Technology. Value. Reach.

GREAVES
SINCE 1859

Greaves Cotton Limited

ANNUAL REPORT 2009-10

Contents

GREAVES
SINCE 1859

Technology. Value. Reach.

High-quality engines and equipment developed through the application of **contemporary, world-class, research-led "frugal" Technology.**

Delivering Value for the **money of the cost conscious Indian customer.**

And a **well established network that can Reach every corner of the Country,** enabling one and all to participate in the transforming Indian economic scenario.

CHAIRMAN'S LETTER

Dear Shareholders

It is with pleasure that I write to you to report on the year that saw your Company complete 150 years of operations.

The first part of the fiscal year 2009-2010 continued to be affected by the global recession. Fortunately, the Indian economy, on account of its inherent strengths and aided by the Government's fiscal interventions, revived quickly. I am happy to state that for your Company too the financial year 2009-2010 was one of recovery followed by growth.

In overall terms, the Company reported revenue increase of 28.7%, coupled with EBIDTA improving by 31%. Consequently, the Board of Directors has recommended a higher total dividend for the year at 75%.

Additionally, to commemorate the Company's 150 years, the Board of Directors has recommended a Special Dividend of 75%, which will bring the total payout to 150%. This involves a total cash outgo of Rs. 85.27 crores (inclusive of Dividend Distribution Tax).

As the economy revived, so did industries and businesses across verticals. For us at Greaves, this presented a conducive economic and business backdrop. The key developments and initiatives undertaken by the Company have reflected in growth and consequently better performance by the various divisions during the year.

The growing Government focus on boosting the agriculture sector encouraged us to initiate several new product launches during the year, leading to strong performance by the Agricultural Equipment Division. It has been our constant endeavour to reach out to more and more farmers across the country with our innovative and affordable offerings. As we move forward, I am confident of utilizing our strengths in this segment to support the Indian farmer as he transforms the farming practices in the Country.

The automotive industry has been a star performer in the Indian economy. As such, our Automotive Division, which contributes the largest share to our total revenues, was well placed to benefit from its revival and has achieved robust performance during the year.

The slow but steady revival in demand for Gensets, particularly in the latter part of FY 10, augurs well for the growth prospects of our Auxiliary Power Division. In order to rebuild strong brand connect and loyalty with consumers, the Division promoted a series of Road Shows across the Country during the year. I am optimistic that this campaign will give a further fillip to Greaves Gensets among various target groups.

Although the Construction Equipment Division has reported improved performance compared to the previous year, the progress has been slow, particularly in the Road Segment. To further consolidate and enhance its performance, the Division has recently also entered the large material handling segment of this market.

The Industrial Engines Division, created a year ago, although in its nascent stage, has made a modest beginning. It has been working on use specific application engineering to enhance our presence in this market.

The Company is on the right path towards achieving its Vision and I am confident that the growth momentum across all businesses will continue in the current year. With your co-operation and support, we aim to climb further on this upward curve of success and achievement.

Warm regards,

Yours truly,

Karan Thapar

CORPORATE INFORMATION

BOARD OF DIRECTORS

Karan Thapar
Chairman

Vijay Rai

Suresh N. Talwar

Vikram Tandon

Sukh Dev Nayyar

Prabhakar Dev
Managing Director & CEO

EXECUTIVE VICE PRESIDENT & COMPANY SECRETARY

K. K. Saraf

AUDITORS

Sharp & Tannan

BANKERS

State Bank of India
Bank of India
ICICI Bank
HDFC Bank
Royal Bank of Scotland N.V.

REGISTERED OFFICE

Industry Manor,
Appasaheb Marathe Marg,
Prabhadevi,
Mumbai - 400025.
www.greavescotton.com

EXECUTIVE COMMITTEE

Prabhakar Dev
Managing Director & CEO

A. K. Sonthalia
Executive Vice President &
Chief Financial Officer

A. Savanur
Vice President &
Head - Construction Equipment Division

B. P. Jetty
Executive Vice President &
Head - Automotive Division

K. K. Saraf
Executive Vice President &
Company Secretary

K. M. Joshi
Executive Vice President &
Head - Auxiliary Power Division

R. P. Chaudhary
Vice President &
Head - Industrial Engines Division

V. N. Deshpande
Executive Vice President &
Head - Human Resources

V. Sridhar
Vice President &
Head - Agricultural Equipment Division

WORKS

Chikalthana, Aurangabad (Maharashtra)
Waluj, Aurangabad (Maharashtra)
Chinchwad, Pune (Maharashtra)
Gummidipoondi (Tamil Nadu)
Ranipet (Tamil Nadu)

EMBRACING CONTEMPORARY TECHNOLOGY TO MATCH GLOBAL STANDARDS

Greaves finds value in the adoption of world-class technology developed in its own laboratories to match global standards of excellence. Technology that enables our emergence as a Company committed to delivering quality engines and construction equipment to the Indian customers.

Boom pump

Twin cylinder engine / power pack

- Technology that enables various industries to virtually eliminate their dependence on import of high-end engines and construction equipment.
- Technology that empowers us to fulfil the needs of the growing Indian domestic market with a complete range of engines geared to suit a host of applications.
- Technology that has helped us emerge as one of the most trusted names in both compaction and concreting equipment.

An achievement that has been widely acknowledged by discerning customers over the years and finds manifestation in our extensive investment in the development of fully-equipped engine technology development centres. Our innovative technology solutions are evident in our product design and state-of-the-art manufacturing.

DELIVERING TRUE VALUE TO OUR ESTEEMED CUSTOMERS

Empowered by our growing focus on contemporary, indigenous technology, we have consistently and constantly boosted our product and service portfolio to deliver true value to the expanding base of our customers.

Single cylinder diesel engine

- Value that is evident in our capacity to develop and market cost competitive engines for customers across various sectors like automotive, power generation, agriculture and a variety of industrial equipment.

- Value that is show-cased in our skill-set to continuously innovate and develop practical solutions for compaction and concreting equipment.

It is this thrust on value that has enabled us to ensure that we provide service with satisfaction to our customers in the form of products with "value-for-money".

The Greaves stratagem has constantly helped us reach out to the end-users, our customers in the remotest corners of the country, not only for the first-touch point of sale but also to service them well throughout the life of the product.

Petrol / Kerosene engine

REACHING OUT TO CUSTOMERS THROUGH OUR EXTENSIVE NETWORK

Our core strength - developing world-class technology and applying it to deliver true value to our customers - complimented by our elaborate network has enabled us to reach out to clients across regional boundaries and diverse sectors for equipment, parts and service requirements.

Authorized Trained Mechanics (ATMs) of Greaves auto engines – reaching customers anytime, anywhere

- Reach that extends to customers across urban centres as well as towns and villages even in the remote interiors of the country, with an extensive marketing and servicing network of offices and over 1200 dealers.

- Reach that is exemplified by our ability to provide pre and post sales support to our customers 24x7, to ensure smooth functioning of our equipment and bring about a perceptible difference in the lives of multitudes of people.

It is this growing Reach and expansive thrust of our product and service portfolio that has powered the emergence of Greaves as one of India's leading growth drivers.

FINANCIAL HIGHLIGHTS

(₹ in crores)

Particulars	2000-01 Apr-Sept 18 mths	01-02 Oct-Jun 9 mths	02-03 Jul-Jun 12 mths	03-04 Jul-Jun 12 mths	04-05 Jul-Jun 12 mths	05-06 Jul-Jun 12 mths	06-07 Jul-Jun 12 mths	07-08 Jul-Jun 12 mths	08-09 Jul-Jun 12 mths	09-10 Jul-Jun 12 mths
Net Sales	764	367	530	637	652	834	1063	1150	1041	1347
EBIDTA	1	50	74	87	102	141	175	168	126	213
Profit before Tax	(94)	(49)	2	33	102	132	144	138	80	173
Profit after Tax	(93)	(42)	2	22	62	85	122	110	56	118
Equity	44.63	44.63	44.64	44.64	45.64	48.84	48.83	48.84	48.84	48.84
Earnings Per Share	(22.97)	(10.71)	(1.22)	4.87	13.72	18.16	25.05	22.56	11.47	24.15
Net Worth	110	99	80	106	143	211	295	371	404	437
Debt	323	316	239	127	79	54	39	49	44	5
Capital Employed	441	421	326	240	226	271	340	434	478	471
Debt : Equity	2.94	3.18	2.98	1.19	0.55	0.26	0.13	0.13	0.11	0.01
No. of Shareholders	57,388	56,713	55,065	50,834	43,569	42,459	41,781	44,239	44,565	42,663
Dividend (%)	-	-	-	-	70	70	70	60	40	150*

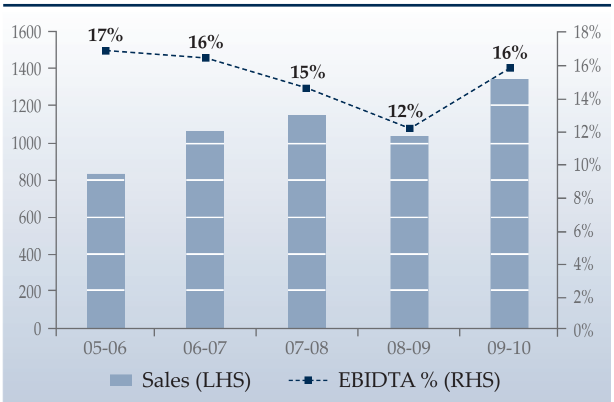
** includes Special Dividend of 75%*

1 crore = 10 million

KEY PERFORMANCE INDICATORS

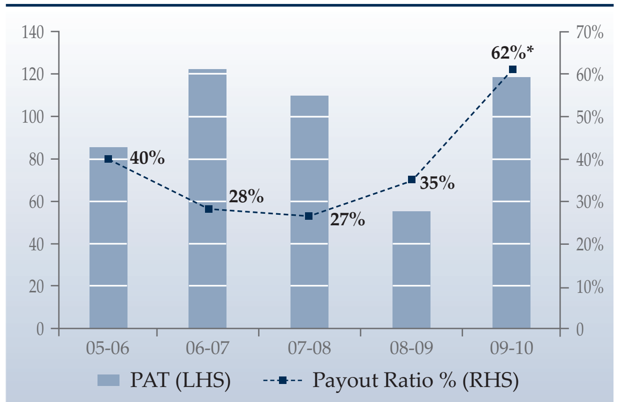
SALES & EARNING BEFORE INTEREST, DEPRECIATION, TAX & AMORTISATION (%)

(₹ in crores)



PROFIT AFTER TAX & PAYOUT RATIO

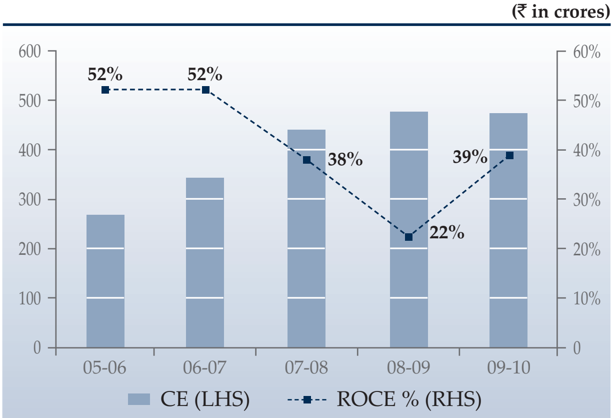
(₹ in crores)



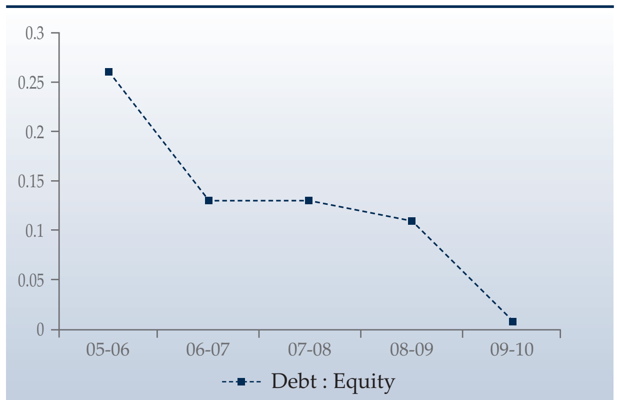
** Including Special Dividend*

CAPITAL EMPLOYED & RETURN ON CAPITAL EMPLOYED

(₹ in crores)

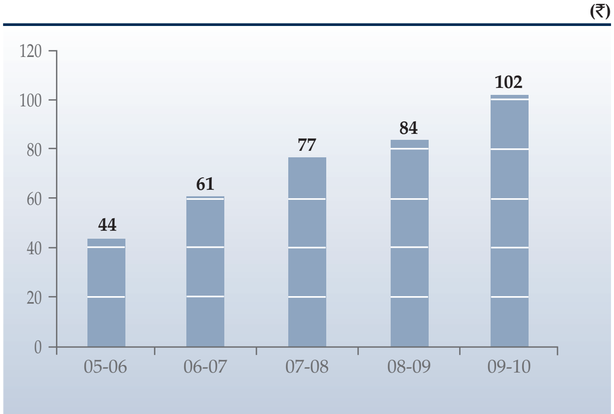


DEBT : EQUITY



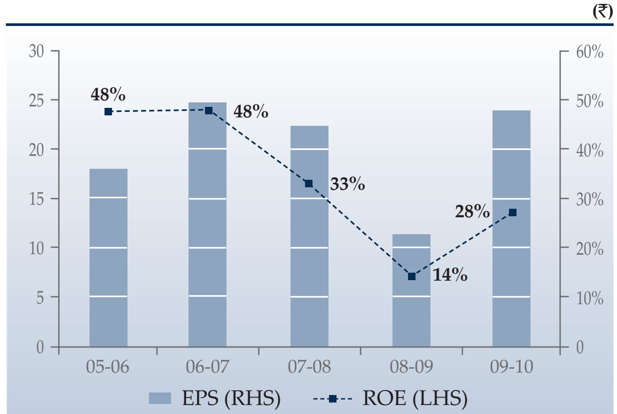
BOOK VALUE PER SHARE

(₹)



EARNINGS PER SHARE & RETURN ON EQUITY

(₹)



DIRECTORS' REPORT

The Members,

Your Directors have pleasure in presenting the Ninety-First Annual Accounts for the financial year ended June 30, 2010.

FINANCIAL HIGHLIGHTS

(₹ in crores)

	Year ended June 30, 2010	Year ended June 30, 2009
Gross Revenue (excl. Excise Duty)	**1354.06**	1051.88
Profit before Interest, Depreciation, Tax and Exceptional Items	**213.34**	125.76
Less: Interest and Commitment charges	**12.91**	22.16
Less: Depreciation/ Obsolescence/Amortization	**27.03**	25.18
Profit Before Tax and Exceptional Items	**173.40**	78.42
Add: Exceptional Items	**-**	1.45
Profit Before Tax	**173.40**	79.87
Less: Provision for Tax including Fringe Benefit Tax	**56.20**	8.46
Less/(Add): Deferred Tax	**(0.77)**	15.41
Profit After Tax	**117.97**	56.00
Profit brought forward	**126.55**	118.03
Profit available for appropriation	**244.52**	174.03
Appropriations		
Interim Dividends	**21.98**	14.65
Final Dividend	**14.65**	4.88
Special Dividend	**36.63**	-
Dividend Distribution Tax	**12.01**	2.95
Transfer to General Reserve	**25.00**	25.00
Balance carried to Balance Sheet	**134.25**	126.55
	244.52	174.03

DIVIDEND

Your Directors are pleased to recommend a Final Dividend of ₹ 3.00 per share for the year ended June 30, 2010. Considering that three interim dividends aggregating to ₹ 4.50 per share have already been declared by the Directors and paid, the total dividend for the year works out to ₹ 7.50 per share. 2009 commemorates 150 years of the Company. The Board of Directors has therefore recommended a Special Dividend of 75%, which will bring the total payout to 150%. This involves a total cash outgo of Rs. 85.27 crores (inclusive of Dividend Distribution Tax). The Final Dividend and the Special Dividend will be paid on November 1, 2010.

PERFORMANCE OVERVIEW

The financial year of the Company commenced at the time when the Indian economy was affected by the world wide economic slow down. However, the situation gradually recovered, supported by stimulus packages announced by the Government of India to the various sectors of Industry. As such, the Company has concluded the financial year on a happy note. Its revenue registered an increase of 28.7% over the last year and Profit after Tax at ₹ 118 crores, an increase of 110.7%. Automotive Division and Agricultural Equipment Division performed very well, while the improvement in the business of Construction Equipment Division and Auxiliary Power Division was slower. The Industrial Engines Division which was created last year, has made its beginning with a modest business.

The business highlights are discussed in detail in the "Management Discussion & Analysis" annexed to this Report.

OUTLOOK

The automotive sector continues to report robust growth which assures good business prospects for the Company's Automotive Division, a significant contributor to the Company's bottom line. Construction Equipment Division and Auxiliary Power Division are expected to do much better in the current year in view of rising demand and various initiatives taken by the Company to improve overall performance of these Divisions. The Agricultural Equipment Division is expected to continue its growth path on the back of the changing rural scenario along with continued support from the Government to this sector. The Industrial Engines Division is expected to perform well as it continues to explore business opportunities by identifying new applications. The Directors, therefore, are hopeful of much better performance in the year under review, barring unforeseen circumstances.

SPLIT OF SHARES

With a view to provide better liquidity and retail participation in the Equity Share Capital of the Company, your Directors have proposed, subject to the approval of the Members of the Company, to split the existing Equity Shares of the Company, by sub-dividing them into 5 Equity Shares of the face value of ₹ 2/- each.

ODD LOT SCHEME

With a view to provide an opportunity to its shareholders, if they so desire, to dispose of their small holding i.e. less than 50 shares in physical form, the Directors had introduced Greaves Odd Lot Scheme in the month of December 2009. This Scheme facilitates Shareholders realizing the market value of the Shares without having to go through the process of dematerialization of Shares and cost to be incurred thereon. This Scheme will remain operative till December 2010.

