 31st March, 2016, up by 5.32% from 1,108 offices as on 31st March, 2015
- Employee engaged increased to 15,821 as on 31st March, 2016 as against 14,197 as on 31st March, 2015
- Assets Under Management (AUM) raised to Rs. 40,933 Crores from Rs. 36,878 Crores in 2014-15, an increase of 11%
- The customer base reached 4.1 million people, from 3.63 million in 2014-15, an increase of 12.95%

Read our Annual Report 2015-16 at: http://www.mahindrafinance.com/annual-reports.aspx

During the year under review, Mahindra Insurance Brokers Limited (MIBL) serviced 1.3 million insurance cases, with a total of 1,330,929 cases for both life and non-life retail business. MIBL's total income increased by 18% from Rs. 126.2 Crores in 2014-15 to Rs. 149.2 Crores in 2015-16. The Profit Before Tax (PBT) increased by 15% from Rs. 65.3 Crores to Rs. 75.2 Crores, and the Profit after Tax increased by 13% from Rs. 42.9 Crores to Rs. 48.5 Crores during the same period.

Mahindra Rural Housing Finance Limited (MRHFL) during the year ended 31st March, 2016, disbursed loans aggregating Rs. 1,552.5 Crores (previous year Rs. 989.6 Crores) achieving a growth of 57% over the previous year. Profit after tax was 42% higher at Rs. 62.7 Crores,compared to Rs. 44.2 Crores for the previous year.

ECONOMIC VALUE **(Rs. in Million)**

	Economic Value Generated	Economic Value Distributed	Economic Value Retained
2015-16	59,051.00	56,737.88	2,313.12
2014-15	55,847.06	51,227.58	4,619.48
2013-14	49,530.05	43,942.14	5,587.90
2012-13	39,589.61	33,521.40	6,068.21

Material Aspects covered in this section: • Investor Security • Business Profitability • Supply Chain Management • Risk Management Framework



Climate Change Risk Management

Large parts of the world are threatened by the perils of climate change, impacting lives, livelihoods and businesses.

Human-induced climate change has also become an important factor for the financial sector. The multitude of impacts from climate change include scarcity of natural resources, their escalating prices, enhanced transportation costs, additional insurance covers and expenditure on risk mitigation.

We are addressing the impact of climate change in our business in two ways. Firstly, we are undertaking initiatives to reduce our energy consumption and GHG emissions as a part of our sustainability roadmap. Secondly, we are strengthening our risk assessment method to include analysis of climate change risks.

The deep and pervasive impact of climate change across geographies is closely monitored by our pan-India leadership team; and is jointly discussed with Board members during comprehensive risk analysis. Risks and opportunities are identified vis-à-vis predefined objectives of our business. These are then quantified in monetary terms.

The fundamental aspects of climate change like availability of water, GHG emissions/carbon footprint and temperature rise have linkage to our strategy. It is our constant endeavour to integrate environmental constructs into management decision-making. Our customers are primarily farmers, traders, local transport operators, small business owners and daily earners, among others. Thus the loan schemes are structured around the crop pattern, for instance, monthly, quarterly, half yearly installments.

Good monsoon is a precursor to farm income and rural well-being. It has direct relationship to our business and recovery pattern. Our in-field executives enter the data, based on the self-assessment and daily updates of monsoon.

Interestingly, consumers today are more sensitive to their consumption patterns and ecological footprint. There is a shift towards electric and hybrid vehicles from the conventional ones. People also wish to invest in vehicles, buildings and infrastructures that are more efficient, compared to conventional ones and reduce their operational cost and access healthier living. This gives us an opportunity to provide financial products and services to support the changing consumer behaviour in urban areas.

On-ground initiatives undertaken by us to mitigate the impacts of climate-change are reported, along with their results in the environment performance section.

Monsoon Reports

Also, we leverage Monsoon Report, its digital software especially made for our tractor portfolio customers. Our Customers are mainly Farmers, Traders, Local Transport operators, Small Business Owners and Daily Earners etc. Thus the loan schemes are structured around the crop pattern e.g./- monthly, quarterly, half yearly installments. Hence, good monsoon is important to our customer profile. Monsoon is a precursor to a good economic growth in Rural India and has direct relationship to our Business and Recovery pattern. Our executives in field enter the data based on self-assessment and daily updates of monsoon. The same is tracked Pan-India and reports are generated for our managers to plan and take business decisions at village, district and state level.

SERVICE PERFORMANCE



DELIVERING SERVICES, EMPOWERING LIVES

Management Approach

At Mahindra & Mahindra Financial Services Sector, we focus on elevating people's aspirations to the threshold of achievements; and empowering them to live a life of self-reliance and dignity.

Over the years, we have been a part of everyday lives of people in remotest places and unique cultures of India across 2.8 lakhs villages.

Consistent economic growth has given rural India the capability and the confidence to surge ahead. At Mahindra & Mahindra Financial Services Sector, we are co-creating new opportunities through our products and services, while sharing a special relationship with our over four million customers.

Our Mission is to transform rural lives and drive positive change in the communities. In addition to this, we would like to contribute towards well-being of people and the planet. Our vision and initiatives enable us to touch the lives of people and we cherish the trust of all our stakeholders. Through our business, we directly contribute towards one of the mission of India's first National Action Plan on Climate Change (NAPCC), i.e. National Mission on Sustainable Agriculture.

Of the four strategies to achieve this, we directly help our customers in two of them, i.e. providing agro-climatic information sharing and dissemination through our website and financial support. Our objective is to enable farmers to invest in and adopt relevant technologies to overcome climate-related stresses through responsible lending.

We develop solutions that support the transformation to a fair and inclusive economy, thus truly driving positive change. We hold high level of priority regarding confidentiality of the company, employee and customer information as these are critical for the organization. We provide accurate and appropriate information through strict compliance with required disclosures; and have not received any complaints related to customer privacy in the reporting year.

Empowering Dreams and Enabling Progress

Mahindra & Mahindra Financial Services Limited is one of India's leading Non-Banking Financial Companies (NBFCs).



OUR MISSION IS TO TRANSFORM RURAL LIVES AND DRIVE POSITIVE CHANGE IN THE COMMUNITIES. IN ADDITION TO THIS, WE WOULD LIKE TO CONTRIBUTE TOWARDS WELL-BEING OF PEOPLE AND THE PLANET.

Material Aspects covered in this section: • Credit Ratings • Investor Security • Customer Need Identification & Satisfaction • Products and Service Information to Customers • Sustainable Business Model • Financial Literacy and Inclusion • Product Portfolio

Since inception, we are acting as a positive change agent by catering to the financial requirements of millions of people across semi-urban and rural India. We are proud to serve the last-mile communities of rural India.

With a vision of creating a self-reliant India, we have empowered millions of ambitious individuals by providing flexible financing opportunities to transform their dreams and help them to rise. Our rich industry experience and expertise have endowed us with the ability to acquire deep insight into the evolving requirements of customers. We empower those who reside at the lower end of the social pyramid. We undertake periodic surveys to understand our customers better.

We primarily cater to customers who are largely ignored by the conventional banking system or they are located in under-banked locations. Our customers come from various walks of life, such as small traders, neo-entrepreneurs, unemployed youth, teachers, drivers and farmers. Majority of our customers belong to low income category; and are at the bottom of the income and social pyramids.

As they do not possess collaterals or past credit records and documents, they find it difficult to get loans from banks. Hence, moneylenders are the only alternative available. First time buyers of vehicles/assets – these assets are not for personal use, but are their source of livelihoods. They are not sub-prime customers, but their credit worthiness is not easily visible or measurable.

We address the credit requirements of our customers through our unique 'Earn & Pay' business model, whereby loans are provided for income generation based on the pattern of consumption.

We provide a range of financial products and services to our customers through our nationwide distribution network. Our multiple businesses are a logical extension of being a facilitator of rural transformation in more ways than one. We are creating livelihoods, providing shelter and securing people's lives and investments.

Our major product categories comprise:

MMFSL



Loans

- **Vehicle loans:** Utility vehicles, tractors, cars, two-wheelers, three-wheelers, commercial vehicles and construction equipment and refinance for used cars
- **SME loans:** Equipment financing, project financing and working capital finance
- **Personal loans**



Fixed Deposit and Mutual Fund Distribution

- Investment Advisory Services under brand 'Finsmart'
- In fixed deposit schemes, we have leveraged the trust of our customers and collected deposits of more than Rs. 47,843 million. CRISIL Limited [CRISIL], has reaffirmed the rating of the Company's Fixed Deposit Programme as FAAA/ Stable

MIBL (Subsidiary)



Insurance Broking

- Insurance solutions to retail and corporate customers

MRHFL (Subsidiary)



Housing Finance

- Loans for buying, renovating, extending and improving homes in rural India

We meet the insurance needs of customers through Mahindra Insurance Brokers Limited (MIBL). Today, with more than a decade of experience, we provide 360-degree insurance solutions (both retail and corporate) to our customers. Our customized solutions (like Mahindra Loan Suraksha, Mahindra Arogya Suraksha and Sampoorna Suraksha) are well integrated and equipped to meet our customer's needs.

Leveraging our grassroots presence in rural India, our subsidiary Mahindra Rural Housing Finance Limited (MRHFL) caters to housing needs of rural India. We have also partnered with National Housing Bank (NHB) to strengthen our presence in rural housing.

We are happy when we can be with customers, just when it matters most. And our multiple businesses are a logical extension of being a facilitator of rural transformation in more ways than one. We are creating livelihoods, providing shelter, securing people's lives and investments.

Credit Rating

The Company follows very high standards of corporate governance and enjoys excellent support from the investor community. CRISIL has reaffirmed our ratings on long-term debt instruments and bank facilities as 'AA+/Stable' and the Company's Fixed Deposit Programme as 'FAAA/Stable', respectively. The 'AA+/Stable' rating indicates a high degree of safety with regard to timely payment of financial obligations. The rating on the Company's Short-term Debt and Bank Loans has been reaffirmed at 'CRISIL A1+', which is the highest level of rating.

Financial Literacy

India's linguistic diversity is a challenge for many industry players. We overcame this barrier by creating multilingual teams, comprising locals. Our employees educate our customers about the loan products they avail and thus, build deeper partnerships with them. In 2015-16, we have spread Financial Literacy to 5,000 community members.

Reaching to the masses through technology

The marketing team has launched a new television commercial campaign, which features true stories of customers. The communication was in 10 different regional languages, along with Hindi and English.

The tagline aptly reads 'Bharat ko pehchante hai hum', showcasing the team's in-depth knowledge, which supports customers and help them turn dreams into reality.

Also, we have our company's website that is bilingual (English and Hindi version) and easy to navigate with lot of information pertaining to our business and services which are readily available for interested customers.

Besides, we undertake a number of initiatives to communicate with our customers, knowing the lack of financial knowledge in most Indian villages. Our customer communication initiatives like Sparsh and Shikhar Sammelan have generated commendable response.

Customer Satisfaction

We believe that effective communication is vital to avoid misrepresentation, incorrect statements or misleading impressions. We have fully-integrated systems in place and conform to all laws and standards related to marketing communication, advertising, promotion and sponsorship. Our website contains all relevant information, and along with that, our communication approach has transformed with time. Customer feedback and satisfaction with our services are taken in the form of CaPs score and this feedback is utilized to create action plans for the improvement of products/services. Embracing social media marketing is one such change to not just promote our services, but also receive customer feedback on the same.

Compliance

During the current year, no incidences were reported related to service non-compliance related to regulations and voluntary codes concerning product and service information and labeling, by type of outcomes as applicable.

Socially Inclusive Products



Our journey started in the nineties primarily as a financier of Mahindra vehicles. Over the years, we have extended our reach to a large portfolio of financial services that help our customers fulfil their diverse needs. Our multiple businesses are a logical extension of being a facilitator of rural transformation in more ways than one.