PROMOTER GROUP

The Company is a part of the B M Thapar Group. The Promoter Group's shareholding currently is 51.4%. The Members may note that B M Thapar Group, inter alia, comprises of the following Companies (1) English Indian Clays Limited (2) Premium Transmission Limited (3) Pembril Industrial & Engineering Company Private Limited (4) DBH International Private Limited (5) Karun Carpets Private Limited (6) Greaves Leasing Finance Limited (7) Bharat Projects Private Limited (8) Dee Greaves Limited (9) KCT Chemicals & Electricals Limited (10) Standard Refinery & Distillery Limited (11) Bharat Starch Products Limited (12) Greaves Farymann Diesel GmbH (13) Greaves Cotton Netherlands B.V. (14) DBH Global Holdings Limited (15) Greaves Auto Limited (16) DBH Consulting Limited (17) DBH Investments Private Limited.

SUBSIDIARIES

The performance of the Company's Subsidiaries is as under:

1. **Greaves Farymann Diesel GmbH, Lampertheim, Germany (GFD)**

   For the financial year ended June 30, 2010, GFD reported much improved performance with a total income of Euro 6.80 million and marginal Profit of Euro 0.07 million.

2. **Greaves Cotton Netherlands B.V. (GCN)**

   GCN acts as a Holding and an investment Company in Netherlands. During the year, the Company invested a further sum of Euro 0.08 million in the Ordinary Shares of GCN to facilitate onward funding to GFD to meet their fund requirements.

3. **Greaves Leasing Finance Limited (GLFL)**

   GLFL is engaged in leasing and finance activities confined only to Greaves Group. It reported total revenue of ₹ 3.39 crores during the financial year ended March 31, 2010 and Profit after Tax of ₹ 1.84 crores.

4. **Dee Greaves Limited (DGL)**

   DGL is a wholly owned subsidiary of GLFL. During the financial year ended March 31, 2010, it did not do any business. As such, it reported a loss of ₹ 0.02 crore.

5. **Greaves Auto Limited (GAL)**

   GAL is yet to commence any business activity. GAL incurred a loss of ₹ 0.01 crore due to administrative and other cost.

In terms of approval granted by the Central Government under Section 212(8) of the Companies Act, 1956, copies of the Balance Sheet and Profit & Loss Account, Reports of the Directors and Auditors of the Subsidiaries, have not been attached to the Annual Accounts of the Company. These documents, will however, be made available upon request by any Member of the Company. As directed by the Central Government in its approval, the financial data of the Subsidiaries have been annexed and form part of this Annual Report.

ACQUISITION OF ASCOT INTERNATIONAL FZE, SHARJAH

The Board at its Meeting held on August 12, 2010, has decided to acquire Ascot International FZE, Sharjah, together with its one or more of Indian / Overseas subsidiaries, for a consideration not exceeding USD 43,875. This Company is engaged in the distribution of Greaves DG sets. The acquisition process is expected to be completed in a couple of months after complying with necessary regulatory requirements.

DIRECTORS

Mr. S.N. Talwar and Mr. Karan Thapar retire by rotation and are eligible for re-appointment.

The profiles of Mr. Talwar and Mr. Thapar seeking re-appointments form part of the Notice convening the Annual General Meeting. The Board recommends re-appointments of these Directors.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions under Section 217(2AA) of the

Companies Act, 1956, your Directors confirm that:

1. In the preparation of the Accounts, the applicable accounting standards have been followed.

2. The Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at June 30, 2010 and profits for the year ended June 30, 2010.

3. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

4. The Annual Accounts have been prepared on a going concern basis.

CODE OF CONDUCT

Pursuant to Clause 49 of the Listing Agreement, a Declaration signed by the Managing Director & CEO regarding compliance of Code of Conduct for the financial year 2009-10, is annexed and forms part of this Report.

CORPORATE GOVERNANCE

The Company has fully complied with the Corporate Governance Code, as prescribed under Clause 49 of the Listing Agreement. A Report on Corporate Governance, along with a Certificate from Auditors, confirming the compliance, is annexed and forms part of this Report.

AUDITORS

The retiring Auditors, Messrs. Sharp & Tannan have expressed their desire not to be re-appointed. A Special Notice has been received by the Company from a Member signifying his intention to appoint Messrs. Walker, Chandiok & Co., as the Auditors of the Company. Messrs. Walker, Chandiok & Co., have confirmed their eligibility for appointment.

Messrs. Wrigley Partington are the Auditors in respect of Company's U.K. and being eligible have sought re-appointment.

The Directors recommend the above appointment/ re-appointment.

COST AUDITORS

Pursuant to the provisions of Section 233B of the Companies Act, 1956, audit of cost accounts in respect of Diesel Engines, IC Engines and Power Driven Pumps, is being regularly carried out by the Cost Auditors. The Directors have re-appointed M/s. Dhananjay V. Joshi & Co., Cost Accountants, as the Cost Auditors of the Company for the financial year 2010-11, in respect of which the approval of the Central Government has been duly received.

PUBLIC DEPOSITS

Pursuant to the provisions of Section 205C of the Companies Act, 1956, all unpaid Public Deposits and interest due thereon, have been transferred to the Investor Education and Protection Fund, on the respective due dates. As on June 30, 2010, the unclaimed Deposits amount to ₹ 0.09 crores.

HUMAN RESOURCES

During the year under review, the Company's industrial relations, by and large, remained cordial.

Information as required, pursuant to Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975, is given in Annexure "A" forming part of this Report.

PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

A statement pursuant to Section 217(1)(e) of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, forms part of this Report, as Annexure "B".

ACKNOWLEDGEMENT

Your Directors acknowledge the contribution made by all the stakeholders and the support given to the Company by its Bankers.

For and on behalf of the Board of Directors

Place : Mumbai
Date : August 12, 2010

Karan Thapar
Chairman

ANNEXURE A

GREAVES
SINCE 1859

INFORMATION PURSUANT TO SECTION 217(2A) READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975, AS AMENDED AND FORMING PART OF THE DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED JUNE 30, 2010

Sr. No.	Name	Designation/ Nature of Duties	Gross Remuneration (₹)	Qualifications	Experience (years)	Date of commencement of employment	Age (years)	Last Employment held
1	Ashok Kumar P. L.	General Manager - Mfg. - CED	27,09,228	B.E. (Mech), PGDBA	29	22.02.2007	54	Sundram Fasteners Ltd.
2	Bhattacharya S.	Vice President - R&D - AD	54,14,812	B.E. (Mech)	28	01.12.2003	51	Automotive Research Association of India
3	Chakravarty D.*	Group General Manager - Mfg. - AD	38,78,898	B.Sc. Engg (Mech)	25	19.09.2005	47	Fairfield Atlas Ltd.
4	Chaudhary R. P.	Vice President - IED	37,46,807	B.E. (Mech) DSM	28	29.05.2007	51	International Auto Ltd.
5	Desai S. S.	Group General Manager - R&D - APD	31,98,636	B.E. (Mech)	25	20.06.2006	49	Kirloskar Oil Engines Ltd.
6	Deshpande V. N.	Executive Vice President - H.R., I.R. & Admn.	52,68,030	B.Sc MLW & I.R.	32	09.01.2007	57	Bajaj Electricals Ltd.
7	Dev P.	Managing Director & CEO	1,03,51,220	PGDBA & M.Sc.- Nuclear Physics	37	24.06.2008	60	Harrisons Malayalam Ltd.
8	Furtado T.	Group General Manager- Marketing Services	29,26,703	B. Com, Dip in Advt, DMSM	38	01.06.1994	59	Atlas Copco Ltd.
9	Guha A.	Executive Vice President- IT and Commercial	57,61,705	B. Com (Hons) & A.C.A	31	02.05.2006	54	Escorts Ltd.
10	Gunjegaonkar D. S.	Group General Manager - R&D - AD	32,38,728	M.E. (Mech)	29	11.05.2005	53	TVS Motor Company.
11	Jetty B. P.	Executive Vice President - AD	58,97,770	B.E. (Mech)	41	27.08.1998	62	Sundaram Clayton Ltd.
12	Joshi K. M.	Executive Vice President - APD	53,81,436	B.E. & MMS	35	01.09.2008	59	Kirloskar Oil Engines Ltd.
13	Joshi P. R.	Vice President - Corporate I.T.	36,29,352	M.Sc. & DCM	38	16.09.2002	59	Systime Computers Ltd.
14	C. H. Krishna Rao	Sr. General Manager - Mfg. - AD	26,97,989	DME, AMIE, PGTD	25	27.10.2001	51	Bajaj Auto Ltd.
15	Mattoo S.	Group General Manager - Materials	36,35,099	B.E. (Mech)	25	21.08.2006	47	Durovalves India Pvt. Ltd.
16	Pannerselvam E.*	Sr. General Manager - Mfg. - CED	23,95,076	M.E.	32	23.08.1993	52	Elecon Engg. Co. Ltd.
17	Saraf K. K.	Executive Vice President & Company Secretary	55,95,560	B. Com. & FCS	28	05.12.2001	52	Boston Education & Software Technologies Ltd.
18	Savanur A.*	Vice President - CED	11,81,646	B.E. (Mech.)	22	26.02.2010	45	GMMCO Ltd.
19	Sengupta S.	Head - Corporate Planning & Development	32,87,869	B.A. (Hons) Eco. & ACA	18	01.07.2005	45	Siemens PCN Ltd.
20	Sonthalia A. K.*	Executive Vice President & Chief Financial Officer	9,41,813	B.Sc. & ACA	19	20.05.2010	42	Tata Chemicals Ltd.
21	Sridhar V.	Vice President - AED	26,86,371	B.Sc. & B.Tech	29	07.09.1983	54	Simpson & Co.
22	Sunil Kumar K.*	Executive Vice President - CED	36,97,192	B.Tech.,M.S.	24	27.05.1991	46	Enfield India Ltd.
23	Sunil M.*	General Manager Marketing - CED	18,94,023	B.Tech (Mech)	20	28.01.1990	44	Malabar Building Products Ltd.
24	Walia M. J. S.	Vice President Marketing - AD	32,59,639	B.E. (Mech) & MBA	28	04.08.1982	51	-

* *Employed for part of the Financial Year.*

APD - Auxiliary Power Division; AED - Agricultural Equipment Division; AD - Automotive Division; CED - Construction Equipment Division; IED - Industrial Engines Division.

NOTES :

1 All appointments are non-contractual except in case of the Managing Director & CEO.

2 Gross Remuneration includes Salary, Allowances, Bonus, Commission, Ex-gratia, Performance Incentive, Leave Travel Concession, Company's Contribution to Provident Fund and Superannuation Fund, Leave Salary, Gratuity paid and taxable value of perquisites, wherever applicable.

3 None of the employees listed above, is a relative of any Director of the Company.

ANNEXURE B

TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO, PURSUANT TO SECTION 217(1)(e) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988.

CONSERVATION OF ENERGY

1.	Measures taken	:	i. Introduced P-20 Energy saving device in Lighting Systems & Energy saver device in air conditioning Units at Petrol Engines Unit (PEU). ii. Compressor efficiency improved by balancing load which has resulted in reduction in energy consumption in Light Engines Unit (LEU) iii. Provided Bus Bar Type power distribution at LEU. iv. Achieved UNITY power factor with installation installation of APFC panels at LEU. v. Provided 32 nos. Roof Extractor (Turbo Vent) thereby reducing power consumption at Heavy Engineering Unit (HEU).
2.	Additional investment proposals, if any, for reduction in consumption of energy.	:	i. Replacement of old PLC/CNC controller with new CNC control system for Tappet & VTC-800 Machines at Diesel Engines Unit (DEU). ii. Induction Hardening Technology from Valve to Solid State at PEU. iii. Installation of Air conservator planned for Air Compressor House.
3.	Impact of (1) and (2)	:	The above measures will lead to energy saving and cost reduction.

FORM-B

RESEARCH & DEVELOPMENT

1.	Specific areas	:	i. Inhouse canopised Genset developed for Y, G & D series engines from 7.5 kVA to 500 kVA applications at DEU. ii. Development of twin cylinder 900 cc engine (18-20BHP) along with transaxle for light commercial 4 wheeled vehicle at LEU. iii. Development of Vibratory Soil Compactor with Aerodynamic hood at HEU. iv. Development of PTO driven 7 cubic meter capacity Transit Mixer at HEU. v. Development of GS 12 DLX Power Tiller with imported Engine at PEU.
2.	Benefits derived	:	i. Visible pollution reduction and gaseous emission. ii. Use of alternate fuel in all sectors i.e. 500 kgs and 750 kgs 3 wheeler application. iii. Entry into low cost transportation sector with 4 wheeler for fuel energy conservation in the city. iv. Enhancement of product portfolio at PEU & HEU.
3.	Future plan of action	:	i. Launching of new small engine with improved fuel consumption as well as emission reduction for 3 wheeler application at LEU. ii. Development of BS III complaint twin cylinder engines with unit pumps and common rail fuel injection at LEU. iii. To achieve consistency and concentricity upgradation process for Valve Guide and Valve Seat on Cylinder Head at LEU. iv. Development of Concrete Pump-350 Deluxe pump with rod and piston side option at HEU. v. Development of 35cc High Speed Engine for Brush Cutter and Power Sprayer at PEU.

4. Expenditure on R&D

i. Capital	:	₹ 2.14 crores
ii. Recurring	:	₹ 12.69 crores
iii. Total	:	₹ 14.83 crores
iv. Total R&D expenditure as a percentage of turnover	:	1.10 %

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1. Efforts made :
   i. Designed LPG/CNG fuel engine for 4 wheeled small commercial vehicle applications.
   ii. Replacement of Hydrostatic water pump in Heavy Tandem Roller with Electrical Pump.
2. Benefits derived :
   i. Products compatible with latest technologies.
   ii. Use of alternate energy.
   iii. Cycle time reduction & improvement in quality.
   iv. Better power to weight ratio, more power, fuel efficient and low emission.
3. In case of Imported Technology

Technology	Year of Import	Has technology been fully absorbed	If not fully absorbed, areas where this has not taken place, reasons therefore and future plan of action
19 Ton Vibratory Soil Compactor	2008	No	Development of certain components is under process

FOREIGN EXCHANGE EARNINGS AND OUTGO

1. Efforts : The Company continues its efforts to find new markets and develop existing ones.
2. Earnings and Outgo :
   i. Earnings : ₹ 29.38 crores
   ii. Outgo : ₹ 82.06 crores

DECLARATION OF THE MANAGING DIRECTOR ON COMPLIANCE WITH THE CODE OF CONDUCT

This is to certify that all the Members of the Board of Directors and Senior Management Personnel (i.e. upto the level of General Manager) of the Company have confirmed compliance with the Company's Code of Conduct during the period July 1, 2009 to June 30, 2010.

Prabhakar Dev
Managing Director & CEO

Mumbai, August 12, 2010

MANAGEMENT DISCUSSION AND ANALYSIS

Timely policy interventions by the Government and the underlying fundamental strengths in the Indian economy enabled a remarkable recovery during 2009-10. This made it possible for businesses in India to counter the negative fallout of the recession that impacted economies around the world.

In line with the global economy, the fiscal year 2009-10 commenced on a difficult note for India. The crisis that began in 2007 led to a significant slowdown across the globe and the Indian economy in the second half of 2008-09. The growth rate of the Gross Domestic Product in 2008-09 dropped to 5.8% in last quarter of 2008-09 and apprehensions prevailed that this trend would persist through 2009-10.

Defying these apprehensions, the Indian economy has rebounded significantly. The growth rate estimated for Jan-Mar 10 is 8.6% and the International Monetary Fund has projected the rate for the coming fiscal at 9.5%.

At Greaves Cotton too, the financial year 2009-10 was a period of recovery followed by growth. The automobile sector rebounded as a result of improving economic sentiment, better availability of finance, launch of new models and improving infrastructure. As a consequence, the Automotive Division posted higher revenues, with manufacturing facilities required to improve on their best performance to date.

Strong Government support for the agricultural sector and increased spend in rural areas buoyed the performance of Agricultural Equipment Division while the Auxiliary Power Division witnessed a slow and steady revival of demand and operations.

The Construction Equipment Division recorded overall growth even as business in the compaction segment continued to contract.

In overall terms, the Company reported revenue growth of 28.7% coupled with EBIDTA improving by 31%.

ENGINE SEGMENT

AGRICULTURAL EQUIPMENT DIVISION

This Division manufactures portable petrol / kerosene engines at its facility in Gummidipoondi (Tamil Nadu) and assembles pumps. The engines are marketed as base engines as well as complete pumpsets designed to facilitate farm mechanisation.

In addition, a wide range of implements designed to enhance farm productivity, manufactured for the Company, are also marketed enabling leveraging of its wide distribution network. The Company continues to hold a leadership position in the petrol / kerosene pumpsets segment. The additional offerings of equipment, such as diesel pumpsets, power tillers and mini agro equipments, augment the sales volumes and revenues for the Division, while benefiting small and marginal farmers by mechanising their operations.

Power Tiller

By reaching out to farmers in the farthest corners of the Country and facilitating their farm mechanisation efforts, the Division has been growing consistently over the last few years.

The Division's key strengths lie in its brand equity established through its value-for-money products, pan India presence with deep penetration into rural India, and a well-knit distribution and service network. This enables Greaves not only to reach out to the potential rural markets but also to service them well and continue to grow its presence.

HIGHLIGHTS

The introduction of new agro equipment, such as Brush Cutter, Inter Cultivator and Rice Planter, coupled with sustained product awareness programmes at grass root levels and continuous development of effective after-market network for spares and services has enabled higher growth and wider acceptance of the Company's products. The Division also continues to benefit from the increased government spending on subsidy given to farmers for purchase of agriculture equipment.

These developments reflected in the Division's performance during the year under review, with its top line increasing significantly over the previous fiscal. Production and sale volumes of petrol / kerosene engines crossed all previous records.

OUTLOOK

Fuelling the Company's growth potential, and new pioneering developments in this segment, are a host of Government incentives aimed at increasing spending in the rural sector. Programmes like the National Food Security Mission (NFSM), the Rashtriya Krishi Vikas Yojana (RKVY), the National Horticulture Mission (NHM) and minor irrigation projects are expected to give major support to the Division's sales volume.

The Government's support through specific programmes have made equipment such as paddy trans planter, reaper, cotton picker, etc. more affordable to the farmers. This thrust will facilitate growth of demand in these products and benefit the Company's Agricultural Equipment business.

Armed with a national presence, the Company's strong sales and service support across the Country serves as a ready platform for the launch of new products, reaching out to more farmers and enabling a bigger transformation of their farming systems and processes.

The Company continues to invest in R&D and manufacturing technology enhancing the Division's position in this sector.

RISKS AND CONCERNS

The lack of availability of kerosene in some rural markets poses a cause for concern. In some parts of the Country should the water table continue to deplete there could be a shift to electrical submersible pumpsets. The price of steel, aluminium and other raw materials increased over the past year and any further increase could impact the Company's bottom line.

The Company's thrust on improved sale of diesel pump sets and focus on mini agri equipment sales introduced / to be introduced in the market should overcome these risks to a large extent.

AUTOMOTIVE DIVISION

Providing support to the low-cost and fuel-efficient transportation solutions, the Automotive Division manufactures and markets automotive engines conforming to the latest norms for three and four wheeled light commercial vehicles.

Greaves engines on display at Auto Expo 2010

Improving road infrastructure and greater adoption of the hub and spoke model for transportation of goods and people, imply that commercial vehicle sales are expected to grow in application-specific commercial areas such as medium and heavy trucks (M&HCVs) for long-distance transportation and small three and four wheeled vehicles (LCVs) for last mile connectivity. Better mileage and higher value proposition of the improved and newer models of LCVs will encourage a shift to these.

With a focus on providing more efficient power trains for the LCV segment, this Division manufactures light weight single cylinder and twin cylinder diesel engines for these vehicles. It supplies engines to major three and four wheeled vehicles (sub 1 ton category) Original Equipment Manufacturers (OEMs), such as Mahindra and Mahindra Ltd. (M&M), Piaggio, Scooters India Ltd. and Tata Motors along with over 40 others. The Division is concurrently exploring new fuel efficient engines in order to further expand its already large OEM base.

The Division's products are manufactured at the state-of-the-art Units at Aurangabad (Maharashtra) and Ranipet (Tamil Nadu), which are equipped with new generation manufacturing equipment and processes.

Its well established Research and Development set up works continuously to provide the Division a clear competitive edge in the segment and to offer improved value propositions to its customers. The Company's large production base, contemporary technology and advanced processes optimise its cost of production, which is mutually beneficial to the Company and its customers.

Harnessing its technological prowess and innovative capabilities, the Division has ensured that its light automotive engines conform to contemporary engine norms, including Bharat Stage III, and are also fuel-efficient. Leveraging its inherent strengths further, the Division has developed an effective product range, which continues to gain wide acceptance with large OEM brands.

The extent of the Division's entrenchment in the market can be gauged from the Long Term agreements it has with key industry players. In 2008, Piaggio Vehicles Private Limited (PVPL), the Piaggio Group's Indian subsidiary and one of the leaders in last mile transportation solutions in India, signed an exclusive eight year engine supply agreement with the Company for the supply of mono-cylinder diesel engines for application on the three-wheeled vehicles manufactured by PVPL.

In 2008, Tata Motors too a signed a ten year exclusive agreement for the supply of engines for its recently launched sub one tonne goods and passenger four wheeler.

Greaves auto engine - G 600 W III

Besides, the Company is a supplier of engines for M&M's various three wheelers and more recently has been providing both single cylinder and twin cylinder engines to power new vehicles from the Piaggio stable as well as for smaller assemblers.

These agreements and the growing portfolio of small commercial vehicles built around our engines are an endorsement of Greaves' unique position in this segment – that of a specialised engine manufacturer with high quality engines.

The Automotive Division accounts for a large share of Greaves total revenue. The Company is focussing on increasing its customer base by expanding its product range and developing new engines.

HIGHLIGHTS

Improvement in economic sentiment, fuelled by easy finance, new model launches by OEMs and improving infrastructure, led to a resurgence of automotive engine sales for three and four wheeled light commercial vehicles during the year.

With factories humming round the clock, the Automotive Division manufactured and supplied over 300,000 light weight single / twin cylinder engines during the year under review. This development is significant since such a rapid recovery in the automobiles sector was not anticipated; yet the Company, through flexibility in operations, could effectively match incremental demand at short notice.

Another notable highlight during the year was establishing of the Company as a vendor of choice even for the four wheeler LCV category.

The Division launched a new in-house developed twin cylinder power pack model. The OEM vehicle fitted with this engine has been well received in the market, with demand expected to grow manifold in the future.

Upgradation of products to align them with evolving needs is a constant endeavour at Greaves. Effective October 1, 2010, the new emission norms "Bharat Stage III" will be applicable across the Country for three wheelers and small four wheelers.

The Company has already undertaken steps to meet BS IV emission standards for engines in respect of small four wheelers.

Responding to the Government's mandate on the use of alternate fuels in major metro cities, the Automotive Division has initiated a project to produce a dedicated petrol engine for alternate fuels in CNG / LPG on three wheelers / small four wheelers. This engine is in field validation trials and is expected to be introduced in the latter part of the current financial year.

RISKS

Any increase in cost of financing and liquidity constraints could affect the demand for Greaves engines.

Increase in cost of inputs such as steel, aluminium, etc., could impact profitability.

OUTLOOK

In India, three wheelers are the cheapest mode of personalised transport for passengers, while light commercial vehicles constitute a vital link in the secondary and tertiary distribution markets. Three wheelers constitute nearly 70% of the small-sized commercial vehicles in the Country and play a pivotal role in last mile transportation.

During the past five years, the three wheeler segment has registered nearly 10% Compounded Annual Growth Rate (CAGR), barring a brief period of stagnation during the economic recession. Rising urbanisation, improving infrastructure and preference for light vehicles for intra-city transport covering short distances have influenced growth in the segment. The key driver for market growth in this segment is the easy availability of finance, which continues to be available at reasonable interest rates, coupled with sustained budgetary thrust on infrastructure development by the Government of India.

During the financial year 2009-10, sales of diesel 3 wheelers rebounded with a growth of 21% after one year of stagnation. Growth was higher in passenger segment by 26%, while the cargo segment grew by 8%.

Foreseeing volume growth on account of improving demand scenario, and with the launch of new versions of LCVs which use the Company's engines, Greaves is in the process of setting up a new manufacturing facility at Aurangabad, which is expected to be operational during last quarter of the current fiscal.

AUXILIARY POWER DIVISION

With auxiliary power emerging as a critical element of any Company's growth, Greaves continues to maintain significant focus in this segment.

Greaves manufactures multi-cylinder engines in the power range of 15 – 600 BHP and is one of the leading players in the auxiliary power segment. In the power generating sector, which is the core market for the Division, the Company has presence in the 15 to 500 kVA range.

'Road show' for Gensets

Greaves is one of the largest approved suppliers of gensets in the Defence sector. Greaves gensets also find application across retail outlets, commercial complexes, hotels, hospitals and small & medium enterprises.

The Division's unit at Chinchwad, Pune, is equipped with its own product development and design facility, along with modern manufacturing equipment and processes for the manufacture of new generation products. In addition, Greaves foundry ranks amongst the first few foundries with specialised skills to manufacture a wide range of complex and custom-built castings.

The engines for diesel gensets are designed and tested at the state-of-the-art technology centre in Pune. This testing facility is among the best in the Industry and is equipped with emission measurement capabilities, integrated digital controls, conditioned air, fuel conditioning and water temperature control for testing engines upto 2 MW. It is also capable of testing gas engines. The Division has developed fully packaged gensets with sophisticated PC-based control panels.

The Company enjoys significant presence in the 25-500 kVA range gensets and offers innovative 125 to 400 kVA dual fuel engines / gensets operating on combined fuels. The Company has positioned "Greaves Power" silent gensets both in domestic and international markets.

The Division's strong technology and R&D thrust, along with deep-rooted understanding of the market requirements, enables development and customization of new products with innovative features.

HIGHLIGHTS

Improvement in the demand off-take in the second half of the year prompted the Company to launch a concerted campaign to reach out to various target groups during the year. Demand was firm from the Government and the services sectors – a key factor in the growth strategy of the Division.

The Division's "G" series engines, used for construction equipment and industrial applications, were a positive growth catalyst for the Division. Sales improved for the G-series gensets, while the overall DG set business was favourable with demand also expanding for higher range of gensets.

During the year, the Company kicked off a series of road shows across the Country, covering prominent industrial and commercial areas, with an aim to promote the range of Greaves gensets among various target groups.

OUTLOOK

The healthy double digit growth in this Division during FY10 has resulted from a resurfacing in the industrial and construction segments, which are large users of diesel engines and gensets.

Driven by the need to have a reliable back-up of power, various service sector players have emerged as significant buyers of diesel gensets. The chronic power deficit that prevails in many parts of the Country will further augment the demand for gensets, which will augur well for the Company.

RISKS & CONCERNS

New market for gas gensets is expected to pick up after clarity emerges on Government policy on pricing and distribution network developments. Some concerns are also there with regard to the entry of foreign players, strong rupee impacting exports and expected hike in High Speed Diesel (HSD) price.

However, the Company's focused strategy will play a crucial role in tackling these challenges.

INDUSTRIAL ENGINES DIVISION

Industrial Engines Division was set up in 2009 to explore opportunities across various industries hitherto untapped by Greaves or where the Company's presence was marginal. This Division is engaged in the development of new applications for the Company's engines, customization of products for different industries and development of new markets.

Through application of R&D initiatives and technology, Greaves engines can be customized and developed for use across a host of applications other than those for which they are primarily intended. These applications include fire fighting pumpsets, equipment for mining and construction, agricultural machinery, material handling (cranes and forklifts), rail cars, road sweepers, etc.

G Series engine

The Division will utilize Greaves' core competencies in manufacturing and technology, robust R&D, deep understanding of the market and extensive experience to develop this business segment.

HIGHLIGHTS

During the year under review, the Division explored opportunities to develop engines for various applications in fire fighting pumpsets, along with equipment for mining, construction, agricultural machineries and marine sectors.

The Division has already developed applications in the 200 HP plus marine engines segments, back-ups for fire fighting pumps, combined harvesters, engines for drilling rigs and hydraulic trolleys, among others.

During the first year of operation, the Division secured encouraging business in line with the Company's expectations.

OUTLOOK

Engines form the core of the capital goods segment and Greaves is among the major manufacturers of diesel engines in India; the Country's favourable macro-economic and industrial environment enhances the Company's growth prospects, going forward.

The demand potential for applications to be developed and commercially produced, remains positive.

INFRASTRUCTURE EQUIPMENT SEGMENT

CONSTRUCTION EQUIPMENT DIVISION

The Division manufactures and markets concreting and compaction equipment – primarily batching plants, concrete pumps & concrete mixers for the Construction Industry and vibratory rollers for asphalt & soil compaction. The construction equipment is manufactured at its modern facilities at Gummidipoondi, Tamil Nadu.

Responding to the growing demands of the Construction Industry, the Construction Equipment Division successfully entered into the earth moving segment, even as it consolidated its presence in the concreting and compaction equipment markets during the year under review.

Transit Mixer assembly

The introduction of wheel loaders and motor graders marked the Division's foray into the earth moving segment. This will enable Greaves' target contractors to get involved in road building, irrigation and other infrastructure development projects. Reinforcing the Company's engineering prowess, the wheeler loaders are indigenously manufactured using international grade technology, while the motor graders from Mitsubishi Heavy Industry of Japan are imported and marketed by Greaves.

HIGHLIGHTS

The construction and road building activities had witnessed robust growth till the first half of 2008, until the economic slowdown triggered by the global recession severely impacted the Industry. The slowdown in the Industry continued till almost the second/third quarter of the financial year 2009-10. The construction and machinery equipment Industry, however, started showing signs of recovery by the end of 2009, mainly due to the stimulus packages announced by the Government.

The proactive measures taken by Government eased availability of working capital for infrastructure development companies. The setting up of the India Infrastructure Finance Company Ltd. (IIFCL) as an NBFC, providing both direct lending and refinancing facilities to banks and financial institutions with long-term loans, helped the recovery process.

It is in this backdrop that the Division has registered an overall growth of 12% in the year under review. Road equipment registered a growth of 15% and concreting equipment registered a growth of 33% over the previous year.

During the year, the Company launched its 14 / 12 meter Boom Pump, a cost-effective solution for contractors involved in construction of Elevated Highways, Bridges, etc. in concreting, 135 HP Motor Grader & 3T (1.8 CuM) wheel loader in earth moving & refreshed the design of our soil compactors on the compaction side.

Greaves also markets a wide range of Bomag products in India, which include Pneumatic Tyred Roller, Cold Milling Machine and Soil Stabilisers.

OUTLOOK

The anticipated demand in the construction Industry is expected to boost the Company's prospects. With the turnaround in the economy, the Industry is poised to grow rapidly. Ambitious infrastructure development plans announced by the Government will also promote demand for construction equipment.

Long-term prospects appear healthy due to the involvement of the private sector and various funding policy initiatives undertaken, including PPP projects, Viability Gap Funding, introduction of IIFCL, 100% FDI initiatives, etc. The infrastructure investment in the Eleventh Five Year Plan is expected to be 2.36 times more than the Tenth Five Year plan envisaging an investment of USD 218 billion.

The increasing thrust on urban and rural infrastructure will be critical growth catalysts defining the future of the road and concreting equipment Industry. This will, in turn, benefit the Company's Construction Equipment Division, which is also expected to garner significant contributions from earth moving equipment from the current financial year onwards.

RISKS & CONCERNS

Greaves has adequate production capacity to cater to near term growth demand, though rising inflation levels may impact the lending rates by banks and financing companies, if tight monetary policies are initiated.

With demand expected to grow, raw material cost is likely to increase and a big concern due to the highly competitive scenario is whether cost increase can be passed on in the market place.

Wheel Loader

Growth of construction equipment Industry in India is dependent on initiatives and spending of the Government and any shortfall in the same could adversely impact the Industry's growth projections.

Rising inflation can dampen the projected growth of the Industry due to higher lending rates, liquidity issues, ability to raise money and financial closure of projects, etc.

However, notwithstanding these risks, given the Government policies and funding, the medium term outlook for the Industry and the Construction Equipment Division remains highly positive.

INTERNATIONAL OPERATIONS

Having achieved a significant position across many segments of its operations in the domestic market, the Company has now made a beginning in the adjacent international markets.

The Company endeavours to expand its business and is well-poised to achieve success in the developing areas of the international market with its inherent strengths, product offerings, world class technology and quality consciousness.

HIGHLIGHTS

In the year under review, the Company adopted a two-pronged strategy of consolidating presence in existing overseas markets and tapping new markets.

As a step in this direction, the Company undertook consolidation activities for its diesel gensets business in UAE and East Africa comprising Kenya, Tanzania, Uganda, Rwanda and South Sudan. Various brand-building measures, extensive training for service personnel of distributors and organising free service camps helped Greaves double its diesel generating set business in Nepal.

Greaves at Electric Indonesia 2009, Jakarta

These positive developments came amid growing concerns over the competition from low-cost products manufactured in China. As in any export business, extreme fluctuations in exchange rate also remains a cause for concern.

Construction activities remained subdued due to the recession in GCC Countries and parts of Africa (East and Central). This trend is, however, expected to be reversed in the coming year and it offers sizeable potential for the Company's power generation and construction equipment.

Severe power crises in Countries like Ghana and Nepal also offer significant potential for our power generation equipment.

OUTLOOK

Moving forward, the Company will continue to develop markets across different Countries in the Middle East region, Southern African market and East African Community. The Company also plans to develop its distributor channel in Sri Lanka and Bangladesh. Philippines, Indonesia and Malaysia have also been identified as the potential Countries for the Company's products going ahead.

HUMAN RESOURCES

Believing Human Resources to be a critical component of its growth odyssey, Greaves is completely tuned to the aspirations of its people.

Maintaining its thrust on nurturing its Human Resources, the Company continued with its strategic initiatives to recruit and retain the best talent during the year under review. The Company has constantly striven to evolve its Human Resources through effective programmes to promote team work and collaborative efforts among its staff at all levels.

The Company's HR policy is designed to:

- Recruit and retain bright new managers, engineers and other staff.
- Accelerate the development and growth of leadership and functional capabilities of the managers and operations personnel.
- Create a succession plan to ensure continuity and to groom future leaders.

To achieve these strategic objectives, the Company regularly recruits Management Trainees in the marketing and manufacturing disciplines. Effective mentoring and hands-on training of these recruits is a key facet of the Company's programme, aimed at the evolution of capable managers.

The Company believes its people to be its biggest strength and has an excellent retention record, which is constantly boosted through initiatives such as Performance Appraisals and Feedback processes.

During the year, the Company conducted a series of Leadership Development Programmes for managers in the manufacturing, sales and support functions. Regular campaigns relating to Employee Engagement / Organisational Climate Surveys are also a critical element of the Company's HR philosophy and policy. The Company follows up on these surveys through effective action in areas requiring specific attention.

CORPORATE SOCIAL RESPONSIBILITY

Continuously endeavouring to make a positive contribution to society, Greaves has developed Corporate Social Responsibility as an important part of its business.

The Company is actively involved in the empowerment of the disadvantaged and weaker sections of the society in Aurangabad and Ranipet.

Education, along with intellectual and skill development, is a key thrust area of the Company's CSR profile in these regions, with its initiatives including:

- Educational scholarship to students and later engaging them as apprentice/trainees in our plants.
- On-the-job training to make people job-worthy.
- Specific skill development programmes for wives of Greaves workmen, such as cookery classes, stitching classes and computer literacy classes

INTERNAL CONTROLS AND THEIR ADEQUACY

The internal audit function in the Company is being performed by Messrs. Aneja Associates, a renowned firm of Chartered Accountants in Mumbai, who specialise in internal audit. Annual Audit programme is finalised by the Internal Auditors in consultation with the Audit Committee, which covers all Units, Regional offices and different functional areas at the Corporate office, in a phased manner. While carrying out audit, effectiveness of existing processes, controls and compliance measures are also reviewed. The overall assessment is rated through Control Effectiveness Index (CEI) given by the Internal Auditors. The observations made by the Internal Auditors and their recommendations are reviewed by the Audit Committee and the actions, wherever necessary, are taken by the Management. The status of implementation of the recommendation is tabled at each meeting of the Audit Committee.