WE ARE HAPPY WHEN WE CAN BE WITH CUSTOMERS, JUST WHEN IT MATTERS MOST.



We are creating livelihoods, providing shelter, securing people's lives and investments.

Through a vast network of branches, we provide personalised finance for utility vehicles, tractors, cars and housing, focusing in the rural and semi-urban sector to earn their livelihood and improve their quality of life. We have designed and implemented tailor-made products based on requirements of customers in rural and semi-urban segments.

Our unique insurance products, designed by MIBL, are socially inclusive as it helps our customers in protecting their assets, health, life and financial liabilities. These products comprise Mahindra Loan Suraksha (MLS), Mahindra Sampoorna Suraksha (MSS) and Mahindra Arogya Suraksha (MAS) for loan customers of Mahindra & Mahindra Financial Services Ltd. (MMFSL).

Mahindra Loan Suraksha (MLS) is a Credit Term Group cover for auto loan customers. It protects the customer's family and assets in case of the death of the customer by covering the outstanding finance amount, hence, not putting the burden of repayment on the customer's family. The vehicle, which is the livelihood for customer's family is not taken back and helps family to sustain themselves. Mahindra Loan Suraksha (MLS) increased from 459,781 lives covered in the Financial Year 2014-15 to 513,093 lives covered in the Financial Year 2015-16.

Mahindra Sampoorna Suraksha (MSS) is a unique combination of Group Credit Term cover and fire insurance cover for housing loan customers. This cover protects the customer's family and assets in case of unfortunate death of the customer, not putting the burden of repayment of the loan on the family. It also relieves the customer from financial liability, arising due to damages or loss of property from fire or any other natural calamity.

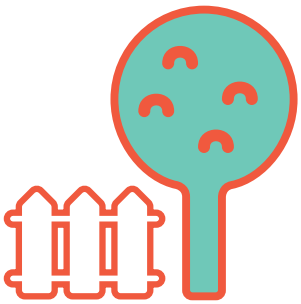
Mahindra Arogya Suraksha (MAS) is a Group Health insurance cover, specially designed to cover our customers. Due to low awareness about Health Insurance in semi-urban and rural India, people are spending out-of-pocket on health related expenses. With this product, we are able to reach out to and educate rural masses on the importance of health insurance and provide them medical care facility in comparatively lower cost. This product ensures that during hospitalization due to sudden illness, accidents and surgeries, customers can afford suitable medical care without falling back on hard-earned savings.

In addition to these products, we've designed and implemented simplified and easy MLS and MSS claim settlement processes and documentation requirements, based on the market conditions in rural and semi-urban segments. Under this initiative, we have got waiver from insurance companies for documents make it more simpler and easy for customer in rural India to fulfill and as per applicable under guideline of governing bodies like IRDA.

As a part of our Financial Services business, in our constant endeavour to offer better products and services, we are increasing focus on financing of vehicles running on cleaner fuels like CNG in markets where CNG gas stations are easily available. Also, we have differential rate of interest for financing of e-vehicles in country which is lower than the normal rates.

In our Rural Housing Finance Business, we do encourage our customer and borrowers to use better quality and environment friendly materials for construction and renovation of houses for which they avail the loans.

ENVIRONMENTAL PERFORMANCE



Management Approach

At Mahindra & Mahindra Financial Services Sector, it has been our constant endeavour to integrate environmental constructs into management decision-making. Improving eco-efficiency of our operations has been a part of our sustainability roadmap. Digitization of our operating procedures, products and processes has been one of our key initiatives. It not only helps lower carbon emissions as we commute less, but also reduces paper consumption. Efforts towards continual improvement and resource optimization in process and operation have supported our endeavours towards better environmental performance.

Compliance with laws and regulations relating to the environment has always been ensured in letter and spirit. We have been reporting environmental performance in terms of absolute and specific consumption. The specific consumption is calculated by dividing the absolute consumption by number of employees.

On behalf of 822 investors with US$95 trillion in assets, Carbon Disclosure Project (CDP) seeks information on carbon emissions disclosures from the world's largest companies. Mahindra Finance, its endeavour to transparent environmental disclosure, has been reporting its environmental disclosures and performance through the Carbon Disclosure Project (CDP) India 200 since 2011-12. In 2015-16, Mahindra Finance made to the Carbon Disclosure Leadership Index (CDLI) 2015 for the 2nd year in a row. We are the only NBFC in India to be featured on CDLI.

IMPROVING ECO-EFFICIENCY OF OUR OPERATIONS HAS BEEN A PART OF OUR SUSTAINABILITY ROADMAP. DIGITIZATION OF OUR OPERATING PROCEDURES, PRODUCTS AND PROCESSES HAS BEEN ONE OF OUR KEY INITIATIVES.

GHG Emissions Sector-wise Composition (in tCO_2)

	2012-13		2013-14		2014-15		2015-16	
	Absolute	**Specific**	**Absolute**	**Specific**	**Absolute**	**Specific**	**Absolute**	**Specific**
Scope 1	79	0.062	87	0.066	479	0.473	127	0.080
Scope 2	2,633	2.073	1,810	1.388	2,025	2.002	1,874	1.183
Scope 1+2	2,711	2.135	1,897	1.454	2,504	2.476	2,001	1.263
Scope 3	668	0.525	735	0.564	668	0.660	419	0.264

Note: Actions pertaining to reduction in GHG emissions are shared in below sections

Material Aspects covered in this section: • Paper and Waste IT Product Management • Environmental Regulations • Emissions to Air-GHG • Effluent and Waste

Total Energy Consumption (GJ)

	2011-12	2012-13	2013-14	2014-15	2015-16
Absolute	9,557	12,669	9,090	15,357	9,947
Specific	9.243	9.976	6.970	15.190	6.285

Note: Actions pertaining to reduction in Energy consumption are shared in below sections

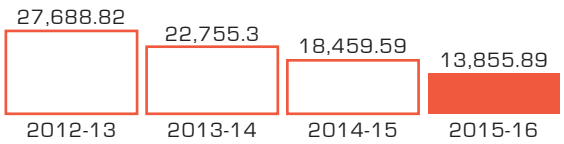
Water Consumption (m^3)

	2011-12	2012-13	2013-14	2014-15	2015-16
Absolute	4,162	11,299	13,990	13,648	19,673
Specific	4.030	8.897	10.728	13.49	12.42

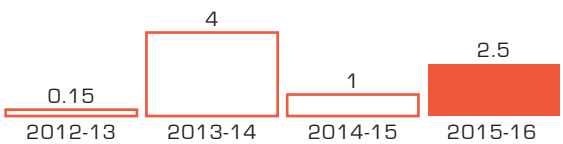
Note: All the offices of FSS, including the head office and regional offices are in rented premises where the lump sum amount inclusive of the water bill is paid to the owner. From 2012-13, we changed the methodology of calculating water consumption on the basis of a thumb rule, i.e., 45 litres/day/person from all the ROs instead of a few locations. There is an increase in specific water consumption due to reporting of better quality of data.

Material Consumption

Paper Consumption (Kg)



Waste Management



Solid hazardous waste in tonnes

Cartridges and Toner Consumption (No.) – As majority of printers we use for our operational purpose are on rent and are entirely managed by third party vendors and we are paying to our vendors only for the cost of service we use which is on no. of prints taken. The ownership and accountability of no. of cartridges and toners being used is with our external vendors and beyond the scope of our control and report boundary. We do encourage our vendor to adopt sustainable business practices.

E-Waste Management – The hazardous waste applicable for our business operations is the total e-waste that is produced. We manage our E-waste through authorized agencies as per the applicable laws pertaining to E-Waste handling and disposal. 100% of hazardous waste from all major locations for the previous reporting year is disposed of responsibly.

Interventions towards Environmental Sustainability

Technology to reduce business travel

We have enhanced our efforts to use video conference and tele-conference facilities. It has reduced our need for business travel and has resulted in decreased scope 3 emissions. We have installed video conference facility at 30 of our major locations of operation. This has reduced travels of employees and have contributed in reduction in travel cost and saving of time as well.

Paper Reduction – We have increased our efforts in employee awareness initiatives on reducing paper wastage as well as automating processes and going paperless. This has resulted in lower scope 3 emissions. Duplex Printing enabled as a default feature on printers to save paper wastages. People are also trained to print in front-back modes at our locations of operations. We have also initiated digital storing of important business documents into Document Management Solution for future references and various approvals.

In an effort to reduce paper consumption, we have undertaken other initiatives to eliminate paper usage. Some of these initiatives include:

- The Personal Loan Application Processing (PLAP) facilitates the capture of personal loan enquiries at source and at every stage till approval/rejection of the application; thereby completely bypassing the use of paper-based stationery.
- Conveyance Claim Module is an integrated module to process conveyance reimbursement payments to the field force. It maintains an MIS on productivity, efficiency and performance comparison across period for approving authority. It is a completely paperless process that even frees the field force from the need to maintain manual records of local travels.

Solar Based UPS System – Low carbon energy installation

Solar power UPS system was installed at various remote branches, which experienced acute power cut problem (power was available for 2-3 working hours) to overcome load capacity. Total installed capacity as on 31st March, 2016 was 175 KVA.

IT Process emissions reductions

– Consolidation of all physical servers into virtualized environment on blades. Precision air-conditioning equipment were also installed, along with cold air containment for optimal utilization.



Green Building Premises

One of our offices is in green building premises. As all of our locations are on rented places, so the scope and level of control to make changes and modification in infrastructure is limited. We do foresee the opportunity to focus on energy-efficient system and fixtures in offices from where we operate.

Project Hariyali

The Indian subcontinent has been extensively explored in terms of biodiversity over the years. Due to population explosion, climate change and poor environmental policies, several species are facing the threat of extinction. Not only does this affect the food chain, but also the livelihood and the culture of millions of Indians who depend on local biodiversity in rural India.

Project Hariyali has been our endeavour towards nurturing biodiversity. During the reporting period, the Company planted 93,570 trees, against the target of 85,000, through the collective efforts of employees and community partners. Since 2007, we have planted over 430,000 saplings, significantly contributing to the reduction in CO_2 emissions. As per the information available on internet (http://onetreeplanted.org/blogs/news/14245701-how-planting-trees-can-help-reduce-your-carbon-footprint), we estimate a total reduction of 900 tons of CO_2 during the year. We further plan to estimate the total CO_2 reduced through tree plantation done by our organization using advanced calculation methodology.

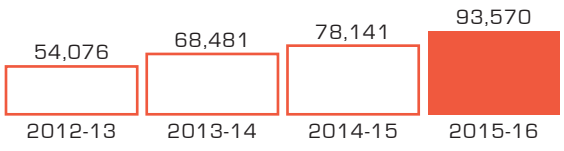
The number of trees planted turned out to be 10% above the targeted amount, which gave a sense of achievement to the volunteers. To maintain the sustainability of these saplings, we conducted tree plantation drives in colleges, schools and orphanage premises, where the community feels responsible and nurtures saplings.

Monsoon Report

The company has devised a tool called 'Monsoon (Annual Rainfall) Report' especially made for our tractor portfolio customers. Our Customers are mainly farmers, traders, local transport operators, small business owners and daily earners etc. Good monsoon is the major factor for our customer profile. Monsoon is a precursor to a good economic growth in rural India and has direct relationship to our Business Recovery pattern. Thus the loan schemes are structured around the crop pattern e.g. - monthly, quarterly, half yearly installments. Our executives in field enter the data based on self-assessment and daily updates of monsoon. The same is tracked pan India and reports are generated for our managers to plan take business decisions at village, district and state level.



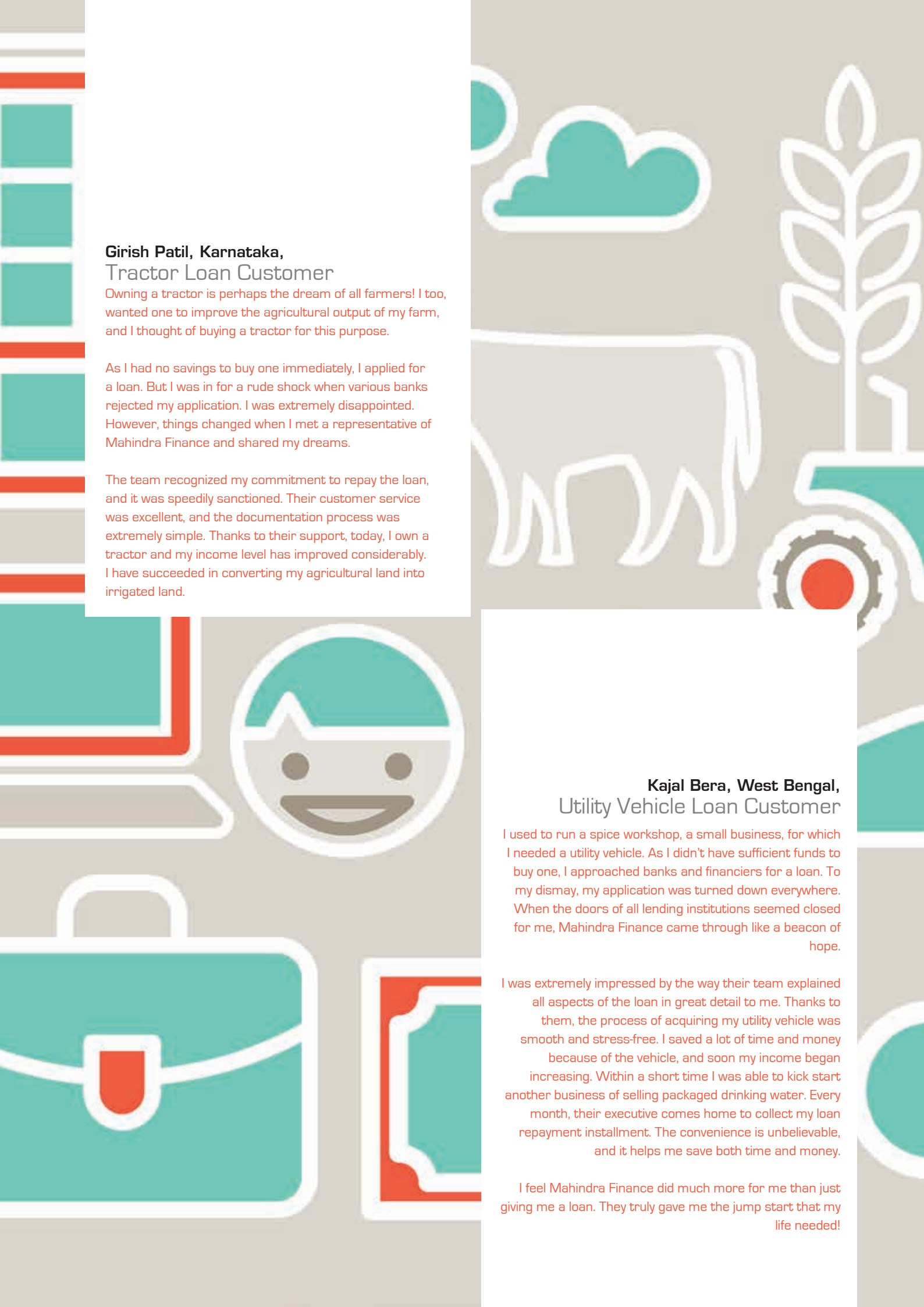
Project Haryali Statistics



Total number of trees

Other Disclosures

- No land is identified as owned, leased, managed in, or adjacent to protected areas and areas of high biodiversity value outside the protected area
- No activity, product or service is identified, which had a significant impact on biodiversity in protected areas and areas of high biodiversity value outside the protected areas
- No monetary fines or non-monetary sanctions of non-compliance with the environmental laws and regulations were recorded in the year



Girish Patil, Karnataka,

Tractor Loan Customer

Owning a tractor is perhaps the dream of all farmers! I too, wanted one to improve the agricultural output of my farm, and I thought of buying a tractor for this purpose.

As I had no savings to buy one immediately, I applied for a loan. But I was in for a rude shock when various banks rejected my application. I was extremely disappointed. However, things changed when I met a representative of Mahindra Finance and shared my dreams.

The team recognized my commitment to repay the loan, and it was speedily sanctioned. Their customer service was excellent, and the documentation process was extremely simple. Thanks to their support, today, I own a tractor and my income level has improved considerably. I have succeeded in converting my agricultural land into irrigated land.

Kajal Bera, West Bengal,

Utility Vehicle Loan Customer

I used to run a spice workshop, a small business, for which I needed a utility vehicle. As I didn't have sufficient funds to buy one, I approached banks and financiers for a loan. To my dismay, my application was turned down everywhere. When the doors of all lending institutions seemed closed for me, Mahindra Finance came through like a beacon of hope.

I was extremely impressed by the way their team explained all aspects of the loan in great detail to me. Thanks to them, the process of acquiring my utility vehicle was smooth and stress-free. I saved a lot of time and money because of the vehicle, and soon my income began increasing. Within a short time I was able to kick start another business of selling packaged drinking water. Every month, their executive comes home to collect my loan repayment installment. The convenience is unbelievable, and it helps me save both time and money.

I feel Mahindra Finance did much more for me than just giving me a loan. They truly gave me the jump start that my life needed!

NURTURING TALENT

Our work culture is defined by performance, responsibility and opportunity. A empowerment driven approach provides our team members with unparalleled professional opportunities to make a strategic difference to customers.

Management Approach

As a part of the Mahindra Group, we are aligned to our group's aspiration of being among 50 most admired global brands by 2021. We connect with all our employees across designations and departments. Complementing our focus on employee engagement is our emphasis on empowering talent and recognizing, reinforcing and rewarding each employee's determined efforts. This results in engaged and motivated employees.

We put a strong emphasis on our Employment Value Proposition (EVP) that encompasses aspects which are core to us – growth is a way of life; employees are empowered; and people matter.

We empower our people to take business decisions, which further help encourage entrepreneurial talent among our teams. We build confidence, drive high performance and prepare leaders to take ingenious solutions in the face of uncertainties. Such a strategy drives organizational success.

Our unwavering focus has been on developing policies that help us achieve our long-term people development goals. We adhere by our three 'Rise' pillars - Accepting No Limits, Alternative Thinking and Driving Positive Change; and aspire to be one of best places to work for.

Against this background, we aim to develop an organization we can be proud of and a culture that encourages employees to rise to challenges.

Our EVP - Employment Value Proposition

At the core of a successful employer brand is a clear employment value proposition (EVP).

The employment Value Proposition for Mahindra Finance is articulated as:

Growth is a way of life

Employees are empowered

People matter

We launched our EVP Book – 'Everlasting Impressions' which was a major highlight of the reporting year. It captures a series of interesting real-life experiences shared by the top management and our employees across India.



Human Rights and Labour Practices

At Mahindra & Mahindra Financial Services Sector (MMFSL), we believe human rights are indivisible and non-negotiable. 'Dignity of the Individual' is one of our five core values. Discrimination, forced and compulsory labour and child labour are strictly prohibited. We also denounce bribery or corruption in any form, and our processes ensure that such practices are strictly discouraged. At MMFSL, we are committed to operate in line with the principles of the UN Global Compact (UNGC) on labour standards:

Material Aspects covered in this section: • Human Rights • Talent Attraction & Retention • Employee Engagement • Diversity and Equal Opportunity

Human Rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2: Make sure that they are not complicit in human rights abuses.

Labour

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: The elimination of all forms of forced and compulsory labour;

Principle 5: The effective abolition of child labour; and

Principle 6: The elimination of discrimination in respect of employment and occupation.

Anti-Corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

*Since Principle 7, 8 & 9 of UNGC are pertaining to Environmental Dimensions we are not including them in this section of report.

We practise and endorse equal employment opportunities; and do not discriminate on the basis of caste, religion, gender or disability. We are committed to provide a safe and healthy work environment and ensure adherence to all labour legislations.

To ensure that we are aligned to a common approach, which fosters a transparent, fair and growth-oriented work culture, our human resources department implements norms, policies and initiatives for all to imbibe.

Prevention of Sexual Harassment

MMFSL is an equal opportunity employer; and is committed to ensuring that the work environment at all its locations is conducive to fair, safe and harmonious relations between employees. The Company ensures that no employee is disadvantaged by way of gender discrimination. The Company had already implemented an appropriate policy for its employees for the Prevention of Sexual Harassment (POSH), which inter alia, sensitised all the employees of the redressal mechanism and the protection offered by the Company. The Policy is updated from time to time and covers all the employees working with us. An Internal Complains Committee has been formed as per POSH Act. We have also constituted Zonal Committee for the enforcement of this policy with emphasis on non-disclosure and complete confidentiality of information.

Our POSH Policy covers not only female employees but male employees as well. In order to create organization wide awareness on this important subject and sensitize our employees, an audio-visual on POSH was prepared and shared with our employees to help them understand about POSH initiatives.

Diversity & Inclusion

Diversity & Inclusion at Mahindra Finance is very important and key to the business growth. With vast nature of business with 1,167 branches across the country, the employee base and customer base belong to diverse culture and perspectives. This has fostered Mahindra Finance to create an inclusive work environment and create conscious efforts and communication to spread the inclusive work culture. Currently the organization is working on diversity spectrums such as Gender, Generation, Differently Abled and Race/Religion, with a special focus on Gender, generational and Differently Abled.

The Diversity & Inclusion journey started by building awareness at the Senior Management level and sharing the employee composition at FSS under the diversity spectrum. After a thorough understanding of the current composition and deriving business case out of each, the council made conscious decisions to enhance/sustain the diversity equilibrium in our organization.

The Financial Services sector has appointed a 12 member Diversity & Inclusion Council. The council has a vision of "We shall value and celebrate the uniqueness of every individual by fostering an environment of inclusion and empowerment. This will enable us to meet the needs of our stakeholders through active participation of diverse talented individuals, committed to enable people and communities to Rise". The Council meets on quarterly basis to work on feasible initiatives to overcome the key challenges and review and track progress of the working initiatives. The Council membership comprises of diverse employees in terms of gender (Six males and Six females) and generation.

Although being intangible element, inclusion activities are constantly benchmarked across the group and the other industry organization.



Gender

Encourage women to come at work by implementing employee-friendly leave policy for maternity and paternity.



Generation

Foster an encouraging culture for the young organization through campus connect program and wide variety of development interventions for millennial.



Differently abled

Conscious efforts are being taken to recruit differently abled candidates and provide them a conducive environment.



Towards this purpose, many policies and practices have been initiated to not only foster a favourable and friendly work environment, but also enable and enhance employee's productivity.

Diversity and Inclusion Drive in Recruitment

In order to leverage the advantage of diversity and inclusion, the organization has decided to bring in three best practices in recruitment for hiring candidates. This will also enable us to continue building on the foundation of diversity and inclusion which we target to achieve.

1) Second Career for Women
2) Project Enable
3) Project Ex-Servicemen

Talent Acquisition

At MMFSL, we follow the principle of equal opportunity in our hiring process. We do not discriminate on grounds of age, gender, colour, race, ethnicity, language, caste, creed, economic or social status or disability. We value the diversity of markets in which we operate, and our hiring is based on a similar principle.