Disclaimer

Some of the statements in this Management Discussion & Analysis, describing the Company's objectives, projections, estimates and expectations may be "forward looking statements" within the meaning of applicable laws and regulations. Actual results might differ substantially from those expressed or implied. Important developments that could affect the Company's operations include changes in the industry structure, significant changes in political and economic environment in India, tax laws, Government levies, litigation and labour relations.

CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Corporate Governance has been an integral part of the way Greaves does its business.

The Board of Directors of the Company understands and respects its fiduciary role and responsibilities to the stakeholders and continues to strive hard to meet their expectations. At the same time it is our belief that strong performance on sustainable basis emanates from strong values governing every aspect of our activities. Over the last 150 years that the Company has been in operation, the above has been the guiding principle for everything that we have done – demonstrated through good operating performance, high dividend payouts and delivering of quality products to our customers - and will be the same in the coming years. Greaves also believes that any meaningful policy on Corporate Governance must empower the Executive Management of the Company. At the same time good governance must create a mechanism of checks and balances to ensure that the decision making powers vested in the Executive Management are used with care and responsibility.

Greaves is committed to adapt the best governance practices and its adherence in the true spirit and our practices reflect the approach of trusteeship that is deeply reflected in our value system.

2. BOARD OF DIRECTORS

The Board of Directors ("Board") of the Company reviews at each meeting the business performance of the Company. The Board is also kept updated on the status of statutory compliances.

2.1 Composition of Board

The composition of the Board continues to be in consonance with the regulatory requirement prescribed by Stock Exchanges. The Board comprises of senior professionals having diverse background and expertise and is equipped to discharge its responsibilities with precision. The strength of Non-Executive Independent Directors on the Board works out to 67%.

Subject to overall superintendence and control of the Board, the day-to-day management of the Company is vested with the Managing Director & CEO who is supported by a Management Team.

2.2. Attendance Record and other Directorships/ Committee Memberships

Names of Director attendance record at Board Meetings and Annual General Meeting, their other Directorships, Committee Memberships are as follows:

Names of Director	No. of other Directorship(s)	Committee Membership		No. of shares
		As a Member#	As a Chairman#	
Executive				
Mr. Prabhakar Dev, Managing Director & CEO	1	3	0	100
Non-Executive				
Mr. Karan Thapar, Chairman, Promoter	4	4	1	200
Mr. Vijay Rai, Independent	6	3	2	3,530
Mr. S.N. Talwar, Independent	13	7	4	12,996
Mr. Vikram Tandon Independent	1	0	1	100
Mr. S.D. Nayyar, Independent	1	1	1	100

 # includes memberships & chairmanships of all Committees constituted by the Board of Directors of the Company.

2.3 Attendance of the Board Members at the Board Meetings and Annual General Meeting:

During the financial year ended June 30, 2010, five Board Meetings were held on August 7, 2010, October 23, 2009, December 8, 2009, January 29, 2010 and April 27, 2010 which were attended by all directors except in case of Mr. Vikram Tandon who could not attend the Board Meeting held on August 7, 2009.

All Directors attended the last Annual General Meeting held on October 23, 2009.

3. AUDIT COMMITTEE

The Committee comprises of three Independent Directors. The Committee met on August 06, 2009, October 22, 2009, January 28, 2010 and April 26, 2010.

The Composition of the Committee and attendance of each Member is given below:

Name of the Members	No. of Meetings attended
Mr. S. D. Nayyar, Chairman	4
Mr. Vijay Rai	3
Mr. S. N. Talwar	2

Mr. K. K. Saraf, Company Secretary and in charge of Internal Audit, is the Secretary to the Committee. Chief Financial Officer is a permanent invitee at the Committee Meetings.

Mr. A. K. Sonthalia was appointed as the new Chief Financial Officer of the Company effective May 20, 2010 consequent upon the approval by the Audit Committee.

The Internal Audit is being carried out by a renowned firm of Auditors viz. M/s. Aneja Associates, Mumbai, and it covers all major functional areas at the manufacturing units, Regional offices as well as Corporate Office.

The Board of Directors at its meeting held on August 7, 2009 had approved a Charter for the functioning of Audit Committee. The Charter interalia, sets out the Committee's scope, powers and responsibilities of its Members on the matter like reporting of significant observations on financial statements, internal controls, internal and external audit, etc.

The Company had assigned the job of carrying out SAP Post Implementation Review to a renowned firm of Consultants. The observations made by the Consultants were reviewed by the Committee Members.

4. REMUNERATION COMMITTEE

The Remuneration Committee reviews remuneration package of the Managing Director of the Company. During the course of its decision making process, it also considers the peer review and the performance of the Company. It also determines the Performance Incentive payable to the Managing Director in accordance with his terms of contract.

The Committee comprises of Mr. S.N. Talwar (Chairman), Mr. Vijay Rai and Mr. Karan Thapar (All Non-Executive Directors).

Details of Directors' Remuneration for the year ended June 30, 2010

a. Managing Director

(₹ in lacs)

Name	Salary	Performance Incentive	Perquisites	Retirement Benefits	Total
Mr. Prabhakar Dev	36.00	36.00	21.79	9.72	103.51

b. Non-Executive Directors

Apart from the sitting fees, Non-Executive Directors are paid Commission which is determined on the basis of their individual contribution, involvement with respect to time and the responsibilities.

(₹ in lacs)

Name	Sitting fees	Commission
Mr. Karan Thapar	1.80	152.50
Mr. Vijay Rai	2.50	4.50
Mr. S. N. Talwar	1.60	4.50
Mr. Vikram Tandon	1.40	9.00
Mr. S. D. Nayyar	1.80	9.00

^ 10 lacs = 1 million

5. RISK REVIEW & STRATEGY COMMITTEE

The Risk Review & Strategy Committee reviews periodically the risk assessment and mitigation plans of the Company Management. During the year, the Committee met thrice on December 9, 2009, January 28, 2010 and April 26, 2010.

The Composition of Committee and attendance of each Member is given below:

Name of the Members	No. of Meetings attended
Mr. Vikram Tandon, Chairman	3
Mr. Karan Thapar	3
Mr. S.N. Talwar	1
Mr. Prabhakar Dev	3

6. SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE

Shareholders'/Investors' Grievance Committee reviews the process followed for the redressal of Investors' grievances on day-to-day basis besides considering transfer/transmission of shares, issue of duplicate share certificate, etc. The Committee also reviews the status of the Investor complaints.

The Committee comprises of three Directors namely, Mr. Karan Thapar, Mr. Prabhakar Dev and Mr. Vijay Rai. Mr. K K Saraf, Executive Vice President & Company Secretary is designated as Compliance Officer of the Company.

During the year, the Committee met 21 times.

8 complaints were received and resolved during the year. There were no outstanding complaints as at close of the financial year.

7. MANAGEMENT

7.1 Report on Management Discussion and Analysis.

A Report on Management Discussion and Analysis, forms part of this Annual Report.

7.2 Disclosure of material transaction.

During the year, there was no material, financial or commercial transaction which had potential interest of the Senior Management Personnel or which might have had potential conflict with the interest of the Company.

7.3 Accounting Policies

The Company has not adopted any Accounting Policy, which is contrary to the Accounting Standards notified in the Companies (Accounting Standards) Rules, 2006.

7.4 Code of Conduct

The Company has adopted a Code of Conduct for Directors and Senior Management Personnel, which is also posted on the website of the Company.

The Directors and Senior Management Personnel of the Company have affirmed their adherence to the Code.

A Declaration by the Managing Director on compliance of the Code of Conduct forms part of the Annual Report.

7.5 Insider Trading

The Company has issued comprehensive guidelines in accordance with the SEBI (Prohibition of Insider Trading) Regulations, 1992, advising the Directors and designated Executives of the Company about the procedures to be followed while dealing in the securities of the Company.

8. SHAREHOLDERS

8.1 Disclosure regarding re-appointment of the Directors.

The requisite information, pursuant to Clause 49 of the Listing Agreement, in respect of Directors' re-appointment, is annexed to the notice convening the Annual General Meeting.

8.2 Communication to Shareholders

The Company consistently follows the practice of making timely announcement of its quarterly and annual financial results which upon approval by the Board of Directors are immediately intimated to Stock Exchanges on which Company's shares are listed. These Results are usually published in Mumbai edition of Maharashtra Times in Marathi and Economic Times in English.

Information about the Company in general, management, financials, shareholding pattern, products etc. are available at the Company's Website.

8.3 Introduction of InvestorAssist An Online Web based service

As a part of its continuous endeavor to provide best services to its Shareholders, the Company launched in November 2009 an online web based service named InvestorAssist, for the benefit of the Shareholders of the Company. This enables the Shareholders to access information pertaining to their shareholding, dividend payments by the Company and unpaid dividends, if any and also the master data maintained by the Company's Registrar & Transfer Agent (RTA). This service, which is available to the shareholders free of cost, also provides the latest status of any complaints, transfer/transmission of shares, issue of duplicate share certificate, change of address, etc., thus reducing the dependability on the RTA. Members who have registered at InvestorAssist are sent to their email ID, corporate announcements made by the Company from time to time, viz. financial results, dividend, etc.

9. GENERAL BODY MEETINGS

Information about the last three Annual General Meetings are given below:

Year	Date of AGM	Time	Special Resolution, if any	Venue
2009	October, 23	4.00 p.m	Shifting of Statutory Records to newpremises of Registrar & Transfer Agents	Amar Gian Grover Auditorium, Lala Lajpatrai Marg, Haji Ali, Mumbai 400 034
2008	October, 24	3.30 p.m	None	
2007	October, 18	3.00 p.m	Payment of Commission to Non-Executive Directors for a period of five financial years commencing July 1, 2007	

No Resolution was passed by postal ballot during the year.

10. DISCLOSURES

10.1 Related Party Transactions

Transactions with related parties were placed before the Audit Committee. During the year, there were no transactions of material nature, with the Promoters, Directors and their relatives, the Management or the Company's Subsidiaries that could have had potential conflict with the interests of the Company.

10.2 Compliance by the Company

There was neither any instance of any non-compliance by the Company nor any penalties, strictures, imposed on the Company by Stock Exchanges/SEBI or any statutory authorities on any matter related to capital markets during the last three years.

10.3 Relationship between Directors inter se

There was no relationship between Directors inter se.

10.4 CEO/CFO Certification

The Managing Director and Chief Financial Officer have certified to the Board with regard to the financial statement and other matters as required by Clause 49 of the Listing Agreement. A Certificate forms part of this Annual Report.

10.5 Non-mandatory requirements

The Company has implemented the following non-mandatory requirements as prescribed under Clause 49 of the Listing Agreement:

a. Remuneration Committee – Details of the Remuneration Committee are given under para 4 of this Report.

b. Shareholders Rights – Copies of the financial results, as published in the newspapers, are made available to the Shareholders on request. The Financial Results are also put up on the Company's website.

c. Audit Qualifications – The financial statements for the year under review, do not contain any audit qualification.

The Board shall consider adopting other non-mandatory requirements at an appropriate time.

10.6 Auditors' Certificate on Corporate Governance

A Certificate from the Auditors of the Company regarding compliance with the provisions of the Corporate Governance as laid down in Clause 49 of the Listing Agreement, is annexed.

11. GENERAL SHAREHOLDER INFORMATION

11.1 Information Regarding Annual General Meeting

Day & Date	Tuesday, October 19, 2010
Time	3.30 P.M.
Venue	Amar Gian Grover Auditorium, Lala Lajpatrai Marg, Haji Ali, Mumbai 400 034.
Book Closure	October 12, 2010 to October 19, 2010 (both days inclusive)
Dividend Payment date	November 1, 2010

11.2 Financial Year

The Company follows financial year from July 1 to June 30 each year.

11.3 Stock Information

Listing on	Stock Code
Bombay Stock Exchange Ltd. (BSE)	501455
National Stock Exchange of India Ltd. (NSE)	GREAVESCOT EQ

11.4 Market Price Data

Month	BSE				NSE			
	Prices (in ₹)		Sensex		Prices (in ₹)		S&P CNX Nifty	
	High	Low	High	Low	High	Low	High	Low
July 2009	130.00	104.00	15,732.81	13,219.99	130.75	103.00	4599.90	3918.75
August 2009	161.20	125.15	16,002.46	14,684.45	162.60	124.20	4743.75	4353.45
September 2009	219.20	149.00	17,142.52	15,356.72	219.00	148.50	5087.60	4576.60
October 2009	225.00	179.10	17,493.17	15,805.20	222.90	180.00	5181.95	4687.50
November 2009	244.00	183.30	17,290.48	15,330.56	244.40	185.70	5138.00	4538.50
December 2009	290.40	213.10	17,530.94	16,577.78	290.45	213.55	5221.85	4943.95
January 2010	302.60	255.05	17,790.33	15,982.08	302.90	255.00	5310.85	4766.00
February 2010	297.60	255.00	16,669.25	15,651.99	296.90	262.00	4992.00	4675.40
March 2010	309.90	273.00	17,793.01	16,438.45	309.95	272.00	5329.55	4935.35
April 2010	357.00	296.10	18,047.86	17,276.80	358.40	292.10	5399.65	5160.90
May 2010	375.00	316.10	17,536.86	15,960.15	375.50	315.35	5278.70	4786.45
June 2010	369.90	315.00	17,919.62	16,318.39	359.80	315.00	5366.75	4961.05

11.5 Registrar And Transfer Agents

Sharepro Services (India) Private Limited
13 AB Samhita Warehousing Complex,
2nd Floor, Off. Andheri Kurla Road
Sakinaka Telephone Exchange Lane, Sakinaka,
Andheri (East), Mumbai 400 072.
Phone Nos. 022-67720300/67720400
Fax No. 022- 28591568
Email: gcl@shareproservices.com

11.6 Share Transfer System

Shares lodged in physical form for transfer, are usually transferred within 15 days, if the documents are clear in all aspects. Requests received for dematerialization of shares are processed and the confirmation is given by the Registrars & Transfer Agents to the Depositories within 21 days.

11.7 Shareholding Pattern as on June 30, 2010

Category	No. of share held	Percentage of shareholding
Promoters	2,51,07,347	51.41
Mutual Funds and UTI	67,46,652	13.81
Banks, Financial Institutions and Insurance Companies	78,57,031	16.09
Corporate Bodies	16,97,710	3.47
NRIs/ OCBs/ FIIs	25,06,062	5.13
Resident Individuals	49,26,557	10.09
Total	**4,88,41,359**	**100.00**

11.8 Shareholding Distribution as on June 30, 2010

No. of shares	No. of shareholders	Percentage	No. of Shares	Percentage
Upto 500	40,567	95.09	20,87,499	4.27
501 to 1,000	1,126	2.64	8,46,871	1.73
1001 to 2,000	535	1.25	7,63,632	1.56
2,001 to 3,000	157	0.37	3,94,434	0.81
3,001 to 4,000	52	0.12	1,83,283	0.38
4,001 to 5,000	55	0.13	2,54,723	0.52
5,001 to 10,000	71	0.17	5,21,326	1.07
10,001 & above	100	0.23	4,37,89,591	89.66
Total	**42,663**	**100.00**	**4,88,41,359**	**100.00**

11.9 Dematerialization of Shares and Liquidity

The Equity Shares of the Company can be traded on the Stock Exchanges only in dematerialized form. As on June 30, 2010, 97.53% of the total Equity Share Capital is held in dematerialized form.

The ISIN number allotted to Equity Shares is INE 224A01018.

11.10 Outstanding GDRs/ADRs/Warrant or any Convertible Instruments, Conversion Date and Likely Impact on Equity

There were no outstanding GDRs/ADRs or any Convertible Instruments for the year under report.

11.11 Unit Locations

Unit	Address	Unit	Address
Diesel Engines Unit	Bombay Poona Road, Chinchwad, Pune 411 019.	Light Engines Unit -IV	J-2A, MIDC Industrial Area, Chikalthana, Aurangabad 431 210
Light Engines Unit -I	J-2, MIDC Industrial Area Chikalthana, Aurangabad 431 210.	Petrol Engines Unit	F62 & 63, Sipcot Industrial Complex, Puppankuppam Village, Gummidipoondi, Tiruvallur District, Chennai 601 201
Light Engines Unit -II	Plot No.72, Sipcot Industrial Complex Ranipet 632 403	Heavy Engineering Unit I & II	D- 18, Sipcot Industrial Complex, Gummidipoondi, Tiruvallur District, Chennai 601 201
Light Engines Unit –III	K-135, MIDC Area, Waluj Aurangabad 431 136.	Heavy Engineering Unit IV	A-12 (a), Sipcot Industrial Complex, Gummidipoondi, Tiruvallur District, Chennai 601 201

11.12 Address for Correspondence

Greaves Cotton Limited
Industry Manor, Appasaheb Marathe Marg,
Prabhadevi, Mumbai 400 025.
Phone No.: 022 24397575 / 24365510
Fax: 022 24377730 / 24379555
E-mail: investorservices@greavesmail.com
Website: www.greavescotton.com

CERTIFICATE OF MANAGING DIRECTOR AND CHIEF FINANCIAL OFFICER ON CORPORATE GOVERNANCE

To

The Board of Directors
Greaves Cotton Limited

We have reviewed financial statements and the cash flow statement of Greaves Cotton Limited for the financial year ended June 30, 2010 and certify that:

(a) These statements to the best of our knowledge and belief:

(i) do not contain any materially untrue statements or omit any material facts or contain statements that might be misleading;

(ii) present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

(b) to the best of our knowledge and belief, there are no transactions entered into by the Directors and Senior Management Personnel during the quarter, which are fraudulent, illegal or violative of the Company's Code of Conduct.