Recruitment and employee selection form a major part of an organization's overall resourcing strategies, which help identify and secure people needed by the organization to survive and succeed in their career. Recruitment activities need to be responsive to the increasingly competitive market to secure suitably qualified and capable recruits at all levels; and, most importantly to recruit individuals with a real-world culture fitment within the Mahindra Group. At MMFSL, we recognize this need and have aligned our recruitment processes to the RISE Culture and its supplementary competencies, which include:

- Strategic Business Orientation
- Leadership through Sustainability
- Customer Focus
- Innovation-led Transformation
- Result Orientation with Execution Excellence
- Leveraging Human Capital
- Weaving Passion and Energy at Work

In alignment with the RISE competencies, we have created a competency-based interviewing toolkit, which allows for a structured and consistent approach to interviewing and an objective evaluation of the candidate.

During the entire process of recruitment, the candidates are assessed at different levels and aspects.

Skill and Knowledge: During the personal interview round, a candidate is assessed by a panel of interviewers, including the hiring manager and HR, on the knowledge gained through experience and qualifications. The same is further validated by the senior in a second round of discussion. All candidates are assessed on the RISE Competency Framework.

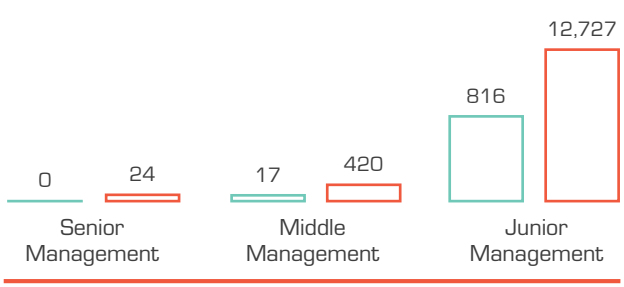
Behaviour Assessment: At MMFSL, we use behavioural assessment tools for all critical roles. These tools provide us evidence of human attributes measured and has been proven to be one of the best predictors of performance when used in the selection process.

The talent acquisition team had designed the functional competency assessment that defines the competencies which need to be assessed for each critical role for hiring. The Functional Competency Assessment should be used along with behavioural assessment for the defined roles.

Employee Grade and Distribution Type (No.)

2012-13

Total employees 14,004

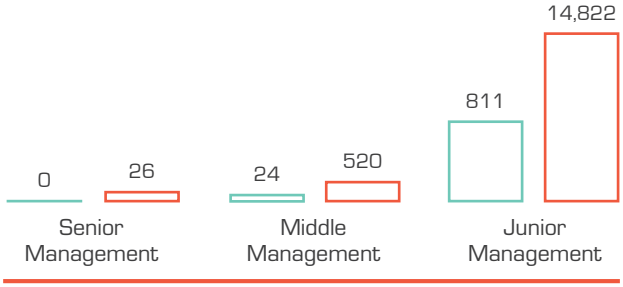


Total

Female 833 **Male 13,171**

2013-14

Total employees 16,203

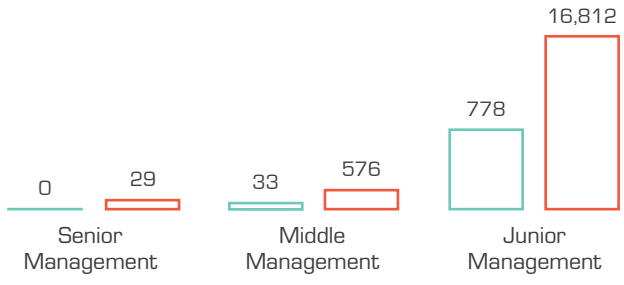


Total

Female 835 **Male 15,368**

2014-15

Total employees 18,228

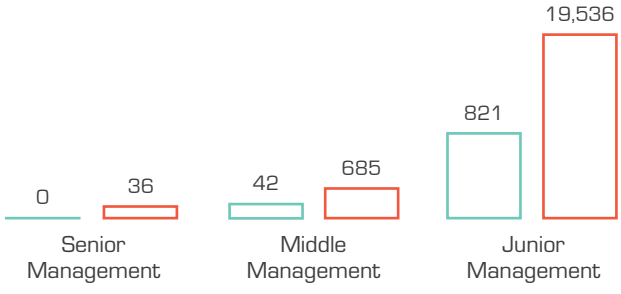


Total

Female 811 **Male 17,417**

2015-16

Total employees 21,120

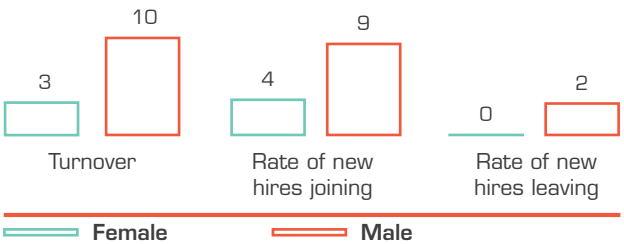


Total

Female 863 **Male 20,257**

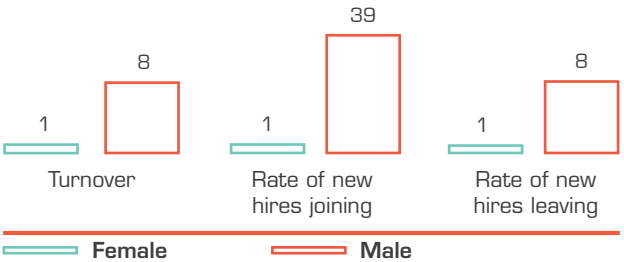
Employee Turnover (%)

2012-13



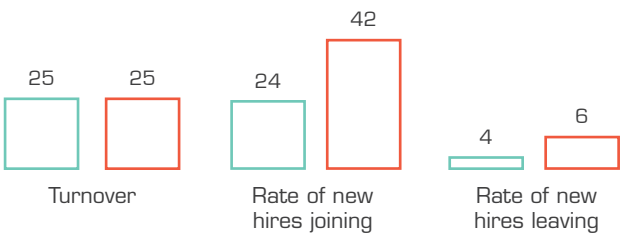
Female **Male**

2013-14



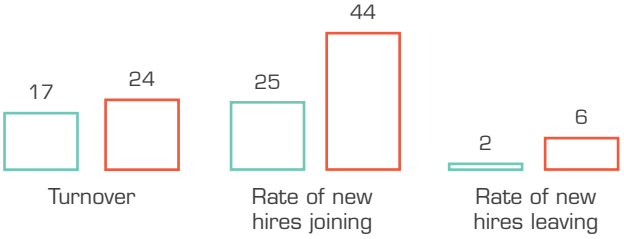
Female **Male**

2014-15



Female **Male**

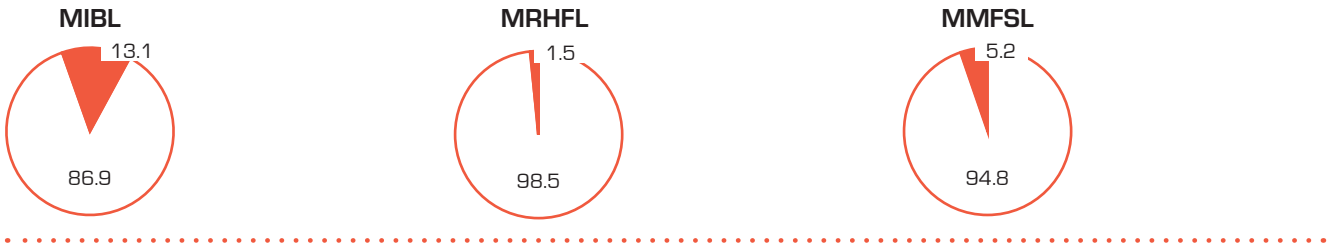
2015-16



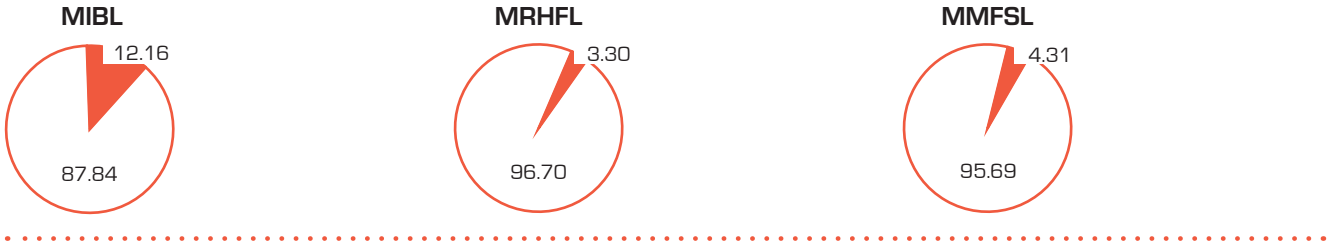
Female **Male**

Employee Headcount (%)

2013-14



2014-15



2015-16



Male Female

Parental Leaves

2015-16	Employees that availed parental leave in 2014-15	Employees who are employed 12 months after availing parental leave (considering 2014-15)	Employees who returned to work after availing parental leave (considering 2014-15)	Retention rate of employees who returned to work after leave ended
MMFSL	33	30	31	93%
MIBL	6	3	4	67%
MRHFL	5	4	4	80%
FSS	44	37	39	88%

Employee Engagement

Employee engagement helps forge the missing link between employee performance and business performance. At MMFSL, active platforms and forums are in place to engage with employees and involve them to build a cohesive work culture. The employee feedback are taken from time to time and are considered with importance in the Company's Policy making processes. Employee engagement activities cover aspects such as employee health, team work, fun at work, various women centric programmes and community development activities. These helps build camaraderie and ownership among the employees, as well as lead to better performance.

The following are few of the engagement initiatives that were done in last year 2015-16:

- **Vrindavan:** It is a daylong carnival organized to foster camaraderie among employees and their family members. There are various game stalls, food stalls, activities for kids and cultural performances by employees and their family members.
- **Chunauti:** Chunauti is an annual cricket tournament conducted for employees across zones. In this initiative league cricket matches are played across the branches and territories.
- **Cheer Bell:** We, at MMFSL, believe in coming together as a team to celebrate both individual and organizational achievement. The Cheer Bell initiative allows all employees to ring the bell at offices, come together, announce and celebrate all achievements.
- **Rewards & Recognition:** We take pride in identifying potential performers and recognizing them for their extraordinary performances. There are four concepts – Dhruvatara, Territory Ki Pratistha, Region Ki Pratistha and Support Function Pratistha under our Rewards & Recognition scheme. We believe in 'Growth as a Way of Life' and encourage personal growth of employees aligning to the organizational growth.
- **Funday:** Fun activities are organized every month with team games for rejuvenation and inter-departmental bonding.
- **IXchange:** We launched a new initiative in January, 2016 named 'IXchange', which stands for Information Exchange. IXchange is a fun based learning initiative that aims at creating awareness on the HR and L&D policies of MMFSL through caricatures.

Employee Engagement Activities in No.'s

Round the year there are several employee engagement activities organized pan India. Some are monthly, quarterly and few others as annual activities. Below are the stats of all engagement activities conducted in the year 2015-16.

Particular	No. of Vrindavan Conducted	No. of employees participation in Vrindavan	No. of Chunauti tournaments conducted	No. of Rajbhogs conducted
Grand Total	65	13,673	46	76







Our Communication on various Employee Engagement Initiatives and Activities

Snapshot of other employee engagement activities with results and employees covered

Other Engagement Activities	Particulars
Wedding MIS – bonus given	321 employees availed benefit
Wedding travel benefit	125 eligible employees availed the benefit
New born baby gifts	94 employees availed the benefit
Dhruv Tara awards given	1,080
Pratistha awards given	1,782
MCARES survey	88% participation, 4.21 score
GPTW	Score – 78
Ideamax	6 new policies launched
Stepathlon	720 employees registered
Birthday gifts sent	13,450 gifts sent to employees
Aarogya Activities	160 sessions were conducted across pan India
Fundays conducted pan India	3,324

Talent Management

At Mahindra Finance, Talent Management and career development is critical for the organization. In a financial services business like Mahindra Finance the real differentiator is not the products, however it is people creating and selling the products.

Therefore, Talent Management is not only a mere activity but a need for the business. Succession Planning and key learning and development activities are part of the Business Balanced Scorecard released every year. Here at Mahindra Finance ensure cent percent Succession Planning for all employees who are department Head and above level. 100% Succession Planning for Top Management (Executive Band and above level).

The team works rigorously to build a talent pipeline with alignment with business strategy We have a created development policy in place to offer career opportunity, growth and required workforce competencies for employee and to establish a robust succession planning for various roles.

Talent is central to all the activities driven by Mahindra Finance. We believe in developing in-house talent that will grow with organization contributing towards the organizational objective.

Key activities in Talent Management

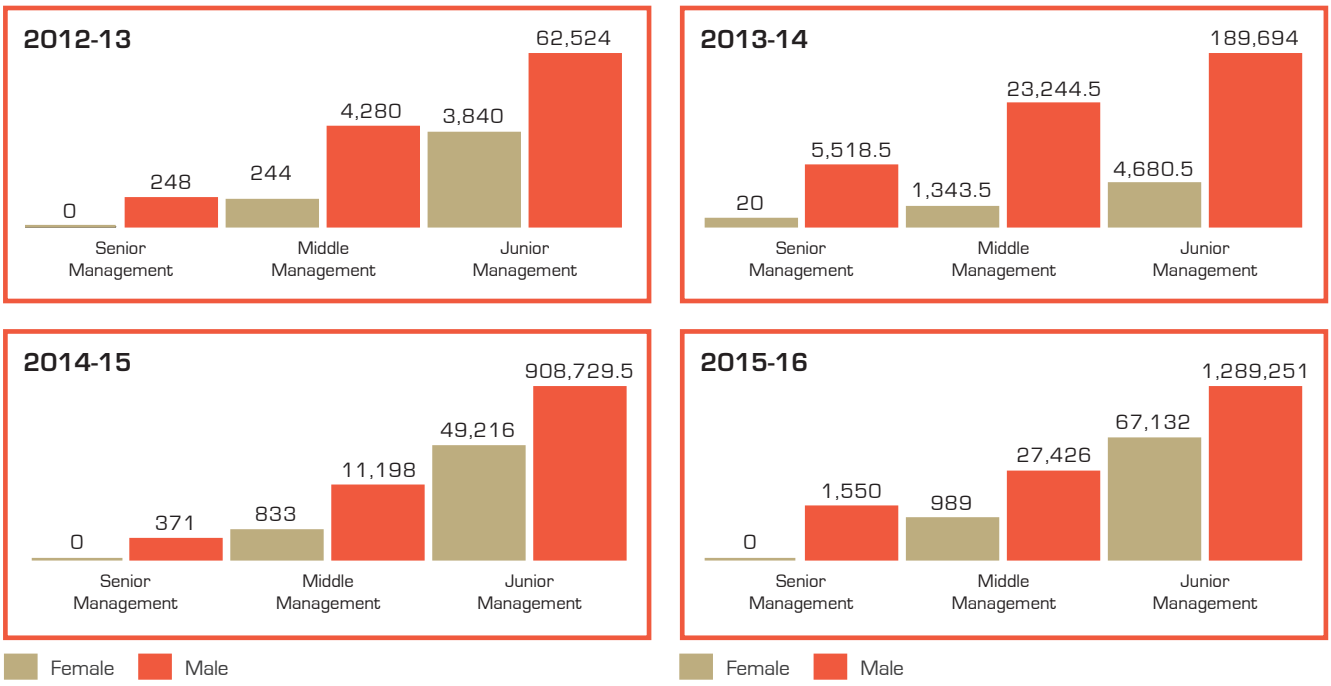
Career Development for Managers and Senior Managers: Career Progression paths are defined for different ladders at MMFSL through. Evaluation of employees' capabilities in leadership and functional competencies. Competency Analysis is done every six months through Development Centres. Employees create and maintain their respective Individual Development Plans.

Competency Development for Managers and Senior Managers: Critical Competencies to be developed in the organization are identified based on the inputs received from business plan, workforce plan, succession plans, and appraisal ratings. Organization Competencies are then broken down into individual competencies. Leadership Competency Framework is used for assessing employees and the same is reviewed once in two years.

SKIP (Structured Key Interactive Programs): SKIP is a program aimed at enabling Development Conversations between a Manager with his Indirect Subordinates i.e. Team members of his direct subordinates.

Campus Connect: Provides platform for the organization to meet the aspirant and pick up intelligent committed youth from campuses, who have the requisite enthusiasm to prove themselves. It focuses on grooming the management trainee as a talent source for Mahindra Finance leadership pipeline and focuses on succession planning. Through the Campus Connect program we share the spirit of our Employment Value Proposition by giving them insights of our organization culture.

Learning and Development (Training Man-hours)



Development Centres: Our Talent Management Team continues to fuel our goal of nurturing a proficient top management by enveloping all the leaders in the top three levels of management, across the Mahindra Group.

Think Tank: Think Tank aims to develop young talent through a structured intervention based on the principles of mentoring. It encourages alternative thinking and gives an opportunity to young talent in the organization to work on strategic projects sponsored by the Steering Committee. These projects are mentored by the senior leaders, who provide valuable feedback and exposure. It also helps the seniors hone their coaching skills, while grooming the young talent pool. The young professionals are trained on business writing, time management, effective communication and presentation skills. The winning team is then assisted with a customized Individual Development Plan to fast track its learning.

Certified Accountant Programme: This course is aimed at upgrading the competencies of Area Accountants to take up future roles as per the changing dynamics of the market and improve the productivity, adherence to compliances and review mechanism.

Drona: This programme aims to develop functional knowledge as per designations and business roles. It cultivates a culture of service and develops functional competencies to enhance performance. This is a four-day programme that focuses on functional and behavioural aspects of our business. A dedicated trainer group is assigned for this task.

Chanakya: The Chanakya programme helps develop high-performing and high-potential talent through a blend of various educational, vocational, general management and specialized programmes of national and international repute. Qualifying employees, after assessment are given 100% sponsorship to undergo a course of their choice.

Disciplined Customer Centricity: The programme's objective is to build skills within the top and senior management so that they can sustain in the growing competition and lead MMFSL to become customer centric.

E-Learning/Whatsapp Programmes: The programme's objective is to provide flexible learning options aimed to build leadership competencies that are easily accessible to employees who are field executives, since they do not have access to computers with internet connectivity.

Health and Safety

The focus on Health & Wellness initiatives in Mahindra can be clearly seen in its policies and programs.

Aarogya

It is the flagship initiative that has been launched to promote Health & Wellness among all Mahindra Finance employees.

The Aarogya program looks at
1) Building Awareness
2) Conducting Preventive Programs
3) Partnering with local Hospital/clinics
4) Conducting Camps for employees

We have a network of 1,167 offices which can make implementation of these programs challenging. However each Regional HR has to ensure that every quarter they conduct at least one program in their region, covering maximum number of employees.

Ensuring access to healthcare helps minimize absenteeism and enhances productivity. Our focus is on creating an environment that enables our employees to excel in their performance.

Stepathlon

Besides this for the last 2 years we have also partnered with Stepathlon. To motivate employees to participate in the program the company sponsors the participation fees. However to ensure that the employees actively participate in the program, there is a penalty clause also levied.

Last year 722 employees participated in the program which was 200% over the previous year's participation numbers.

Suraksha Abhiyaan

Our Infrastructure and Services Team (I&S Department) also conducted 'Suraksha Abhiyaan' Program. This Program that focuses on overall safety aspects related to our operation which covers Fire Safety, Infrastructure Safety and First Aid etc. Under this program we covered a no. of activities that imparted training on essential and basic elements covering these aspects.

Other best practices covering theme of health, hygiene, safety parameters, tips and alerts are shared with all our employees through our mailer series called 'InfraBytes'.

Road Safety

Besides, as a part of our Sustainability Council agenda and to encourage safer driving practices for two-wheeler drivers, we have launched a series of e-learning modules for our employees. The different e-learning modules cover basic and safety aspects one should be cautious of and practise while driving a two-wheeler. In 2015-16, the pilot phase of this e-learning module was initiated in selected regions; and we plan to launch the same for all the locations in the coming years.

We have also planned charting out our Two-Wheeler Road Safety Policy/ guidelines that would be incorporated in our overall safety framework. No serious injury was recorded in the scoped locations for 2015-16.

A total of 160 programmes were conducted across India under Aarogya, our health and wellness calendar. The programmes were based on various themes, such as diabetes, renal disease awareness, AIDS awareness, cancer awareness, healthy lifestyles and yoga. Total no. of employees who participated and were able to take benefits from these programs were 5,218 in the reporting year. Also, we had organized 44 Preventive Health Checks for employees.

Program	No. of mandays for initiatives/session conducted
Stress Management Techniques	51
Making Lifestyle changes to better quality of life	314
Music/Art Initiatives	24
Yoga/Meditation	18
Road Safety Pilot Project	30
"Suraksha Abhiyaan" Program	226
Ergonomics	24
Cancer Awareness	11





Communication regarding launch of our Road Safety Program



Sajjan Singh Rajpoot, Madhya Pradesh,
Home Loan Customer

I am a farmer from Khaikheda. I was introduced to Mahindra Finance in 2009, when I was looking for a way to finance a new tractor. I enquired about their process and documents required to sanction the loan. However, I was not sure if I would be able to repay the installments. I had no assets to fall back on, and I was hesitant to take such a big and risky step. But the executives at Mahindra Finance encouraged me to go ahead.

I finally took the decision to get the tractor with a loan from them. After getting the tractor, I employed it in my farming and gave it on rent to others also. This helped me increase my income, and raise my standard of living. I managed to repay all the installments on time. I saved enough to purchase a 5 bigha plot of land. Later on, because of a marriage in family, I needed funds again. Like before, Mahindra Finance came to my rescue. They immediately arranged for a loan for me, with my tractor as guarantee. I soon repaid all the loan installments.

Over the years, my financial position has improved significantly and today my family is leading a life of happiness and prosperity. I would like to thank Mahindra Finance for enabling me time and again, to grow and prosper.

Sidhanath Apparao Handge, Maharashtra,
Utility Vehicle Loan Customer

I was a coolie working in Shetkari Sahakari Sangh and earned around Rs.10,000 every month. For a long time, I had dreamt of owning a vehicle. When I approached banks for a loan, none of them gave me one. Some of them even mocked me and my dream. I failed to understand why a coolie can't own a vehicle?

Everyone has a right to dream and thankfully a finance company also thought like me. Mahindra Finance respected my profession and my dream. When I went to their office, they explained the loan application process clearly to me. Satisfied and sure about this information, I applied for a utility vehicle loan. After verifying my financial details, they approved my loan immediately. I made paying EMIs my priority to uphold their trust. Even when some people cheated me and took away my vehicle, Mahindra Finance stepped in and helped me in every possible way to get my vehicle back.

Today, my family lives comfortably due to my salary and the money I make with the vehicle. Mahindra Finance came to my rescue during challenging times. Thanks to the wonderful experience I have had with them, I recommend them to everyone I know of.

SOCIAL PERFORMANCE

Management Approach

Transforming lives of the rural population has been the primary focus of all community development initiatives undertaken by Mahindra Finance. Our endeavour is to empower the rural communities and help them unleash their potential. Mahindra Finance has presence in over 280,000 villages across India and therefore, we understand the landscape, the needs and the challenges faced by rural communities.

We have identified Healthcare, Education & Livelihood, Environment, and Innovation as our key CSR thrust areas for the welfare of one of our major stakeholder groups - rural communities in India.