(c) We accept responsibility for establishing and maintaining internal controls for financial reporting and have evaluated the effectiveness of the internal control systems of the Company for such reporting. We have disclosed to the Auditors and the Audit Committee, deficiencies, if any, in the design or operation of such internal controls, of which we are aware, and the steps taken and/or proposed to be taken to rectify these deficiencies.

(d) We have also indicated to the Auditors and the Audit Committee:

(i) Significant changes in the internal controls with respect to financial reporting during the year;

(ii) Significant changes in accounting policies during the year and these have been disclosed in the notes to the financial statements.

(e) That to the best of our knowledge and belief, there are no instances of significant fraud involving either the Management or Employees having a significant role in the Company's internal control systems with respect to financial reporting.

Prabhakar Dev
Managing Director & CEO

A. K. Sonthalia
Chief Financial Officer

Mumbai, 12th August, 2010

AUDITORS' REPORT ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To the Members of Greaves Cotton Limited

We have examined the compliance of conditions of corporate governance by Greaves Cotton Limited, for the year ended 30 June 2010 as stipulated in clause 49 of the listing agreement of the said Company with stock exchanges.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied in all material respects with the conditions of corporate governance as stipulated in the above mentioned listing agreement.

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

For SHARP & TANNAN
Chartered Accountants

L. Vaidyanathan
Partner
Membership No. 16368

Mumbai, 12 August 2010

AUDITORS' REPORT
To the Shareholders of Greaves Cotton Limited

We have audited the attached balance sheet of Greaves Cotton Limited, as at 30 June 2010 and the annexed profit and loss account and the cash flow statement for the year ended on that date, in which are incorporated the audited accounts of the U.K. Branch audited by another auditor. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In accordance with the provisions of section 227 of the Companies Act, 1956, we report that:

(1) As required by the Companies (Auditor's Report) Order, 2003, issued by the central government of India under sub-section (4A) of section 227 of the Companies Act, 1956, and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

(2) Further to our comments in the Annexure referred to above, we report that:

   (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   (b) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from branches not visited by us;

   (c) the balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;

   (d) in our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;

   (e) the report on the accounts of the branch, audited by another auditor has been produced to us and the same has been considered in preparing our report; and

   (f) on the basis of the written representations received from directors as on 30 June 2010, and taken on record by the board of directors, we report that none of the directors is disqualified as on 30 June 2010, from being appointed as a director in terms of clause (g) of sub–section (1) of section 274 of the Companies Act, 1956.

   In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read together with significant accounting policies in schedule N and notes on accounts in schedule O, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

   1) in the case of the balance sheet, of the state of affairs of the Company as at 30 June 2010;

   2) in the case of the profit and loss account, of the profit for the year ended on that date; and

   3) in the case of the cash flow statement, of the cash flows for the year ended on that date.

For SHARP & TANNAN
Chartered Accountants
ICAI Registration No.109982W

L. Vaidyanathan
Partner
Membership No.16368

Mumbai, 12 August 2010

ANNEXURE TO THE AUDITORS' REPORT
(Referred to paragraph (1) of our report of even date)

1 (a) The Company is maintaining proper records to show full particulars including quantitative details and situation of all fixed assets.

(b) As explained to us, the fixed assets have been physically verified by management in accordance with a phased programme of verification which in our opinion is reasonable considering the size and the nature of its business. The frequency of verification is reasonable and no material discrepancies have been noticed on such physical verification.

(c) The Company has not disposed off any substantial part of its fixed assets so as to affect its going concern status.

2 (a) As explained to us, inventories have been physically verified by the management at reasonable intervals during the year. In our opinion, the frequency of such verification is reasonable.

(b) As per the information given to us, the procedures of physical verification of inventory followed by the management are, in our opinion, reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records, which were not material, have been properly dealt with in the books of account.

3 (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms and other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, paragraphs 4(iii) (b), (c) and (d) of the Order are not applicable.

(b) According to the information and explanations given to us, the Company has not taken any loans, secured or unsecured, from companies, firms and other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, paragraphs 4(iii) (f) and (g) of the Order are not applicable.

4 In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business for purchase of inventory, fixed assets and for sale of goods and services. During the course of our audit we have not observed any continuing failure to correct major weaknesses in internal control systems.

5 (a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements that need to be entered in the register maintained under section 301 of the Companies Act, 1956 have been so entered.

(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year, have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.

6 The Company has accepted deposits from the public and in our opinion and according to the information and explanations given to us, the directives issued by the Reserve Bank of India and the provisions of section 58A, 58AA and other relevant provisions of the Companies Act, 1956 and the rules framed thereunder, where applicable, have been complied with. We are informed by the Company that no order has been passed by the Company Law Board or National Company Law Tribunal or the Reserve Bank of India or any court or any other tribunal. As of the date of the Balance Sheet, the Company has no fixed deposits other than unclaimed matured deposits.

7 In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

8 In our opinion and according to the information and explanations given to us, the Company is maintaining accounts and records as prescribed by the central government under section 209(1)(d) of the Companies Act, 1956 in respect of power driven pumps and internal combustion engines and we are of the opinion that *prima facie* the prescribed accounts and records have been made and maintained though the contents of these accounts have not been examined by us.

9 (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues as applicable to it. According to the information and explanations given to us, there were no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty,

cess and other statutory dues outstanding as at 30 June 2010 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of sales tax, excise duty and income tax as at 30 June 2010 which have not been deposited on account of a dispute pending, are as under:

Sr. No.	Name of the statute	Nature of disputed dues	Amount (₹ crore)	Period to which the amount relates	Forum where dispute is pending
1	Central Sales Tax Act and Local Sales Tax Acts	Non-submission of forms, interest and other matters	0.20	1999-2000	Deputy Commissioner (Appeals)
			0.28	2001-2002	Joint Commissioner (Appeals)
			0.02	1992-1993	Additional Commissioner (Appeals)
			1.90	1991-1992	Commissioner (Appeals)
				1992-1993 1996-1997 to 1998-1999 2000-2001 2001-2002 2003-2004 2004-2005	
			1.49	1994-1995 1998-1999 to 2004-2005	Sales Tax Tribunal
			0.05	2002-2003	High Court
			0.40	2008-2009 to 2010-2011	Supreme Court
2	The Central Excise Act, 1944	Dispute in valuation and Credit availment and exemptions disallowed	0.03	1996-1997	Deputy Commissioner (Appeals)
			0.25	1991-1992 and 1996-1997	High Court
3	The Income Tax Act, 1961	Disputed matters regarding Minimum Alternate Tax	2.84	2003-2004	Commissioner (Appeals)

10 The Company has no accumulated losses as at 30 June 2010 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.

11 According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or bank as at the balance sheet date. The Company has no debentures outstanding as at the balance sheet date.

12 According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

13 The provisions of any special statute applicable to chit fund/nidhi/mutual benefit fund/societies are not applicable to the Company.

14 According to the information and explanations given to us, the Company is not dealing in or trading in shares, securities, debentures and other investments.

15 In our opinion and according to the information and explanations given to us, the terms and conditions of guarantees given by the Company for loans taken by a subsidiary company from bank or financial institutions are not *prima facie* prejudicial to the interest of the Company.

16 In our opinion and according to the information and explanations given to us, on an overall basis, the term loans have been applied for the purposes for which they were obtained.

17 According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short term basis have been used for long term investments.

18 The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of theCompanies Act, 1956 during the year.

19 The Company has no secured debentures outstanding and accordingly clause 4(xix) is not applicable.

20 The Company has not raised any money by public issue during the year.

21 During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instances of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by management.

For SHARP & TANNAN
Chartered Accountants
ICAI Registration No.109982W

L. Vaidyanathan
Partner
Membership No.16368

Mumbai, 12 August 2010

BALANCE SHEET AS AT 30TH JUNE, 2010

	Schedule	30.06.2010 ₹ Crore	30.06.2010 ₹ Crore	30.06.2009 ₹ Crore
I. SOURCES OF FUNDS				
1. SHAREHOLDERS' FUNDS				
(a) Share Capital	A	**48.84**		48.84
(b) Reserves & Surplus	B	**392.42**		359.79
			441.26	408.63
2. LOAN FUNDS				
(a) Secured Loans	C	**0.37**		9.27
(b) Unsecured Loans	D	**4.79**		35.11
			5.16	44.38
3. DEFERRED TAX				
(a) Deferred Tax Liabilities		**30.24**		29.41
(b) Deferred Tax Assets		**(5.74)**		(4.14)
(See Schedule O, Note 22)			**24.50**	25.27
TOTAL			**470.92**	478.28
II. APPLICATION OF FUNDS				
1. FIXED ASSETS	E			
Gross Block		**394.67**		380.88
Less: Depreciation		**156.87**		132.07
		237.80		248.81
Add: Capital Work-in-progress		**28.18**		17.22
			265.98	266.03
2. INVESTMENTS	F		**130.13**	65.85
3. CURRENT ASSETS, LOANS AND ADVANCES	G			
(a) Inventories		**153.29**		140.74
(b) Sundry Debtors		**211.50**		150.93
(c) Cash and Bank Balances		**21.85**		17.77
(d) Loans and Advances		**100.34**		76.25
		486.98		385.69
Less : CURRENT LIABILITIES AND PROVISIONS	H			
(a) Liabilities		**280.27**		211.15
(b) Provisions		**131.90**		28.14
		412.17		239.29
NET CURRENT ASSETS			**74.81**	146.40
TOTAL			**470.92**	478.28
STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES	N			
NOTES ON ACCOUNTS	O			

As per our report attached

For **SHARP & TANNAN**
Chartered Accountants
ICAI Registration No.109982W

L.Vaidyanathan
Partner
Membership No 16368
Mumbai, 12th August, 2010

A. K. Sonthalia
Executive Vice President &
Chief Financial Officer

K. K. Saraf
Executive Vice President &
Company Secretary

For and on behalf of the Board

Karan Thapar Chairman

S. D. Nayyar Director

Prabhakar Dev Managing Director & CEO

Mumbai, 12th August, 2010

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30TH JUNE, 2010

GREAVES
SINCE 1859

	Schedule	2009-2010 ₹ Crore	2009-2010 ₹ Crore	2008-2009 ₹ Crore
INCOME				
Sales (Gross)			**1,461.55**	1,155.51
Less:Excise duty			**114.34**	114.71
Sales (Net)			**1,347.21**	1,040.80
Other Income	I		**6.85**	11.08
Gross Revenue			**1,354.06**	1,051.88
EXPENDITURE				
Materials and Manufacturing Expenses	J		**947.14**	746.31
Staff Expenses	K		**103.28**	95.17
Selling and Administration Expenses	L		**88.51**	83.85
Directors' Commission{ (See Schedule O, Note 5 (b) }			**1.79**	0.79
			1,140.72	926.12
Profit Before Interest, Depreciation, Exceptional item and Tax			**213.34**	125.76
Interest	M		**12.91**	22.16
Depreciation/Obsolescence/Amortisation		**27.10**		25.25
Less : Transferred from Revaluation Reserve		**0.07**		0.07
			27.03	25.18
Profit Before Exceptional item and Tax			**173.40**	78.42
Exceptional Item:				
Profit on sale of land/development rights			**-**	1.45
Profit Before Tax			**173.40**	79.87
Provision for Taxation				
Current Tax (See Schedule O, Note 28)		**(56.20)**		(7.44)
Deferred Tax (See Schedule O, Note 22)		**0.77**		(15.41)
Fringe Benefit Tax		**-**		(1.02)
			(55.43)	(23.87)
Profit After Tax			**117.97**	56.00
Profit Brought Forward			**126.55**	118.03
			244.52	174.03
APPROPRIATIONS				
Interim Dividend			**21.98**	14.65
Proposed Final and Special Dividend			**51.28**	4.88
Tax on Dividend			**12.01**	2.95
General Reserve			**25.00**	25.00
Balance carried to Balance sheet			**134.25**	126.55
Earnings per share (Face Value of ₹ 10/- per share)				
(i) Basic			**24.15**	11.47
(ii) Diluted			**24.15**	11.47
(See Schedule O, Note 21)				
STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES	N			
NOTES ON ACCOUNTS	O			

As per our report attached

For **SHARP & TANNAN**
Chartered Accountants
ICAI Registration No.109982W

L.Vaidyanathan
Partner
Membership No 16368
Mumbai, 12th August, 2010

A. K. Sonthalia
Executive Vice President &
Chief Financial Officer

K. K. Saraf
Executive Vice President &
Company Secretary

For and on behalf of the Board

Karan Thapar Chairman

S. D. Nayyar Director

Prabhakar Dev Managing Director & CEO

Mumbai, 12th August, 2010

CASH FLOW STATEMENT FOR THE YEAR ENDED 30TH JUNE, 2010

		For the year ended 30th June, 2010 ₹ Crore	For the year ended 30th June, 2009 ₹ Crore
A	CASH FLOW FROM OPERATING ACTIVITIES		
	Net profit before taxes and after exceptional items	173.40	79.87
	Adjustment for:		
	Depreciation	27.03	25.18
	(Profit)/loss on sale of land/development rights	-	(1.45)
	(Profit)/loss on sale of investments	(0.63)	(0.65)
	Interest received	(0.84)	(5.05)
	Interest paid	12.91	22.16
	(Profit)/loss on sale of fixed assets (net)	(0.84)	(0.12)
	Dividend from investments	(1.25)	(1.25)
	Unrealised (gain)/loss on exchange fluctuation	0.09	(0.23)
	Operating profit before working capital changes	209.87	118.46
	Adjustment for:		
	(Increase)/decrease in inventory	(12.55)	(3.39)
	(Increase)/decrease in trade receivables	(60.67)	(42.31)
	(Increase)/decrease in other receivables	12.95	(12.14)
	Increase/(decrease) in trade payables	70.87	(30.48)
	Cash from operating activities	220.47	30.14
	Direct taxes recovered/(paid) (net)	(45.50)	(11.96)
	Net cash from operating activities	174.97	18.18
B	CASH FLOW FROM INVESTING ACTIVITIES		
	Purchase of fixed assets	(27.50)	(30.31)
	Sale of fixed assets	1.29	1.83
	Investment in subsidiaries	(0.56)	(10.02)
	Purchase of investments (net)	(63.72)	-
	Sale of investments (net)	-	46.24
	Profit on sale of investments	0.63	0.65
	Dividend received from subsidiary	1.25	1.25
	Interest received	0.84	5.05
	Net cash (used in)/from investment activities	(87.77)	14.69

CASH FLOW STATEMENT FOR THE YEAR ENDED 30TH JUNE, 2010

		For the year ended 30th June, 2010 ₹ Crore	For the year ended 30th June, 2009 ₹ Crore
C	**CASH FLOW FROM FINANCING ACTIVITIES**		
	(Decrease)/Increase in long term and other borrowing	**(39.24)**	(4.86)
	Interest paid	**(12.75)**	(21.98)
	Dividend (including dividend tax) (net)	**(31.13)**	(16.77)
	Net cash (used in) financing activities	**(83.12)**	(43.61)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**4.08**	(10.74)
	Cash and cash equivalent 30th June, 2009	**17.77**	28.51
	Cash and cash equivalent 30th June, 2010	**21.85**	17.77

Notes on cash flow statement

1 Cash flow statement has been prepared under the indirect method as set out in the Accounting Standard (AS)-3 'Cash Flow Statements'.

2 Purchase of fixed assets includes movements of capital work-in-progress during the year.

3 Cash and cash equivalents represents cash and bank balances only.

4 Previous year's figures have been regrouped/reclassified wherever applicable.

As per our report attached

For **SHARP & TANNAN**
Chartered Accountants
ICAI Registration No.109982W

L.Vaidyanathan
Partner
Membership No 16368
Mumbai, 12th August, 2010

A. K. Sonthalia
Executive Vice President &
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For and on behalf of the Board

Karan Thapar Chairman

S. D. Nayyar Director

Prabhakar Dev Managing Director & CEO

Mumbai, 12th August, 2010

SCHEDULES TO BALANCE SHEET 30TH JUNE, 2010

SCHEDULE A - SHARE CAPITAL	30.06.2010 ₹ Crore	30.06.2009 ₹ Crore
AUTHORISED		
2,500,000 Redeemable Preference Shares of ₹ 100/- each	**25.00**	25.00
50,000,000 Equity Shares of ₹ 10/- each	**50.00**	50.00
	75.00	75.00
ISSUED, SUBSCRIBED AND PAID UP		
48,841,359 (Previous Year 48,841,359) Equity Shares of ₹ 10/- each fully paid	**48.84**	48.84
	48.84	48.84
NOTES	**No. of Shares**	No. of Shares
Of the above, equity shares of ₹ 10/- each:		
(a) allotted as fully paid-up pursuant to a contract without payment being received in cash,	**50,000**	50,000
(b) allotted as fully paid-up bonus shares by capitalisation of General Reserve and Securities Premium Account,	**23,252,546**	23,252,546
(c) allotted as fully paid up pursuant to Schemes of Amalgamation,	**2,639,835**	2,639,835
(d) allotted on conversion of 12.5% Secured Fully Convertible Debentures	**3,858,029**	3,858,029

SCHEDULE B - RESERVES & SURPLUS	30.06.2010 ₹ Crore	30.06.2010 ₹ Crore	30.06.2009 ₹ Crore
Capital Reserve			
As last account		**1.34**	1.34
Securities Premium Account			
As last account		**34.59**	34.59
Revaluation Reserve			
As last account	**4.28**		4.39
Less: On Assets sold during the year	**-**		0.04
Less: Transferred to Profit and Loss Account	**0.07**		0.07
		4.21	4.28
General Reserve			
As last account	**193.03**		168.03
Add: Transferred from Profit and Loss Account	**25.00**		25.00
		218.03	193.03
Profit and Loss Account		**134.25**	126.55
		392.42	359.79

SCHEDULE C - SECURED LOANS

	30.06.2010 ₹ Crore	30.06.2009 ₹ Crore
Term Loans from		
Financial Institutions	**0.37**	2.11
Bank	**-**	2.50
Cash Credit from Banks	**-**	4.66
	0.37	9.27

NOTES

1 Term Loans from :

Financial institutions are secured by first mortgage on two residential flats of the Company situated at Mumbai.