CSR Policy

The policy's objective is to continuously and consistently:

1. Generate goodwill in communities where MMFSL operates or are likely to operate;
2. Initiate projects that benefit communities;
3. Encourage an increased commitment from employees towards CSR activities and volunteering.

Through our CSR and community development initiatives, we primarily focus on the betterment of health, education and the environment.

Scope and Applicability

This policy shall be applicable to all CSR initiatives undertaken by all employees of MMFSL for the benefit of different segments of society.

Mission

Driving positive impact in communities.

Impact Area

Healthcare

- Provide access to healthcare services in rural India
- Strengthen medical infrastructure
- Reducing mortality rates

Education & Livelihood

- Make education affordable for underprivileged children by granting scholarships
- Provide skill development training to youth for livelihood creation

Environment

- Promote afforestation in rural and semi-urban areas
- Increase the green cover across India

Innovation

- Empower food and agri businesses
- Promote development of innovative solutions to increase crop yield
- Provide marketing linkages to farmers

Employee volunteering

- Sensitize Mahindra employees about social issues and encourage active and sustained participation

Resources Structure

CSR Committee (Board level)

FSS CSR Council

HO CSR Secretariat (HO CFT)

Zonal CSR Secretariat (Zonal CFT)

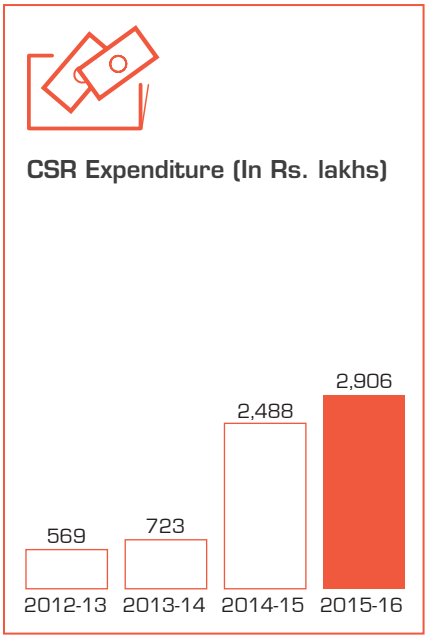
Regional CSR Secretariat (Regional CFT)

Material Aspects covered in this section: • Community Initiatives

The Corporate Social Responsibility Committee ('CSR Committee' Board level) is responsible to formulate the CSR Policy and recommend it to the Board, indicating the activities falling within the purview of Schedule VII to the Companies Act, 2013 to be undertaken by the Company. Also, the Committee recommends the amount to be spent on CSR initiatives presented by the Financial Services Sector CSR Council ('FSS CSR Council') and to monitor the CSR Policy periodically. The FSS CSR Council supported by the CSR Secretariat at the head office made up of cross-functional team (CFT), Zonal CSR Secretariat at the zones and the Regional CSR Secretariat at regions, for the implementation of the approved projects.

The Company has identified CSR thrust areas for undertaking CSR projects/programmes/activities in India. The actual distribution of the expenditure among these thrust areas will depend upon the local needs as may be determined by the need identification studies or discussions with local government/gram panchayat/NGOs. The Company give preference to the local area and areas around which the Company operates for CSR spending.

The Company's revised CSR Policy in 2015-16 including the CSR thrust areas, funding and allocation, criteria for selecting projects & implementing agencies and monitoring mechanism is available on our website http://www.mahindrafinance.com/csr.aspx



The CSR Committee of the Board of Directors comprises:
Mr. Piyush Mankad (Independent Director)
Mr. Ramesh Iyer (Member - Vice Chairman & Managing Director, President – Financial Services Sector)
Mr. V. Ravi (Member – Whole time Director)
Dr. Anish Shah (Member – Non-Executive Non Independent Director)

The 2015-16 FSS CSR Council, Head Office CSR Secretariat, Zonal CSR Secretariat and Regional CSR Secretariat members are:

FSS CSR Council
Mr. Vinay Deshpande
Dr. Jaideep Devare
Mr. Anuj Mehra

Head Office-CSR Secretariat
Mr. Imtiyaz Isani
Mr. Nikhil Save
Mr. Vinod Nair
Ms. Shaily Singh
Mr. Vishal Bhanushali
Additional Member (including subsidiaries)

Zonal CSR Secretariat
Zonal Manager
Zonal HR (Coordinator)
Zonal Accountant
Additional Member (including subsidiaries)

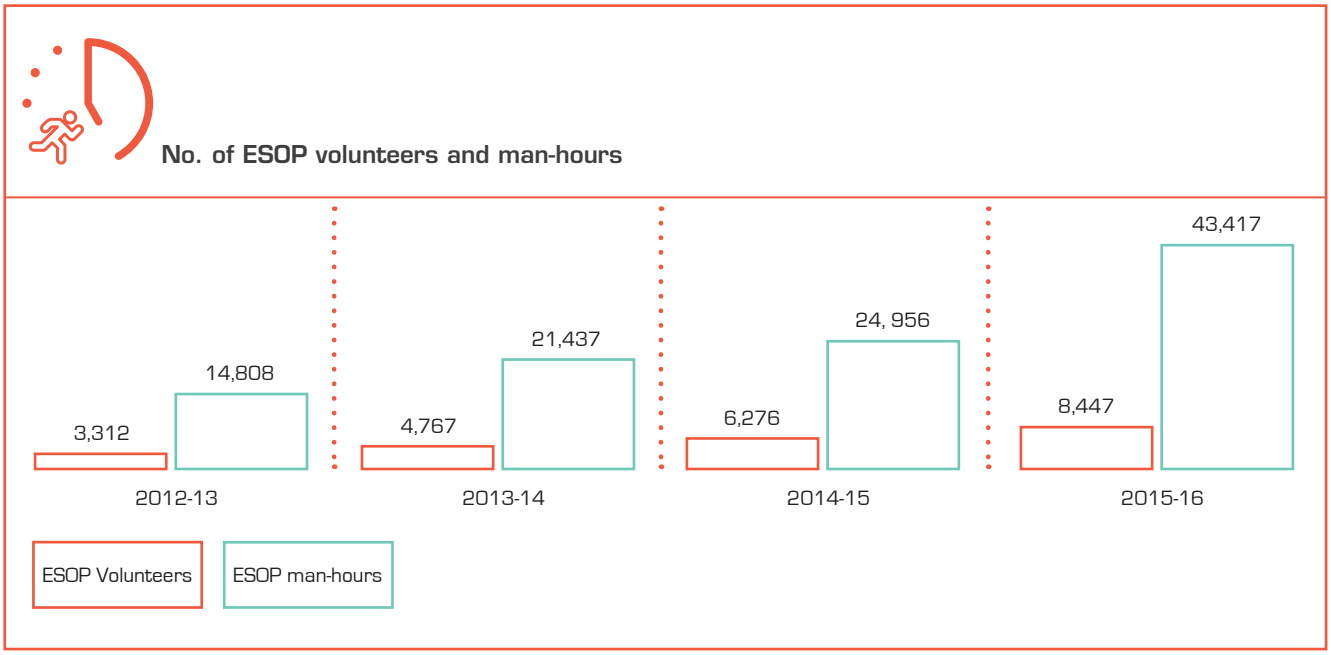
Regional CSR Secretariat
Regional Manager
Regional HR (Coordinator)
Regional Accountant
Additional Member (including subsidiaries)

Employee Social Options Programme (ESOP)

The Company encourages and recognizes its employees for volunteering with the spirit of serving and sharing with the community.

We believe in the importance of spending our own time and effort in CSR initiatives. Our Employee Social Options Programme (ESOPS) is an employee volunteering programme, which focuses on coordinating the activities of employees across three primary areas. Based on the needs of the communities, they ideate projects, construct annual activity plans, implement initiatives and monitor results.

In 2015-16, a total 8,447 employees volunteered in various CSR initiatives from FSS, contributing 43,417 man-hours. Employee volunteer participation in CSR activities was 39.80% across India.



The CSR impact is mentioned below:

CSR Activity	No. of Programmes (No. of beneficiaries)
Life Line Express	1 (7,421 patients)
Ambulance Donation	12 NGOs/hospitals
Health Check-up Camp	16 (4,048 patients)
Old Age Home Visits/ Orphanage Visits/ Municipal School Visits	35 (6,913 beneficiaries)
Blood Donation	3,644 units of blood donated
Nanhi Kali	7,403 girls
Scholarship	2,700 beneficiaries
Vocational Training	1,023 youth
Drivers Training	70 women
Mahindra Pride School	2,010 youth
Financial Literacy	5,000 students
Tree Plantation	93,500 trees

CSR Calendar

We have a CSR Calendar, which offers a range of CSR activities to be conducted every year by various states, across India. Zonal and regional CSR secretariats send a schedule and their choice of activity for the year after conducting need assessments. The efficiency of CSR Calendar was maintained at 100% throughout the year.

At Financial Services Sector, we work towards the following thrust areas as part of our CSR interventions.

Education

Education is the key to transforming lives. When we address the problems that plague education, we resolve multiple issues and enable us to realize aspirations. For us, education is an important thrust area of our CSR programme.

Health

We aim to create transformation in rural India, which is self-sustaining and encourages growth-oriented communities. Such transformation requires empowerment of communities in all aspects of life, including health. With basic requirements such as food, water and shelter being hard to acquire in rural India, access to medical support seems like a distant dream for the underprivileged. Our efforts are dedicated towards bringing basic healthcare to the poor and secluded areas of our country.

Environment

Due to population explosion, climate change and poor environmental policies, several species are facing the threat of extinction. Not only does this affect the food chain, but also the livelihood of millions who depend on monsoon for their agriculture output in rural India.



1

Overview of Projects Undertaken in 2015-16

Sehat: Lifeline Express

As a part of our CSR initiative, MMFSL inaugurated Life Line Express on 27th February, 2016, at Bhadohi, Uttar Pradesh. The train is a hospital on wheels comprising five railway coaches, equipped with the latest medical and surgical facilities. The hospital on wheels offers healthcare services for eyes (cataract), ears, cleft lip, teeth and epilepsy. This year there were 7,421 total beneficiaries, among whom 882 were operated. During lifeline total 82, ESOP volunteers contributed 3,083 man-hours.

Sehat: Medical Care Equipment Donation

The project aims at increasing access to healthcare by offering quality services through a well-equipped facility and identifying diseases in collaboration with NGOs. This project was implemented at Haryana, Uttar Pradesh, Jharkhand, West Bengal, Odisha, Karnataka, Rajasthan and Maharashtra in collaboration with NGOs.

Sehat: Ambulance Donation

MMFSL donated ambulances to 12 NGOs/ hospitals across India to provide medical facilities at the doorstep for those in need. The facilities were provided across Himachal Pradesh, Uttar Pradesh, Bihar, Madhya Pradesh, Gujarat, Maharashtra, Gujarat, Andhra Pradesh, Tamil Nadu, Kerala and West Bengal.


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1 CSR Calendar
2 Ambulance Donation
3 Vocational Training Program
4 Lifeline Express
5 Lifeline Express

Shiksha: Nanhi Kali

Nanhi Kali was initiated in 1996 out of the conviction that empowering girls through education would have a significant positive impact on the nation in the long run. It allows individuals and corporates to participate and support the education of underprivileged girls in India. This project is implemented across nine states in India. The Company supported 7,403 Nanhi Kalis in 2015-16.

Gyandeep: Supporting Mumbai Public Schools

MMFSL, in partnership with the Naandi Foundation, is supporting 28 Mumbai Municipal Schools to provide quality education in English.

Shiksha: Scholarships

MMFSL, in collaboration with K.C. Mahindra Education Trust, supported 2,500 graduate and 200 post-graduate meritorious students from economically-marginalised sections. This project was implemented at pan-India level.


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Huunar: Vocational Training

MMFSL, through Hire-Train-Deploy (HTD) model, has trained 1,023 unemployed educated youth to make them employable. A total of 223 trained youth was employed in various organizations. The two-week training programme focuses on financial, communication, sales and interpersonal skills to make unemployed youth employable.

Huunar: Drivers Training Programme

MMFSL, in association with Azad Foundation, Delhi and ANEW Chennai, is providing training to 70 women from underprivileged communities to become professional drivers, enabling them to gain 'livelihoods with dignity'.

Hunnar: Mahindra Pride Schools

Since 2007, Mahindra Pride Schools help transform the lives of youth from socially and economically disadvantaged communities by providing livelihood training. The school is meant exclusively for youth (18-25 years) and offers equal opportunity for men and women, with a focus on rural youth. In 2015-16, the Company supported three schools in Pune, Chennai and Patna, which trained 2,010 youth.

Financial Literacy

MMFSL distributed 5,000 financial literacy education kits to school students in five states to inculcate habit of saving from childhood. The kits were in Hindi/English and also contained a piggy bank, a daily expenses diary and a game aimed at financial literacy, among other school items.

Hariyali: Tree Plantation

We acknowledge that environmental sustainability forms an integral part to run our business smoothly. Thus, through our various sustainability-related initiatives, we try to reduce the emission of Green House Gases (GHG). The Mahindra Group has taken on a mission of planting 1 million trees across the country every year. In 2015-16, MMFSL contributed to Project Hariyali with 93,570 saplings across India. This will not only enhance the green cover for the community, but also help reduce GHG emissions in the atmosphere.

Technology Incubators

MMFSL is supporting two incubation centres – Kinetic Machine and Flybird Innovation through the Department of Science & Technology, Government of India certified incubator partners. Both the projects focus on improving lives in rural India. Kinetic Machine is providing equipment for plantation of crops and controlled pesticide sprayer. Sickle Innovation aims at making available smart irrigation controller for small and marginal farmers.

1. Flybird Innovations - Smart irrigation controller enables small and marginal farmers to implement sophisticated water and fertilizer management practices.

2. Kinetic Machines - The project covers the following features/functionalities:

   A. Trenching machine - Primary land preparation equipment for plantation crops, suitable for making continuous trenches and pits.

   B. Controlled pesticide sprayer - This machine is mounted on a ladder; it automatically detects areca nut bunch and launches specified amount of pesticide cloud. The social impact of both these incubators is going to measure in the coming year.

Medical Equipment Donation Project

MMFSL donated medical equipment to Family Planning Association of India (FPAI), Liver Foundation and Think Foundation in the 2015-16. The objective of the program is to improve the Medical infrastructure in most hospitals, which cater to marginal population in the country. MMFSL donated health equipment with the objective of increasing access to quality services by offering a well-equipped facility.

Livelihood Training for Women

Most of the Women's employment programs are associated with activities that women are traditionally supposed to perform eg. cooking, sewing, etc. MMFSL decided to undertake a project, which aimed to teach women non-traditional means of earning livelihood, increasing the scope of opportunities available to them and making them employable. This project was implemented through two NGOs, Association for Non- Traditional Employment for Women (ANEW) and Azad Foundation.


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1 Scholarship Distribution
2 Financial Literacy
3 Project Hariyali - Tree Plantation
4 Medical Equipment Donation
5 Drivers Training for Women

Material Aspects covered in this section: • Financial Literacy



Lakhan Sahu, Uttar Pradesh,
Construction Equipment Loan Customer

I used to run a gym in a small town called Nandanpura. It was my passion but it wasn't paying me well. I couldn't continue living on this meagre income and it was getting more difficult by the day. So I decided to start another business to supplement my income. While I had an idea of owning a machine and starting a construction business, I didn't know how to begin.

When I told my friend about this problem, he advised me to go to Mahindra Finance. I visited their office and shared my business idea with them. After verifying my documents and the detailed project report, they sanctioned my construction equipment loan in a short period. This help at the starting stage of my business was all I needed. With their help I started growing and success came knocking at my door.

Today my business is doing very well. I love what I do. I will always thank them for helping me in my first step towards a better life.

Reena Jose, Kerala,
Light Commercial Vehicle Loan and Personal Loan Customer

I am a homemaker from Kerala. My husband brought home a meagre income as a driver. In order to support my family and to do something meaningful with my life, I wanted to start a business, for which I needed a vehicle. The fact that I was a homemaker was enough to make sure I never got a loan. No bank was willing to give me a loan because I didn't have the desired profile.

When I was dejected because of this, my neighbour told me about Mahindra Finance. I got in touch with them, and they helped me understand the loan process in simple terms. They trusted my determination and gave me a loan. Their fast process and flexible payment model was icing on the cake.

The vehicle kick-started my business, raised my status and gave me self-confidence. More importantly, it has made me independent. After a year, I again went to them for a personal loan for my daughter's education. Seeing my track record, they approved it instantly. Not only did they help me get a foothold in life, but they continue providing support even today. I have been referring Mahindra Finance to all my friends and relatives.

GRI G4 CONTENT INDEX



General Standard Disclosures

STRATEGY AND ANALYSIS	Page Number
G4-1	Pg. 4-5, Mahindra Finance Annual Report Pg. 76-85
G4-2	Pg. 18-22, 24-27
ORGANIZATIONAL PROFILE	
G4-3	Pg. 6
G4-4	Pg. 10, 33
G4-5	Pg. 7
G4-6	Pg. 6-7, 13
G4-7	Pg. 8-11, 14
G4-8	Pg. 8-10, 24-25
G4-9	Pg. 6-11, 30, For further details pl. refer our annual report - www.mahindrafinance.com/annualreports.Aspx
G4-10	Pg. 40-48
G4-11	Not applicable: As there are no unions, no collective bargaining agreements exist.
G4-12	Pg. 28-29
G4-13	Pg. 6-7
G4-14	Pg. 4-5, 32-35
G4-15	Pg. 9, 15
G4-16	Pg. 17
IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES	
G4-17	Pg. 6-7, 10-11
G4-18	Pg. 20
G4-19	Pg. 18-19
G4-20	Pg. 19-20
G4-21	Pg. 19-20
G4-22	No restatements in the report.
G4-23	Pg. 6-7, 18-22
STAKEHOLDER ENGAGEMENT	
G4-24	Pg. 18-22
G4-25	Pg. 18-22
G4-26	Pg. 18-22
G4-27	Pg. 18-22
REPORT PROFILE	
G4-28	Pg. 6
G4-29	February 2016
G4-30	Annual
G4-31	Pg. 7
G4-32	Pg. 6, Back Cover, Pg. 56-59, 62-63
G4-33	Pg. 62-63
GOVERNANCE	
G4-34	Pg. 16-17, 24-27
ETHICS AND INTEGRITY	
G4-56	Pg. 8-9, 11, 16-17

SPECIFIC STANDARD DISCLOSURES				
DMA and Indicators	**"Page Number (or Link)** Information related to Standard Disclosures required by the 'in accordance' options may already be included in other reports prepared by the organization. In these circumstances, the organization may elect to add a specific reference to where the relevant information can be found."	**"Identified Omission(s)** In exceptional cases, if it is not possible to disclose certain required information, identify the information that has been omitted."	**"Reason(s) for Omission(s)** In exceptional cases, if it is not possible to disclose certain required information, provide the reason for omission."	**"Explanation for Omission(s)** In exceptional cases, if it is not possible to disclose certain required information, explain the reasons why the information has been omitted."
	CATEGORY: ECONOMIC			
	MATERIAL ASPECT: ECONOMIC PERFORMANCE			
G4-DMA	Pg. 30-31			
G4-EC1	Pg. 30			
G4-EC2	Pg. 31			
G4-EC4	No financial assistance received from the Government and the Government has no presence in the shareholding structure.			
	MATERIAL ASPECT: INDIRECT ECONOMIC IMPACTS			
G4-DMA	Pg. 24-25, 32-33, 50-51			
G4-EC8	Pg. 33-35			
	CATEGORY: ENVIRONMENTAL			
	MATERIAL ASPECT: MATERIALS			
G4-DMA	Pg. 36			
G4-EN1	Pg. 37-38			
	MATERIAL ASPECT: ENERGY			
G4-DMA	Pg. 36			
G4-EN3	Pg. 37			
G4-EN4	Not Applicable	Energy consumption outside of the organization	The Standard Disclosure or part of the Standard Disclosure is not applicable	The organization is a service based industry with no energy consumption in downstream operations.
G4-EN6	Pg. 37-38			
	MATERIAL ASPECT: EMISSIONS			
G4-DMA	Pg. 36			
G4-EN15	Pg. 36			
G4-EN16	Pg. 36			
G4-EN17	Pg. 36			
	MATERIAL ASPECT: COMPLIANCE			
G4-DMA	Pg. 17			
G4-EN29	Pg. 17			

SPECIFIC STANDARD DISCLOSURES				
DMA and Indicators	"Page Number (or Link)	"Identified Omission(s)	"Reason(s) for Omission(s)	"Explanation for Omission(s)
CATEGORY: SOCIAL				
SUB-CATEGORY: LABOR PRACTICES AND DECENT WORK				
MATERIAL ASPECT: EMPLOYMENT				
G4-DMA	Pg. 40-41			
G4-LA1	Pg. 43-44			
G4-LA2	Mahindra & Mahindra Financial Services Limited Annual Report 2015-16: Pg. 123, 188			
G4-LA3	Pg. 44			
MATERIAL ASPECT: TRAINING AND EDUCATION				
G4-DMA	Pg. 40-41, 46-47			
G4-LA9	Pg. 47	Average Training Hours per Employee	Total training manhours has been accounted and reported.	
G4-LA10	Pg. 42, 46-47			
G4-LA11	All employees (100%) are part of the formal Performance Management System.			
SUB-CATEGORY: HUMAN RIGHTS				
MATERIAL ASPECT: INVESTMENT				
G4-DMA	Pg. 17, 40-41			
G4-HR1	We do have a Policy on Human Rights in Economic Decision Making, however we do not carry out screening for the human rights.	Total number & percentage of significant agreement and contracts have gone human rights screening.	The information is currently unavailable	
G4-HR2	Pg. 40-41	Total hours of employee training on human rights policies & procedures	The information is currently unavailable	
MATERIAL ASPECT: NON-DISCRIMINATION				
G4-DMA	Pg. 40-42			
G4-HR3	No incidents occurred during the reporting period.			
MATERIAL ASPECT: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING				
G4-DMA	Pg. 40-41			
G4-HR4	Not Applicable		The Standard Disclosure or part of the Standard Disclosure is not applicable	As there are workmen or unions, no collective bargaining agreements exist.
MATERIAL ASPECT: CHILD LABOR				
G4-DMA	Pg. 40-41			
G4-HR5	Pg. 40-41			
MATERIAL ASPECT: FORCED OR COMPULSORY LABOR				
G4-DMA	Pg. 40-41			
G4-HR6	Pg. 40-41			
MATERIAL ASPECT: SECURITY PRACTICES				
G4-DMA	Pg. 40-41			
G4-HR7	Data not available	Percentage of security personnel trained in organizations human rights policies.	The information is currently unavailable	
MATERIAL ASPECT: INDIGENOUS RIGHTS				
G4-DMA	Pg. 40-41			
G4-HR8	No incidents occurred during the reporting period.			