2 Cash Credit from Banks are secured by hypothecation of all stock-in-trade, spares, tools and book debts, present and future, of the company. The charges on these assets also extend to letters of credit and bank guarantees upto ₹ 56.13 crore (Previous Year ₹ 30.84 crore) and ₹ 6.28 crore (Previous Year ₹ 7.48 crore) respectively.

SCHEDULE D - UNSECURED LOANS

	30.06.2010 ₹ Crore	30.06.2009 ₹ Crore
Interest-free Sales Tax Loan and Special Incentive Loan { Due within one year ₹ 2.43 crore, (Previous Year ₹ 0.32 crore) }	**4.79**	5.11
Short Term Loan from Others {Representing Commercial Papers ₹ Nil (Previous Year ₹ 30.00 crore), Future Interest obligation of ₹ Nil (Previous Year ₹ 0.35 crore) Due within one year ₹ Nil, (Previous Year ₹ 30.00 crore) }	**-**	30.00
	4.79	35.11

SCHEDULE E - FIXED ASSETS

₹ Crore

FIXED ASSETS	GROSS BLOCK (at Cost)				DEPRECIATION				NET BLOCK	
	Opening as at 01.07.09	Additions/ adjustments	Sales/ adjustments	**Closing As at 30.06.10**	Opening as at 01.07.09	on Deductions / adjustments	For the year	**Closing as at 30.06.10**	**As at 30.06.10**	As at 30.06.09
(A) TANGIBLE ASSETS										
Freehold Land	3.44	-	-	**3.44**	-	-	-	**-**	**3.44**	3.44
Freehold Building	76.58	1.85	-	**78.43**	11.70	-	2.38	**14.08**	**64.35**	64.88
Plant & Equipment	262.44	12.27	1.95	**272.76**	101.60	1.77	20.87	**120.70**	**152.06**	160.84
Furniture	17.94	0.61	0.39	**18.16**	9.26	0.16	1.39	**10.49**	**7.67**	8.68
Vehicles	1.60	0.09	0.41	**1.28**	1.20	0.37	0.18	**1.01**	**0.27**	0.40
Sub-total(A)	**362.00**	**14.82**	**2.75**	**374.07**	**123.76**	**2.30**	**24.82**	**146.28**	**227.79**	-
As at 30.06.2009	322.43	41.55	1.98	362.00	103.00	2.92	23.68	123.76	-	238.24
(B) INTANGIBLE ASSETS										
Leasehold Land	3.12	-	-	**3.12**	0.34	-	0.04	**0.38**	**2.74**	2.78
Leasehold Building	0.29	-	-	**0.29**	0.28	-	-	**0.28**	**0.01**	0.01
Technical Know-how	4.73	-	-	**4.73**	4.68	-	0.05	**4.73**	**-**	0.05
Computer software	10.74	1.72	-	**12.46**	3.01	-	2.19	**5.20**	**7.26**	7.73
Sub-total(B)	**18.88**	**1.72**	**-**	**20.60**	**8.31**	**-**	**2.28**	**10.59**	**10.01**	-
As at 30.06.2009	13.01	8.27	2.40	18.88	8.16	1.42	1.57	8.31	-	10.57
TOTAL(A+B)	**380.88**	**16.54**	**2.75**	**394.67**	**132.07**	**2.30**	**27.10**	**156.87**	**237.80**	-
As at 30.06.2009	335.44	49.82	4.38	380.88	111.16	4.34	25.25	132.07	-	248.81
Add: Capital work-in- progress including advances									**28.18**	17.22
As at 30.06.2010	**380.88**	**16.54**	**2.75**	**394.67**	**132.07**	**2.30**	**27.10**	**156.87**	**265.98**	-
As at 30.06.2009	335.44	49.82	4.38	380.88	111.16	4.34	25.25	132.07	-	266.03

NOTES 1 Freehold Land and Building includes ₹ 4.21 crore added on revaluation as on 31st May, 1987

2 Freehold Building includes ₹ 0.91 crore cost of ownership flats in Co-operative Housing Societies including cost of 50 shares of ₹ 50/- each.

SCHEDULE F - INVESTMENTS		30.06.2010 ₹ Crore	30.06.2009 ₹ Crore
I LONG TERM INVESTMENTS, AT COST			
(A) IN SUBSIDIARIES			
(1) FULLY PAID EQUITY SHARES (Unquoted)			
1,785,545	Shares of ₹ 10/- each of Greaves Leasing Finance Limited	**8.62**	8.62
4,780,000	Shares of Euro 1/- each of Greaves Cotton Netherland B.V. (80,000 Shares subscribed during the year)	**29.16**	28.60
50,000	Shares of ₹ 10/- each of Greaves Auto Limited	**0.05**	0.05
(2) IN PREFERENCE SHARES			
20,892,350	6% Cumulative Redeemable Preference shares of ₹ 10/- each of Greaves Leasing Finance Limited	**20.89**	20.89
769,034	2% Non Cumulative Redeemable Preference shares of ₹ 100/- each of Greaves Leasing Finance Limited	**7.69**	7.69
(B) TRADE INVESTMENTS			
FULLY PAID PREFERENCE SHARES (Unquoted)			
1,058	14.5% Cumulative Redeemable Preference shares of ₹ 100/-each of Swadeshi Cotton Mills Company Limited (₹ 40,000/-, Previous Year ₹ 40,000/-)	**-**	-
II CURRENT INVESTMENTS			
MUTUAL FUNDS (Unquoted)			
20,529,891	Units of ₹ 10/- each of Reliance Liquidity Fund - Growth Option	**28.73**	-
2,549,142	Units of ₹ 10/- each of ICICI Prudential Liquid Super Institutional Plan - Growth Option	**34.99**	-
		130.13	65.85

NOTES

1. The book value of unquoted investments was ₹ 130.13 crore (Previous year ₹ 65.85 crore)
2. Details of Investments purchased and sold during the year

Sr No.	Mutual Funds	Face Value Per Unit ₹	No of Units	Cost ₹ Crore
1	Reliance Liquidity Fund - Growth Option	10	137,400,768	190.28
2	Reliance Money Manager Fund - Institutional Option-Growth Fund	10	235,907	29.50
3	ICICI Prudential Liquid Super Institutional Plan -Growth	10	3,260,296	44.51

SCHEDULES TO BALANCE SHEET 30TH JUNE, 2010

SCHEDULE G - CURRENT ASSETS, LOANS AND ADVANCES		30.06.2010		30.06.2009
	₹ Crore	₹ Crore	₹ Crore	₹ Crore
CURRENT ASSETS				
a) Inventories (at lower of cost or net realisable value)				
Stores, Spares and Packing Materials		**2.99**		2.73
Loose tools		**3.19**		1.76
Materials		**86.03**		80.51
Work-in-progress		**13.87**		21.65
Finished Goods (Includes Traded Goods)		**47.21**		34.09
			153.29	140.74
b) Sundry Debtors, unsecured				
Debts outstanding for a period exceeding six months				
Considered good		**14.00**		9.00
Considered doubtful	**3.92**			2.97
Less: Provision for Doubtful Debts	**3.92**			2.97
		-		-
Other Debts, considered good		**197.50**		141.93
			211.50	150.93
c) Cash and Bank Balances				
Cash on hand		**0.10**		0.07
Cheques on hand		**12.63**		8.27
Bank balance with Scheduled Banks				
In Current Accounts		**7.58**		8.94
In Fixed Deposit (under lien)		**1.37**		0.32
Bank balance with Non Scheduled Bank:				
The National Westminster Bank p.l.c., Manchester		**0.17**		0.17
(the maximum amount outstanding at any time during the year ₹ 1.99 crore Previous Year ₹ 0.85 crore)				
			21.85	17.77
d) Loans and Advances				
Advances recoverable in cash or in kind or for value to be received, Unsecured :				
Interest Accrued on Fixed Deposits		**0.06**		0.13
Advances to Subsidiaries		**0.78**		0.66
Others				
Considered good		**88.31**		66.62
Considered doubtful	**3.00**			-
Less: Provision for doubtful advances	**3.00**			-
		-		-
Balances with Cutoms, Port Trust, Central Excise etc.		**11.19**		8.84
			100.34	76.25
			486.98	385.69

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SCHEDULE H - CURRENT LIABILITIES AND PROVISIONS

	30.06.2010		30.06.2009
	₹ Crore	₹ Crore	₹ Crore
LIABILITIES			
Sundry Creditors			
Due to Micro Small Medium Enterprises		**20.05**	12.33
Others		**255.21**	195.33
Items covered by Investor Education and Protection Fund (see note below)			
Unclaimed Dividends	**1.17**		1.12
Unclaimed Matured Fixed Deposits	**0.09**		0.11
Interest accrued on matured fixed deposit	**0.01**		0.02
		1.27	1.25
Interest accrued but not due on loans		**1.58**	1.41
Subsidiary Companies		**0.01**	0.01
Due to Directors		**2.15**	0.82
		280.27	211.15
PROVISIONS			
Current Tax		**56.20**	7.44
Fringe Benefit Tax		**-**	1.02
Proposed Final and Special Dividend		**51.28**	4.88
Corporate Dividend Tax		**8.31**	0.62
Leave Encashment		**6.19**	5.53
Warranty (See Schedule O, Note 24)		**9.92**	7.19
Other Provision (for gratuity benefits in excess of actuarial valuation)		**-**	1.46
		131.90	28.14
		412.17	239.29

Note: There are no amounts due and outstanding to be credited to Investor Education and Protection Fund as at 30th June, 2010 under section 205C of the Companies Act, 1956.

SCHEDULES TO PROFIT AND LOSS ACCOUNT 30TH JUNE, 2010

SCHEDULE I - OTHER INCOME	2009-2010 ₹ Crore	2008-2009 ₹ Crore
Dividends from Long Term Investments - Subsidiary Company	**1.25**	1.25
Interest received -Others {tax deducted at source ₹ 0.01 crore (Previous Year ₹ 0.03 crore)}	**0.84**	5.05
Duty Draw Back	**0.82**	0.59
Profit on sale of fixed assets (net)	**0.84**	0.12
Profit on Sale of Current Investments	**0.63**	0.65
Royalty	**1.32**	1.71
Scrap Sales General	**0.75**	0.63
Miscellaneous Income	**0.40**	1.08
	6.85	11.08

SCHEDULE J - MATERIALS AND MANUFACTURING EXPENSES	2009-2010 ₹ Crore	2009-2010 ₹ Crore	2008-2009 ₹ Crore
Raw Materials and Components Consumed			
Opening Stock	**80.51**		87.10
Add : Purchases	**895.08**		689.13
	975.59		776.23
Less : Closing Stock	**86.03**		80.51
		889.56	695.72
Traded Goods {See Schedule O, Note 13 (b)}			
Opening Stock	**2.70**		1.50
Add : Purchases	**37.99**		31.20
	40.69		32.70
Less : Closing Stock	**3.02**		2.70
		37.67	30.00
(Increase)/Decrease in stocks			
CLOSING STOCK			
Finished Goods	**44.19**		31.39
Work-In-Progress	**13.87**		21.65
	58.06		53.04
OPENING STOCK			
Finished Goods	**31.39**		22.49
Work-In-Progress	**21.65**		22.26
	53.04		44.75
		(5.02)	(8.29)
		922.21	717.43
Other Manufacturing and Operating Expenses			
Stores, Spares and Packing Material		**8.63**	13.65
Excise duty on closing stock of finished goods (net)		**(1.39)**	0.74
Royalty		**-**	0.06
Power and Fuel		**12.12**	10.41
Repairs :			
Building		**0.97**	0.76
Plant and Equipment		**4.60**	3.26
		947.14	746.31

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SCHEDULE K - STAFF EXPENSES	2009-2010 ₹ Crore	2008-2009 ₹ Crore
Salaries, Wages and Bonus	**86.50**	79.14
Contribution to Provident, Gratuity, Superannuation and other Funds	**9.13**	9.51
Staff Welfare	**7.65**	6.52
	103.28	95.17

SCHEDULE L - SELLING AND ADMINISTRATION EXPENSES	2009-2010 ₹ Crore	2008-2009 ₹ Crore
Brokerage and Commission	**6.22**	5.11
Rent	**4.63**	4.69
Insurance	**1.13**	1.05
Bad Debts/Advances written off	**-**	13.34
Less:Provision for Doubtful Debts/Advances written back	**-**	13.34
	-	-
Provision for Doubtful Debts/Advances	**3.95**	0.95
Rates and Taxes	**0.93**	0.88
Repairs Others	**1.95**	2.23
Advertising and Sales Promotion	**4.35**	2.60
Travelling	**8.37**	7.25
Godown and Forwarding	**15.06**	12.93
Directors' sitting fees	**0.09**	0.09
Printing and Stationery	**1.25**	1.99
Postage, Telegram, Telephone and Telefax	**3.18**	3.84
Legal, Professional and consultancy charges	**5.49**	6.35
Miscellaneous Expenses	**31.91**	33.89
	88.51	83.85

SCHEDULE M - INTEREST	2009-2010 ₹ Crore	2008-2009 ₹ Crore
Fixed Loans	**0.90**	3.33
Others	**12.01**	18.83
	12.91	22.16

SCHEDULES TO BALANCE SHEET AND PROFIT AND LOSS ACCOUNT 30TH JUNE, 2010

SCHEDULE N - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

1 Basis of accounting

The Company maintains its accounts on accrual basis following the historical cost convention in accordance with generally accepted accounting principles [GAAP] except for the revaluation of certain fixed assets, in compliance with the provisions of the Companies Act, 1956 and the Accounting Standards as specified in the Companies (Accounting Standards) Rules, 2006 prescribed by the central government. However, certain escalation and other claims, which are not ascertainable/acknowledged by customers, are not taken into account.

The preparation of financial statements in conformity with GAAP requires that the management of the Company makes estimates and assumptions that affect the reported amounts of income and expenses of the period, the reported balances of assets and liabilities and the disclosures relating to contingent liabilities as of the date of the financial statements. Examples of such estimates include the useful lives of tangible and intangible fixed assets, provision for doubtful debts/advances, future obligations in respect of retirement benefit plans etc. Difference, if any, between the actual results and estimates is recognised in the period in which the results are known.

2 Inventories

Inventories are valued, after providing for obsolescence, as under:

a) Raw materials, stores, supplies and loose tools at weighted average cost or net realisable value.

b) Work-in-progress at lower of weighted average cost including appropriate overheads or net realisable value.

c) Finished goods at lower of weighted average cost including appropriate overheads and excise duty paid/payable on such goods or net realisable value.

3 Depreciation and Amortisation

a) Tangible assets:

i) Depreciation on revalued fixed assets is provided at the rates given by the valuers. The difference between depreciation on buildings based on revaluation and that on the original cost is transferred from revaluation reserve to profit and loss account.

ii) Depreciation on assets is provided on straight line method at the rates and in the manner prescribed under schedule XIV to the Companies Act, 1956.

iii) The Company has provided accelerated depreciation which are higher than the rates specified in schedule XIV to the Companies Act, 1956 where the technological progress and upgradation is faster and accordingly the life of the assets has been recomputed in the case of following assets and the depreciation has been accordingly provided with effect from 1st July, 2003.

	(Rate of depreciation)
Computers and related equipment	23.75%
Air-conditioning system	11.87%
Furniture	9.50%
Fixtures	13.50%
Office equipment	19.00%
Vehicles	19.00%

iv) Extra shift depreciation is provided on location basis.

b) Intangible assets:

i) Leasehold land is amortised over the primary period of the lease.

ii) Leasehold Building is depreciated as prescribed under Schedule XIV of the Companies Act, 1956.

iii) a) Technical know-how acquired prior to 2001 is depreciated as per the rates applicable to plant and machinery prescribed under schedule XIV to the Companies Act, 1956.

b) Technical know-how acquired after 2001 is depreciated over a period of five years.

iv) Computer software is amortised over a period of four years.

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SCHEDULE N (Contd.) - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

4 Research and Development

Revenue expenditure on research and development is charged under respective heads of account. Capital expenditure on research and development is included as part of fixed assets and depreciated on the same basis as other fixed assets.

5 Revenue Recognition

a) i) Revenue from sale of product is recognised when all the significant risk and reward of ownership of the products are passed on to the customers, which is generally on despatch of goods.

ii) Revenue in respect of services is recognised in terms of the contract with the customers.

b) Sales include excise duty and direct sales compensation but exclude VAT and Service Tax.

6 Fixed assets

a) Tangible assets:

Fixed assets are stated at original cost net of Cenvat availed less accumulated depreciation except in case of certain freehold land and buildings which are stated at revalued amounts as at 31st May, 1987, less depreciation at the rates given by the valuers. Own manufactured assets are capitalised at factory cost. Certain project related direct expenses, incurred at site for the period upto the date of commencement of commercial production are capitalised. (Also refer to policy on borrowing costs infra).

b) Intangible assets:

Intangible assets are stated at cost less amortisation.

7 Foreign currency transactions

a) The reporting currency of the company is Indian Rupee.

b) Foreign currency transactions are recorded on initial recognition in the reporting currency using the exchange rates at the date of the transaction.

c) Monetary assets and Monetary liabilities denominated in foreign currencies (other than those relating to foreign branch) are converted at year-end rates as applicable.

d) Exchange difference on settlement/conversion are adjusted to profit and loss account.

e) Foreign exchange difference arising on forward contracts are recognised in the period in which they arise and the premium paid/received is accounted as expense/income over the period of the contract.

f) Translations relating to foreign branch are as under:

i) Monetary assets and Monetary liabilities are converted at year-end rates as applicable.

ii) Revenue items at the average rate for the year.

8 Investments

Long term investments are carried at cost after providing for any diminution in value if such diminution is of a permanent nature.

Current Investments are carried at lower of cost or market value.

9 Employee benefits

a) Short Term Employee Benefits:

All employee benefits falling due wholly within twelve months of rendering the service are classified as short term employee benefits. The benefits like salaries, wages, short term compensated absences, the expected cost of bonus, ex-gratia etc. are recognised in the period in which the employee renders the related service.