SPECIFIC STANDARD DISCLOSURES				
DMA and Indicators	"Page Number (or Link)	"Identified Omission(s)	"Reason(s) for Omission(s)	"Explanation for Omission(s)
		MATERIAL ASPECT: ASSESSMENT		
G4-DMA	Pg. 40-41			
G4-HR9	Data not available		The information is currently unavailable	Currently, we do not carry out explicit human rights reviews.
		SUB-CATEGORY: SOCIETY		
		MATERIAL ASPECT: LOCAL COMMUNITIES		
G4-DMA	Pg. 50-52			
G4-SO1	Pg. 50-54			
G4-SO2	There are no operations with significant impact on local communities			
		MATERIAL ASPECT: ANTI-CORRUPTION		
G4-DMA	Pg. 16-17			
G4-SO4	"Pg. 16-17 Anti-corruption training is provided to all employees during induction. Every year senior management and middle management are required sign their declaration to adherence to the Code of Conduct."	Training on anti-corruption policies and procedures	The information is currently unavailable	Currently, we do not track anti-corruption training specifically, data of overall training shared in report.
G4-SO5	There have been no reported incidents of corruption			
		MATERIAL ASPECT: PUBLIC POLICY		
G4-DMA	Pg. 17			
G4-SO6	We did not give any financial and in-kind contributions to political parties, politicians and related institutions.			
		MATERIAL ASPECT: COMPLIANCE		
G4-DMA	Pg. 17			
G4-SO8	Pg. 17			
		SUB-CATEGORY: PRODUCT RESPONSIBILITY		
		MATERIAL ASPECT: PRODUCT AND SERVICE LABELING		
G4-DMA	Pg. 32-34			
G4-PR5	Pg. 21, 34			
		MATERIAL ASPECT: MARKETING COMMUNICATIONS		
G4-DMA	Pg. 32-34			
G4-PR6	The organization is not engaged in sale of banned or disputed products.			
G4-PR7	Pg. 34			
		MATERIAL ASPECT: CUSTOMER PRIVACY		
G4-DMA	Pg. 32-33			
G4-PR8	Pg. 32			
		MATERIAL ASPECT: COMPLIANCE		
G4-DMA	Pg. 32-33			
G4-PR9	We do not have any fines for non-compliance with laws & regulations concerning provision and use of products & services.			

National Voluntary Guidelines Mapping		
Principle	**Description**	**Page No.**
Principle 1	Businesses should conduct and govern themselves with Ethics, Transparency and Accountability	16-17
Principle 2	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle	28-35
Principle 3	Businesses should promote the wellbeing of all employees	40-48
Principle 4	Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised	21-27 50-54
Principle 5	Businesses should respect and promote human rights	40-41
Principle 6	Business should respect, protect, and make efforts to restore the environment	36-38, 54
Principle 7	Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner	17-18
Principle 8	Businesses should support inclusive growth and equitable development	32-35, 50-54
Principle 9	Businesses should engage with and provide value to their customers and consumers in a responsible manner	24-27 32-35

GLOSSARY AND ABBREVIATIONS



ABCI	Association of Business Communicators of India
AIDS	Acquired Immunodeficiency Syndrome
BoP	Bottom of the Pyramid
CaPS	Customer as Promoter Score
CO2	Carbon Dioxide
CDP	Carbon Disclosure Project
CEO	Chief Executive Officer
CGC	Corporate Governance Cell
CFO	Chief Financial Officer
CII	Confederation of Indian Industry
CIO	Chief Information Officer
CPCB	Central Pollution Control Board
CRISIL	Credit Rating & Information Services of India Limited
CSR	Corporate Social Responsibility
DJSI	Dow Jones Sustainability Index
DNA	Data Not Available
EMI	Equated Monthly Installment
ESOPs	Employee Social Option Scheme
FICCI	Federation of Indian Chamber of Commerce and Industry
FIDC	Finance Industry Development Council
FSS	Financial Services Sector
FTM	First Time Managers
GDP	Gross Domestic Product
GHG	Greenhouse Gas
GJ	Giga Joules
GEB	Group Executive Board
GRI	Global Reporting Initiative
HHD	Hand Held Device
HO	Head Office

HR	Human Resources
HRD	Human Resource Development
ICT	Information, Communication, and Technology
INR	Indian Rupee
IT	Information Technology
KCMET	K. C. Mahindra Educational Trust
KCPL	Karvy Computershare Private Limited
LTV	Loan-To-Value
MAS	Mahindra Arogya Suraksha
MBCSPL	Mahindra Business & Consulting Services Private Limited
MD	Managing Director
MIBL	Mahindra Insurance Brokers Ltd.
MLS	Mahindra Sampoorna Suraksha
MMFSL	Mahindra & Mahindra Financial Services Limited
MRHFL	Mahindra Rural Housing Finance Ltd.
MSS	Mahindra Sampoorna Suraksha
NAPCC	National Action Plan on Climate Change
NBFC	Non-Banking Financial Companies
NGO	Non Governmental Organization
NIS	Not in Scope
PAT	Profit After Tax
RBI	Reserve Bank of India
RO	Regional Offices
ROI	Return On Investment
SEBI	Securities and Exchange Board of India
SIAM	Society of Indian Automobiles Manufacturers
SEBI	Securities and Exchange Board of India
TAT	Turnaround Time
UNDP	United Nations Development Program

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INDEPENDENT ASSURANCE STATEMENT

to Mahindra & Mahindra Financial Services Limited on their Sustainability Report for Financial Year (FY) 2015-16

To the management of Mahindra & Mahindra Financial Services Limited, Mahindra Towers, Dr. G.M. Bhosale Marg, P.K.Kurne Chowk, Worli, Mumbai – 400018

Introduction

Mahindra & Mahindra Financial Services Limited ('the Company' or 'Mahindra Finance') has requested KPMG in India ('KPMG' or 'We') to provide independent assurance on its Sustainability Report FY 2015-16. The Report was prepared by Mahindra Finance as per the Global Reporting Initiative's (GRI) G4 Guidelines, 'In-accordance' – Core option.

The Company's management is responsible for the content of the report, identification of the key issues, engagement with stakeholders and its presentation. KPMG's responsibility is to provide limited assurance on the report content as described in the scope of assurance.

Assurance Standard

We conducted the assurance in accordance with limited Assurance requirements of International Federation of Accountants' (IFAC) International Standard on Assurance Engagement (ISAE) 3000 (revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information.

Under this standard, we have reviewed the information presented in the report against the principles of relevance, completeness, reliability, neutrality and understandability.

Scope of Assurance

The scope of assurance covers disclosures on select information and indicators as specified below for the period 01 April 2015 to 31 March 2016. The General and Specific Standard Disclosures subject to assurance were as follows:

General Standard Disclosure

- Strategy and Analysis (G4-1)
- Organizational Profile (G4-3 to G4-16)
- Identified Material Aspects and Boundaries (G4-17 to G4-23)
- Stakeholder Engagement (G4-24 to G4-26)
- Report Profile (G4-28 to G4-33)
- Governance (G4-34)
- Ethics and Integrity (G4-56)

Specific Standard Disclosure

- Economic
  - Economic Performance (G4-EC8)
- Environmental
  - Material (G4-EN1), Energy (G4-EN3), Emissions (G4-EN15 to G4-EN17), Compliance (G4 - EN29)
- Labor Practices and Decent Work
  - Employment (G4-LA1, G4-LA3), Training & Education (G4-LA9)
- Society
  - Local Communities (G4-SO1, G4 SO8, FS14)
- Product Responsibility
  - Product and Service Labeling (G4-PR5, FS16), Marketing Communications (G4-PR7)

Limitations in Conducting the Assurance

Our assurance process was subject to the following limitations:

- Verification of claims was limited to data and information presented in the Report for the period 01 April 2015 to 31 March 2016.
- Data and information in the Report outside this reporting period was not subject to verification.
- Any statement/ remarks/ comments indicating intention, opinion, belief and/ or aspiration by Mahindra Finance were excluded from the scope of assurance.
- Determine which, if any, recommendations should be implemented.
- The Assurance Statement does not include verification of financial performance indicators/information that was sourced from Mahindra Finance's Annual Report FY 2015-16.
- Assurance visits were limited to the corporate and regional offices which are mentioned in the assurance procedure.

Assurance Procedure

Our procedures include assessment of the risks of material misstatements of selected performance indicators and disclosures and underlying internal controls relevant to the information published in the Report. Our procedures were designed to gather sufficient and appropriate evidence to determine that the selected performance information is not materially misstated. Our assurance procedures also included:

KPMG, an Indian partnership and a member firm of the KPMG network of Independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity

CIN U74140MH2005PTC153503

- Evaluating the Report's content to ascertain the 'in-accordance' option as per Global Reporting Initiative's G4 guidelines
- Evaluating the appropriateness of the quantification methods and models used to arrive at the data presented in the Report.
- Verification of systems and procedures used for quantification, collation, and analysis of sustainability performance indicators included in the Report.
- Understanding the appropriateness of various assumptions, estimations and materiality thresholds used by Mahindra Finance for data analysis.
- Discussions with the personnel responsible for the evaluation of competence required to ensure reliability of data and information presented in the Report.
- Discussion with senior executives at Mahindra Finance premises and corporate office to understand the risk and opportunities from sustainability context and the strategy followed by Mahindra Finance.
- Testing on a sample basis, the evidence supporting the data and information.
- Assessment of stakeholder engagement and materiality assessment process for determining material aspects
- Assurance visits to the following offices:
  - Corporate Office, Mumbai
  - Regional Offices (Nashik)
  - Video Conference at Regional office in Ahmedabad
  - Video Conference at Regional office in Jaipur

The procedures performed in a limited assurance engagement are less in extent than for a reasonable assurance engagement. Appropriate documentary evidence was obtained to support our conclusions on the information and data verified. Where such documentary evidence could not be collected on account of confidential information our team verified the same during assurance visits.

Conclusions

Based on the procedures performed, nothing has come to our notice that causes us not to believe that the Sustainability Report of Mahindra Finance for the Financial Year ended 31 March, 2016 is presented fairly, in all material respects, in accordance with the Sustainability Reporting Guidelines (G4) of the Global Reporting Initiative.

Independence

The assurance was conducted by a multidisciplinary team including professionals with suitable skills and experience in auditing environmental, social and economic information in line with the requirements of ISAE 3000 (Revised) standard. Our work was performed in compliance with the requirements of the IFAC Code of Ethics for Professional Accountants, which requires, among other requirements, that the members of the assurance team (practitioners) as well as the assurance firm (assurance provider) be independent of the assurance client, in relation to the scope of this assurance engagement, including not being involved in writing the Report. The Code also includes detailed requirements for practitioners regarding integrity, objectivity, professional competence and due care, confidentiality and professional behavior. KPMG has systems and processes in place to monitor compliance with the Code and to prevent conflicts regarding independence. The firm applies ISQC 1 and the practitioner complies with the applicable independence and other ethical requirements of the IESBA code.

Responsibilities

Mahindra Finance is responsible for developing the Report contents. Mahindra Finance is also responsible for identification of material sustainability issues, establishing and maintaining appropriate performance management and internal control systems and derivation of performance data reported. This statement is made solely to the Management of Mahindra Finance in accordance with the terms of our engagement and as per scope of assurance.

Our work has been undertaken so that we might state to Mahindra Finance those matters for which we have been engaged to state in this statement and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Mahindra Finance for our work, for this report, or for the conclusions expressed in this independent assurance statement. The assurance engagement is based on the assumption that the data and information provided to us is complete and true. We expressly disclaim any liability or co-responsibility for any decision a person or entity would make based on this assurance statement. By reading this assurance statement, stakeholders acknowledge and agree to the limitations and disclaimers mentioned above.



Prathmesh Raichura
Director
KPMG in India

08 December 2016

NOTES

Mahindra FINANCE

Mahindra & Mahindra Financial Services Limited

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This report has been printed on environment friendly paper

This report is prepared adhering to 'In Accordance – Core' option of latest GRI G4 guideline and has undergone Materiality Disclosure Service Check by GRI.
This report has also been externally assured by KPMG. All figures in this report are as on 31st March, 2016.

concept and design at aicl (info@aicl.in)