SCHEDULE N (Contd.) - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

b) Post-employment benefits:

i) Defined contribution plans: The Company's contribution to the state-administered provident fund and employees pension scheme and the employees superannuation scheme are defined contribution plans. The contribution paid/ payable under the schemes is recognised during the period in which the employee renders the related service.

ii) Defined benefit plans: The employees gratuity fund schemes managed by Trusts are the Company's defined benefit plans. The present value of the obligation is determined based on actuarial valuation using the projected unit credit method which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. Actuarial gains and losses are recognised immediately in profit and loss account.

In case of funded plans, the fair value of the plan assets is reduced from the gross obligation, to recognise the obligation on a net basis.

iii) Long-term employee benefits: The obligation for compensated absences is recognised in the same manner as in the case of defined benefit plans as mentioned in (b) (ii) above.

10 Borrowing costs

Borrowing costs that are attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the cost of such assets till such time as the asset is ready for its intended use or sale. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use or sale. All other borrowing costs are recognised as an expense in the period in which they are incurred.

11 Segment accounting

a) Segment accounting is done in line with the accounting policies of the Company and is reported as follows:

i) Segment revenue includes sales and other income directly identifiable with/allocable to the segment including inter-segment revenue.

ii) Expenses that are directly identifiable with/allocable to segments are considered for determining the segment result. The expenses, which relates to the Company as a whole and not allocable to segments, are included under "unallocable expenditure".

iii) Income which relates to the Company as a whole and not allocable to segments is included in "unallocable income".

iv) Segment assets and liabilities include those directly identifiable with respective segments. Unallocable assets and liabilities represents the assets and liabilities that relate to the Company as a whole and not allocable to any segment.

b) Inter-segment transfer pricing

Segment revenue resulting from transactions with other business segments is accounted on basis of transfer price agreed between the segments.

12 Leases

Assets acquired on lease where a significant portion of the risk and rewards of ownership are retained by the lessor are classified as operating leases. Lease rentals are charged to profit and loss account on accrual basis.

13 Taxes on income

Tax on income for the current year is determined on the basis of taxable income and tax credits computed in accordance with the provisions of the Income Tax Act, 1961 and based on the expected outcome of assessments /appeals. The provision for tax is adjusted for Minimum Alternate Tax (MAT) paid in earlier years.

Deferred tax is recognised on timing differences between the accounting income and the taxable income for the year and quantified using the tax rates and laws enacted or substantively enacted on the balance sheet date.

Deferred tax assets which arise mainly on account of unabsorbed business loss and unabsorbed depreciation are recognised and carried forward only to the extent that management is virtually certain that sufficient future taxable income will be available against which such deferred tax asset can be realised.

SCHEDULE N (Contd.) - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

14 Impairment of assets

The carrying amount of assets, other than inventories is reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the assets is estimated.

An impairment loss is recognised whenever the carrying amount of an asset a cash generating unit exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use which is determined based on the present value of estimated future cash flow. All impairment losses are recognised in the accounts.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

15 Provisions, contingent liabilities and contingent assets

a) Provisions are recognised for liabilities that can be measured only by using a substantial degree of estimation, if

   i) the Company has a present obligation as a result of a past event,

   ii) a probable outflow of resources is expected to settle the obligation and

   iii) the amount of the obligation can be reliably estimated.

b) Reimbursement expected in respect of expenditure required to settle a provision is recognised only when it is virtually certain that the reimbursement will be received.

c) Contingent liability is disclosed in the case of

   i) a present obligation arising from a past event, when it is not probable that an outflow of resources will be required to settle the obligation

   ii) a present obligation when no reliable estimate is possible, and

   iii) a possible obligation, arising from past events where the probability of outflow of resources is remote.

d) Contingent assets are neither recognised nor disclosed.

e) Provisions, contingent liabilities and contingent assets are reviewed at each balance sheet date.

SCHEDULES TO BALANCE SHEET AND PROFIT AND LOSS ACCOUNT 30TH JUNE, 2010

SCHEDULE O NOTES ON ACCOUNTS

			2009-2010 ₹ Crore	2008-2009 ₹ Crore
1	Contingent Liabilities			
	a)	Sales Tax liability that may arise in respect of matters in appeals	**8.45**	8.35
	b)	Excise Duty liability that may arise in respect of matters in appeals	**0.90**	0.94
	c)	Income Tax liability that may arise in respect of matters in appeals	**2.84**	3.48
	d)	Claims made against the Company, not acknowledged as debt	**14.52**	13.88
	e)	Bonds executed in favour of Collector of Customs/Central Excise	**8.98**	9.08
	f)	Guarantees given on behalf of a subsidiary company	**11.53**	16.78
	g)	Wage demand not acknowledged by the Company in respect of matter in appeal	**2.89**	-
	Note:			
	1.	The Company does not expect any reimbursement in respect of the above contingent liabilities.		
	2.	It is not practical to estimate the timing of cash outflows, if any, in respect of matters at (a) to (d) and (g) above, pending resolution of the appeallate procedings.		
2	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)		**33.19**	11.21
3	Expenditure on research and development activities			
	Total Research and Development costs charged to the profit and loss account (including amount shown under Schedules J, K, and L)		**12.69**	12.36
	Capital Expenditure		**2.14**	9.33
4	The exchange difference arising on foreign currency transactions amounting to			
	a)	₹ 0.16 crore (net gain) (Previous Year ₹ 0.59 crore (net gain)) has been accounted under the respective revenue accounts and		
	b)	₹ 0.25 crore (net premium) (Previous Year ₹ 0.11 crore (net premium)) on account of forward contracts is to be recognised in the future accounting period.		
5	Directors' Remuneration			
	a)	Remuneration to managing director and deputy managing director charged to accounts:		
		Salaries {including performance incentive of ₹ 0.36 crore, (previous year ₹ 0.23 crore)}	**0.72**	0.77
		Other perquisites and allowances	**0.22**	0.29
		Contribution to provident, other funds and retirement benefits	**0.10**	1.47
	b)	Commission to non-executive directors	*** 1.79**	0.79

* Computation of net profits in accordance with the provisions of Section 198 and 349 of the Companies Act, 1956:	**2009-2010**	
	₹ Crore	**₹ Crore**
Profit before tax as per Profit and Loss Account		**173.40**
Add: (i) Depreciation charged to Profit and loss Account	**27.03**	
(ii) Directors' Remuneration and sitting fees	**2.92**	
(iii) Provision for Doubtful Debts/Advances	**3.95**	
		33.90
		207.30
Less: (i) Depreciation in terms of Section 350 of the Companies Act, 1956	**27.03**	
(ii) Profit on sale of Investments	**0.63**	
		27.66
Net Profit		**179.64**
1% of the above		**1.79**
Restricted to		**1.79**
Commission to Managing Director		**NIL**

SCHEDULES TO BALANCE SHEET AND PROFIT AND LOSS ACCOUNT 30TH JUNE, 2010

SCHEDULE O (Contd.) NOTES ON ACCOUNTS

		2009-2010 ₹ Crore	2008-2009 ₹ Crore
6	The aggregate profit/(loss) of Manchester Branch included in the Profit and Loss Account	**(3.37)**	(1.52)
7	Auditors' Remuneration (excluding service tax)		
	a) Statutory audit fees		
	(i) Statutory audit {including ₹ 0.02 crore for foreign branch audit (Previous Year ₹ 0.06 crore)}	**0.26**	0.30
	(ii) Tax audit	**0.05**	0.05
	(ii) Certification work	**0.03**	0.02
	(iii) Other services	**0.16**	0.17
	(iv) Reimbursement of out-of-pocket expenses	**0.06**	0.08
	b) Cost audit fees		
	Fees	**0.03**	0.03
	Reimbursement of out-of-pocket expenses {₹ 7,019/-, (Previous Year ₹ 5,624/-)}	**-**	-
8	Expenditure in foreign currency during the year		
	Royalty (net of tax)	**0.08**	0.18
	Foreign Branch Expenses	**5.07**	2.78
	Legal and Professional Expenses	**0.20**	0.12
	Representative Office Expenses (China)	**0.49**	0.42
	Other matters	**2.10**	0.90
9	Value of imports (on C.I.F. basis)		
	Raw materials	**16.95**	13.76
	Components and spare parts	**53.19**	66.46
	Capital goods	**3.98**	1.04
10	Earnings in foreign currency		
	Export of goods on F.O.B. basis (including foreign branches)	**27.57**	24.06
	Direct sales compensation (including foreign branches)	**1.81**	0.92

11 Sales turnover

	Unit	2009-2010 Quantity	2009-2010 ₹ Crore	2008-2009 Quantity	2008-2009 ₹ Crore
Internal Combustion Engines and Generating Sets	Nos.	**447,493**	**985.86**	336,304	791.16
Engine Spares and accessories			**260.12**		173.89
Vibratory Compactors, Rollers and High pressure pumps, Transit Mixers	Nos.	**1,174**	**136.87**	944	124.49
Spares, accessories and Others			**21.12**		17.91
Power Tillers	Nos.	**5,236**	**55.01**	5,340	46.58
Total (A)			**1,458.98**		1,154.03
Direct Sales Compensation (B)			**2.57**		1.48
Total (A + B)			**1,461.55**		1,155.51

Quantitative figures for sales are after exclusion of inter-divisional transfers, capitalisation/captive consumption, samples etc.

SCHEDULES TO BALANCE SHEET AND PROFIT AND LOSS ACCOUNT 30TH JUNE, 2010

SCHEDULE O (Contd.) NOTES ON ACCOUNTS

12 Raw Materials and Components Consumed

		2009-2010		2008-2009	
Items	**Unit**	**Quantity**	**₹ Crore**	**Quantity**	**₹ Crore**
Steel forgings	Nos.	**309,164**	**1.91**	239,558	1.14
Steel castings	Nos.	**561,714**	**11.94**	399,556	8.55
Alloy steel/aluminium bronze bars	MT	**47**	**0.51**	41	0.11
Steel	Kgs.	**1,373,870**	**3.04**	51,050	0.19
Engines	Nos.	**1,149**	**13.65**	840	10.38
Bearings	Nos.	**163,358**	**2.69**	122,186	0.57
Seamless tubes	Mtrs.	**39,707**	**2.38**	49,656	4.23
Electric motors and starters	Nos.	**138,171**	**19.86**	111,103	16.38
Cylinder heads, cam shafts, crank shafts and connecting rods	Nos.	**1,501,619**	**74.75**	1,016,090	44.28
Crank cases	Nos.	**371,325**	**47.51**	263,046	26.30
Pistons, flywheels, fuel pumps, injectors, CSR pumps , gensets and marine gear boxes	Nos.	**2,974,653**	**164.03**	2,105,441	107.49
Structural	MT	**355**	**1.42**	187	0.76
Plates	MT	**5,031**	**20.06**	3,380	15.08
Castings	MT	**200**	**1.62**	167	1.14
Shafts and forgings	MT	**140**	**0.74**	92	0.49
Motors	Nos.	**1,287**	**3.40**	377	0.52
Panels	Sets	**46**	**0.28**	29	0.13
Pig iron, coke and scrap	MT	**33**	**0.07**	1,084	2.83
Fuel Tanks	Nos.	**543**	**0.26**	523	0.36
Hydraulic pumps	Nos.	**1,160**	**5.55**	263	1.30
Others			**513.89**		453.49
Total			**889.56**		695.72
		% to Total Consumption		% to Total Consumption	
Imported		**5.66**	**50.39**	5.84	40.61
Indigenous		**94.34**	**839.18**	94.16	655.11
		100.00	**889.56**	100.00	695.72

SCHEDULE O (Contd.) NOTES ON ACCOUNTS

13 (a) Particulars in respect of each class of goods manufactured by the Company -

Particulars	Unit	Licensed capacity p.a.	* Installed capacity p.a.	* Actual Production	Opening Stock of goods produced as on 1st July, 2009	Closing Stock of goods produced as on 30th June June, 2010
High Pressure Pump for mud slush, water and Concrete pumps	Nos.	**750** (750)	**750** (750)	**140** (158)	**10** (10)	**14** (10)
Horizontal self-priming pumps (excluding those reserved for SSI)	Metres	**50,000** (-)	**-** (-)	**-** (-)	**-** (-)	**-** (-)
Gear Boxes and parts thereof	Units	**230,000** (-)	**-** (-)	**-** (-)	**-** (-)	**-** (-)
Transmission and parts thereof	Nos.	**230,000** (-)	**-** (-)	**-** (-)	**-** (-)	**-** (-)
Pumpsets and parts thereof	Nos.	**210,000** (-)	**-** (-)	**-** (-)	**-** (-)	**-** (-)
Agricultural Horticultural or forestry machinery for solid preparation or cultivation (including powertriller)		**100,000** (-)	**-** (-)	**-** (-)	**-** (-)	**-** (-)
Internal Combustion Engines	Nos.	**1,047,000** (615,000)	**495,740** (415,240)	**448,064** (332,696)	**3,990** (5,471)	**6,994** (3,990)
Electricity operated Crane Diesel and Petrol Driven Engine Winches Light/Medium/ Heavy Structural Steel Works Gates and Hoisting Machines	Nos.	**650** **(650)**	**650** **(650)**	**-** (-)	**-** (-)	**-** (-)
Vibratory Compactors, Tandem Rollers and Road Rollers	Nos.	**2,500** (1,250)	**1,200** (1,200)	**260** (249)	**6** (6)	**3** (6)
Man Riding System	Nos.	**7** (7)	**7** (7)	**-** (-)	**-** (-)	**-** (-)
Sky Climber	Nos.	**50** (50)	**50** (50)	**-** (-)	**-** (-)	**-** (-)
Concrete / Transit Mixer and Batching Plant	Nos.	**2,400** (2,400)	**2,400** (2,400)	**760** (545)	**18** (10)	**3** (18)
Generating Sets	Nos.	**190,000** (55,000)	**22,600** (22,600)	**2,440** (2,055)	**99** (171)	**106** (99)
Deepwell Turbine Pumps	Nos.	**1,000** (1,000)	**650** (650)	**-** (-)	**-** (-)	**-** (-)

*As certified by the Management on which certificates the auditors have placed reliance.

13 b) Particulars in respect of goods traded by the company:

SCHEDULE O (Contd.) NOTES ON ACCOUNTS

Details of Goods	Opening Stock as on 1st July, 2009		Purchases made during the year		Sales made during the year		Closing Stock as on 30th June, 2010	
	Nos	₹ Crore	Nos	₹ Crore	Nos	₹ Crore	Nos	₹ Crore
Power Tillers	**635**	**2.70**	**5,173**	**37.99**	**5,236**	**55.01**	**572**	**3.02**
	(389)	(1.50)	(5,586)	(31.20)	(5,340)	(46.58)	(635)	(2.70)

14 a) The Company has not taken any assets on Finance Lease. The plant and machinery, computer and vehicles are taken on non-cancellable Operating Lease. These lease agreements are normally renewed on expiry.

The future minimum lease payments in respect of above are as follows:

	2009-2010 ₹ Crore	2008-2009 ₹ Crore
Payable not later than one year	**1.57**	1.15
Payable later than one year and not later than five years	**1.29**	1.27
Total	**2.86**	2.42

b) Rental expenses in respect of operating lease was ₹ 1.92 crore(Previous Year ₹ 1.92 crore). Contingent rent recognised in Profit and Loss account is ₹ Nil.(Previous Year ₹ Nil).

c) The lease agreements provide for an option to the Company to renew the lease at the end of the non-cancellable period. There are no exceptional/restrictive covenants in the lease agreements.

15 a) The year end foreign currency exposures that were not hedged by a derivative instrument or otherwise are given below:

i) Amount receivable in foreign currency on account of the following:

	2009-2010		2008-2009	
	Fx	₹ Crore	Fx	₹ Crore
Export of goods and services	**$1,454,687**	**6.79**	$1,022,254	4.69
	€ 121,566	**0.77**	€ 17,798	0.12

ii) Amounts payable in foreign currency on account of the following:

	2009-2010		2008-2009	
	Fx	₹ Crore	Fx	₹ Crore
Import of goods and services	**$2,908,799**	**13.73**	$40,746	0.20

b) Derivative Instruments

The Company uses foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and forecasted transactions. The use of foreign currency forward contracts is governed by the Company's strategy approved by the Board of Directors, which provide principles on the use of such forward contracts consistent with the Company's Risk Management Policy. The Company does not use forward contracts for speculative purposes.

Outstanding Forward Exchange Contracts entered into by the Company as at 30th June, 2010.

2009-2010			2008-2009		
No. of Contracts	Fx	₹ Crore Equivalent	No. of Contracts	Fx	₹ Crore Equivalent
5	**$1,045,599**	**4.77**	16	$3,396,549	16.89
13	**€ 982,246**	**5.96**	3	€ 159,045	1.07
3	**JPY 45,422,800**	**2.32**	1	JPY 2,552,500	0.13

SCHEDULE O (Contd.) NOTES ON ACCOUNTS

16 The information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

Sr. No.	Particulars	2009-2010 ₹ Crore	2008-2009 ₹ Crore
a)	Principal amount and the Interest Due		
	Principal amount	**20.05**	12.33
	Interest Due (Previous Year ₹ 39,933/-)	**0.32**	-
b)	Interest paid by Buyer in terms of Section 16	**-**	-
c)	Amount paid beyond the appointed day	**10.24**	27.63
d)	Interest due and payable to supplier, for payment already made under MSMED Act	**0.25**	0.48
e)	Amount of Interest accrued and remaining unpaid at the end of accounting year	**0.57**	0.48
f)	Amount of Further Interest remaining due and payable even in suceeding years	-	-

17 The tax year for the Company being the year ending 31st March, the provision for taxation for the financial year is the aggregate of the provision made for the nine months ended 31st March, 2010 and the provision based on the figures for the remaining three months upto 30th June, 2010, the ultimate tax liability of which will be determined on the basis of the figures for the period 1st April, 2010 to 31st March, 2011.

18 Disclosure as required by Accounting Standards (AS)-15 (Revised) 'Employee Benefits'

a) Defined Benefit Plans

Gratuity :

The Company provides for gratuity, a defined benefit plan (the Gratuity Plan), to its employees. The Gratuity Plan provides for a lump sum payment to vested employees at retirement or termination of employment, whichever is earlier, based on the respective employee's last drawn salary and years of employment with the Company. The benefit vests after five years of continued service.

Particulars			2009-2010 ₹ Crore Wholly Funded	2008-2009 ₹ Crore Wholly Funded
i)	The amounts recognised in Balance Sheet:			
	1)	Present Value of Defined Benefits Obligations	**20.48**	18.48
		Less: Fair value of Plan Assets	**19.19**	19.72
		Amount to be recognised as liability or (assets) (See note 2 below)	**1.29**	(1.24)
	2)	Amounts reflected in the Balance Sheet		
		Liabilities	**1.29**	-
		Assets	**-**	-
		Net Liabilities/(Assets)	**1.29**	-
ii)	The amounts recognised in Profit and Loss Account are as follows:			
	Current Service Cost		**0.91**	0.90
	Past service cost		**0.88**	-
	Interest Cost		**1.47**	1.45
	Expected (Return) on Plan Assets		**(1.50)**	(1.51)
	Actuarial Losses/(Gains)		**0.76**	(0.49)
	Total Included in "Staff Expense" (See note 2 below)		**2.52**	0.35
	Actual Return on Plan Assets		**1.53**	1.03

SCHEDULE O (Contd.) NOTES ON ACCOUNTS

	Particulars	2009-2010 ₹ Crore Wholly Funded	2008-2009 ₹ Crore Wholly Funded
iii)	The changes in the present value of defined benefit obligation representing reconciliation of opening and closing balances threreof are as follows:		
	Opening balance of the present value of Defined Benefit Obligation	**18.48**	17.42
	Add: Current Service Cost	**0.91**	0.90
	Add: Past Service Cost	**0.88**	-
	Add: Interest Cost	**1.47**	1.45
	Add: Actuarial (Gain)/Losses	**0.80**	(0.97)
	(Less): Benefits Paid during the year	**(2.06)**	(0.32)
	Closing balance of the present value of Defined Benefit Obligation	**20.48**	18.48
iv)	Changes in the fair value of plan assets representing reconciliation of the opening and closing balances thereof are as follows:		
	Opening balance of the fair value of the plan assets	**19.72**	9.18
	Add: Expected Return on Plan Assets	**1.49**	1.51
	Add: Actuarial Gain/(Losses)	**0.04**	(0.48)
	Add: Contribution by the employer	**-**	9.82
	Less: Benefits paid	**(2.06)**	(0.31)
	Closing balance of the Plan Assets	**19.19**	19.72
v)	The major categories of plan assets as a percentage of total plan assets are as follows:		
	Bank Deposits	**0.19%**	-
	Government Securities	**1.20%**	3.83%
	Bonds issued by Government Companies	**-**	1.17%
	ICICI Prudential Life Insurance Company Limited	**98.34%**	91.14%
	Others	**0.27%**	3.86%
vi)	Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):		
	Discount rate per annum	**8.50%**	7.75%
	Expected rate of Return on Plan Assets	**8.00%**	8.00%
	Expected salary increase per annum	**4.00%**	4.00%
	Average past service of employees	**17 Years**	18 Years
	Mortality rate	**LIC (1994-96) Published table of Mortality rate**	LIC (1994-96) Published table of Mortality rate

b) Compensated absences :

The obligation for compensated absences is recognised in the same manner as gratuity and net charge to Profit and Loss account for the year is ₹ 0.66 crore (Previous Year ₹ 0.03 crore)

c) Retirement Pension Scheme :

In case of foreign branch employees, based on actuarial valuation, the Company has recognised liability of ₹ 4.36 crore (equivalent GBP 592,000), for present value of post retirement pension liability of which ₹ 1.79 crore (equivalent GBP 243,000) has been paid during the year.

Notes:

1 The estimates of future increase in salary, considered in the actuarial valuation, have been taken on account of inflation, seniority, promotion and relevant factors such as demand in the employment market.

2 The amount shown against “ Staff Expense” is net of excess of plan assets of prior year.

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SCHEDULE O (Contd.) NOTES ON ACCOUNTS

19 Disclosure as required by Accounting Standard (AS)-17 'Segment Reporting'

PRIMARY SEGMENTS (Business segments)

₹ Crore

Particulars	Engines		Infrastructure Equipments		Others		Total	
	2009-2010	2008-2009	**2009-2010**	2008-2009	**2009-2010**	2008-2009	**2009-2010**	2008-2009
External revenue (including excise duty)	**1,245.80**	966.53	**159.49**	142.41	**56.26**	46.58	**1,461.55**	1,155.51
Total revenue	**1,245.80**	966.53	**159.49**	142.41	**56.26**	46.58	**1,461.55**	1,155.51
Result:								
Segment Result	**216.87**	127.70	**(6.67)**	(5.24)	**14.94**	9.22	**225.14**	131.68
Add: Unallocable Income/ (Expenditure) (Net)							**(38.83)**	(31.10)
Operating Profit							**186.31**	100.58
Less: Interest expense							**(12.91)**	(22.16)
Profit before exceptional/ extraordinary items							**173.40**	78.42
Exceptional/ Extraordinary items							**-**	1.45
Profit before Tax							**173.40**	79.87
Less: Provision for tax (Net)							**(56.20)**	(8.46)
Add: Deferred tax (liability)/asset							**0.77**	(15.41)
Profit/(Loss) after tax							**117.97**	56.00
Other Information:								
Segment assets	**495.41**	463.59	**118.18**	130.12	**13.84**	8.74	**627.43**	602.45
Unallocable corporate assets							**255.66**	115.12
Total assets							**883.09**	717.57
Segment liabilities	**216.14**	176.22	**37.50**	25.80	**17.14**	10.03	**270.78**	212.05
Unallocable corporate liabilities							**171.05**	96.89
Total liabilities							**441.83**	308.94
Capital expenditure	**16.73**	33.83	**2.69**	2.97	**-**	-		
Depreciation and amortisation	**21.69**	21.13	**2.05**	2.05	**-**	-		
Non-cash expenses other than depreciation and amortisation	**-**	-	**-**	-	**-**	-		

SCHEDULES TO BALANCE SHEET AND PROFIT AND LOSS ACCOUNT 30TH JUNE, 2010

SCHEDULE O (Contd.) NOTES ON ACCOUNTS

SECONDARY SEGMENTS (Geographical segments)

₹ Crore

Particulars	Domestic		Overseas		Total	
	2009-2010	2008-2009	**2009-2010**	2008-2009	**2009-2010**	2008-2009
External revenue by location of customers	**1,431.39**	1,127.71	**30.16**	24.06	**1,461.55**	1,155.51
Carrying amount of segment assets by location of assets	**624.90**	601.71	**2.53**	0.74	**627.43**	602.45
Cost incurred on acquisition of tangible and intangible fixed assets	**19.42**	36.80	**-**	-	**19.42**	36.80

Segment Identification, Reportable Segments and defination of each reportable segment:

Segment Identification:

Business segments have been identified on the basis of the nature of products/services, the risk-return profile of individual divisions, the organisational structure and the internal reporting system of the Company.

Reportable Segments:

Reportable segments have been identified as per the quantitative criteria specified in Accounting Standard (AS)-17: 'Segment Reporting'

Segment Composition:

1. Engines comprises of single and multi cylinder engines.
2. Infrastructure Equipments comprises of equipments used in road construction, bridges, dams, mining, etc.
3. Others includes traded products.

Primary/secondary segment reporting format:

1. The risk-return profile of the Company's business is determined predominantly by the nature of its products and services. Accordingly, the business segments constitute the primary segments for disclosure of segment information.
2. In respect of secondary segment information, the Company has identified its geographical segments as (i) Domestic and (ii) Overseas.

The expenses and incomes which are not directly attributable to the business segments are shown as unallocable income/ expenditure .

Unallocable assets mainly comprise of investments, cash bank, advance tax and unallocable liabilities include mainly loan funds, tax provisions and provision for employee retirement benefits.

20 Disclosures as required by Accounting Standard (AS)-18 'Related Party Disclosures'

I Relationships:

A) List of related parties over which control exists:

Sl. No.	Name of the Related Party	**Relationship**
1	Greaves Leasing Finance Limited	Wholly Owned Subsidiary
2	Dee Greaves Limited	Subsidiary of Greaves Leasing Finance Limited
3	Greaves Cotton Netherlands B.V.	Wholly Owned Subsidiary
4	Greaves Farymann Diesel GmbH	Subsidiary of Greaves Cotton Netherlands B.V.
5	Greaves Auto Limited	Wholly Owned Subsidiary

B) Key Management Personnel :

Mr. Prabhakar Dev - Managing Director & CEO

SCHEDULE O (Contd.) NOTES ON ACCOUNTS

C) List of related parties with whom transactions were carried out during the year and description of relationship :

Subsidiaries:

1 Greaves Leasing Finance Limited

2 Dee Greaves Limited

3 Greaves Cotton Netherlands B.V.

4 Greaves Farymann Diesel GmbH

Key Management Personnel :

Mr. Prabhakar Dev - Managing Director & CEO

Other Related Parties :

1 Premium Energy Transmission Limited

2 Mr. Karan Thapar

II Disclosure of related party transactions

The following transactions were carried out with the related parties in the ordinary course of business: ₹ Crore

Sl No.	Transactions	2009-2010			2008-2009		
		Subsidiaries	**Other Related Parties**	**Total**	Subsidiaries	Other Related Parties	Total
1	Purchase of goods						
	Greaves Farymann Diesel GmbH	**0.03**	**-**	**0.03**	-	-	-
	Premium Energy Transmission Limited	**-**	**-**	**-**	-	0.10	0.10
2	Sale of goods and contract revenue						
	Greaves Farymann Diesel GmbH	**0.74**	**-**	**0.74**	0.38	-	0.38
	Premium Energy Transmission Limited	**-**	**0.29**	**0.29**	-	0.50	0.50
3	Rendering of Services/ Reimbursement of expenses						
	Premium Energy Transmission Limited	**-**	**1.97**	**1.97**	-	4.07	4.07
4	Receiving of Services						
	Premium Energy Transmission Limited	**-**	**₹49,559/-**	**₹49,559/-**	-	0.08	0.08
5	Commission and Sitting Fees						
	Mr. Karan Thapar	**-**	**1.54**	**1.54**	-	0.69	0.69
6	Lease Rent expense						
	Greaves Leasing Finance Limited	**1.92**	**-**	**1.92**	1.92	-	1.92
7	Charges for deputation of employees to related parties						
	Greaves Leasing Finance Limited	**₹ 57,324/-**	**-**	**₹ 57,324/-**	₹ 57,324/-	-	₹ 57,324/-
8	Rent received and overheads recovered						
	Greaves Leasing Finance Limited	**₹ 25,000/-**	**-**	**₹ 25,000/-**	₹ 25,000/-	-	₹ 25,000/-
	Dee Greaves Limited	**-**	**-**	**-**	₹ 54,000/-	-	₹ 54,000/-
9	Dividend received						
	Greaves Leasing Finance Limited	**1.25**	**-**	**1.25**	1.25	-	1.25
10	Purchase of Investments						
	Greaves Cotton Netherlands B.V.	**0.56**	**-**	**0.56**	10.02	-	10.02

SCHEDULES TO BALANCE SHEET AND PROFIT AND LOSS ACCOUNT 30TH JUNE, 2010

SCHEDULE O (Contd.) NOTES ON ACCOUNTS

III Amount Due to / from related parties

₹ Crore

Sl No.	Transactions	2009-2010 Subsidiaries	2009-2010 Other Related Parties	2009-2010 Total	2008-2009 Subsidiaries	2008-2009 Other Related Parties	2008-2009 Total
1	Loans and advances						
	Dee Greaves Limited	**₹ 30/-**	**-**	**₹ 30/-**	-	-	-
	Greaves Leasing Finance Limited	**0.01**	**-**	**0.01**	-	-	-
	Greaves Farymann Diesel GmbH	**0.77**	**-**	**0.77**	0.66	-	0.66
2	Trade Receivables						
	Greaves Farymann Diesel GmbH	**0.77**	**-**	**0.77**	0.38	-	0.38
	Premium Energy Transmission Limited	**-**	**0.67**	**0.67**	-	0.30	0.30
3	Trade Payables						
	Greaves Leasing Finance Limited	**-**	**-**	**-**	0.01	-	0.01
	Greaves Farymann Diesel GmbH	**0.01**	**-**	**0.01**	-	-	-
	Premium Energy Transmission Limited	**-**	**0.09**	**0.09**	-	0.14	0.14

No amounts are writen off/written back during the year.

IV Key Management Personnel (KMP):

Remuneration to Managing Director ₹ 1.04 crore (Previous year ₹ 2.53 crore, includes to former Managing Director upto 3rd May, 2009).

21 Disclosure as required by Accounting Standard (AS)-20 'Earnings per share'

₹ Crore

Particulars		2009-2010	2008-2009
Basic EPS			
Weighted average number of shares issued of ₹ 10/- each	(A)	**48,841,359**	48,841,359
Basic EPS			
Profit/(Loss) for the year after tax	(B)	**117.97**	56.00
EPS (₹)	(B / A)	**24.15**	11.47
Diluted EPS			
Weighted average number of shares issued of ₹ 10/- each	(C)	**48,841,359**	48,841,359
EPS (₹)	(B / C)	**24.15**	11.47

22 Disclosure as required by Accounting Standard (AS)-22 'Accounting for Taxes on Income'

₹ Crore

Particulars	Deferred tax liability/ (assets) as at 1st July, 2009	Current year charge / (credit)	Deferred tax liability/ (assets) as at 30th June, 2010
Deferred tax liabilities			
Difference between book and tax depreciation	29.41	0.83	**30.24**
Deferred tax assets			
Provision for doubtful debts	(1.01)	(1.29)	**(2.30)**
Provision for Leave Encashment	(1.88)	(0.18)	**(2.06)**
Others	(1.25)	(0.13)	**(1.38)**
Total	(4.14)	(1.60)	**(5.74)**
Net deferred tax (asset) / liabilities	25.27	(0.77)	**24.50**

SCHEDULE O (Contd.) NOTES ON ACCOUNTS

23 Management has evaluated impairment of assets as required by Accounting Standard (AS)-28 'Impairment of Assets' and on the basis of evaluation, management is of the opinion that there is no impairment of the Companies assets as at 30th June, 2010.

24 Disclosure as required by Accounting Standard (AS)-29 'Provisions, Contingent liabilities and Contingent Assets'

Movement of Provisions:

₹ **Crore**

Warranties	**30.06.2010**	30.06.2009
Carrying amount at the beginning of the year	**7.19**	6.40
Additional provision made during the year	**12.18**	9.83
Amounts used during the year	**9.45**	9.04
Carrying amount at the close of the year	**9.92**	7.19

The Company gives warranties for its products undertaking to repair or replace the items that fail to perform satisfactorily during the warranty period. Provisions made at the year end represents the amount of expected cost of meeting such obligations of rectification / replacement. The timing of the outflows is expected to be within a period of eighteen months.

25 No borrowing costs have been capitalised during the year.

26 In case of one of the units of the Company the wage agreement with workers expired in December, 2006. The Company has appealed to the Division Bench of Madras High Court against the Tribunal Order. The Company has made the payments as per the Interim Order of the Division Bench. The Company has further recognized the liability in the books, based on the trend as existed in the industry for the location, over and above the amounts paid as per the Interim Order of the Madras High Court. Pending final order the liability is not fully ascertainable.(See schedule O, Note 1(g))

27 Sales is net of discount and includes direct sales compensation of ₹ 2.57 crore (Previous Year ₹ 1.48 crore).

28 The provision for Current Tax includes Wealth Tax ₹ 0.05 crore (Previous Year ₹ 0.06 crore) and is net of minimum alternate tax of ₹ 0.49 crore (Previous Year ₹ 3.82 crore)

29 Figures for the previous year have been regrouped/reclassified, wherever necessary.

Signatures to schedules 'A' to 'O'

As per our report attached

For **SHARP & TANNAN**
Chartered Accountants
ICAI Registration No.109982W

L.Vaidyanathan
Partner
Membership No 16368
Mumbai, 12th August, 2010

A. K. Sonthalia
Executive Vice President &
Chief Financial Officer

K. K. Saraf
Executive Vice President &
Company Secretary

For and on behalf of the Board

Karan Thapar Chairman

S. D. Nayyar Director

Prabhakar Dev Managing Director & CEO

Mumbai, 12th August, 2010

SCHEDULES TO BALANCE SHEET AND PROFIT AND LOSS ACCOUNT 30TH JUNE, 2010

INFORMATION AS REQUIRED TO BE GIVEN BY PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956 BALANCE SHEET ABSTRACT AND COMPANY'S BUSINESS PROFILE:

I Registration Details

Registration no	09987	State Code	11
Balance Sheet Date	30 (Date) 06 (Month) 2010 (Year)		

II Capital raised during the year (Amount ₹ in Thousands)

Public Issue	NIL	Rights Issue	NIL
Bonus Issue	NIL	Private Placement	NIL

III Position of Mobilisation and Deployment of funds (Amount ₹ in Thousands)

Total Liabilities	4709201	Total Assets	4709201
Sources of Funds			
Paid-Up Capital	488414	Reserves and Surplus	3924240
Secured Loans	3662	Unsecured Loans	47869
Deferred Tax Liability	245016		
Application of Funds			
Net Fixed Assets	2659877	Investments	1301335
Net Current Assets	747989	Miscellaneous Expenditure	NIL
Accumulated Losses	NIL		

IV Performance of the Company (Amount ₹ in Thousands)

Turnover (including other income)	13540624	Total Expenditure	11806602
Profit (+) before Tax	1734022	Profit (+) after Tax	1179746
Earnings per Share in ₹ (Excluding extra ordinary items)	24.15	Dividend Rate	150
Earning per Share in ₹ (Including extra ordinary items)	24.15		

V Generic Names of Principal Products / Serviecs of the Company

	Item Code No. (ITC Code)
Diesel Engines	84081010
Generating sets	85020011
Concrete Mixer / Batching Plant	84743110
Vibratory Compactor / Tanderm Roller	84294020

GREAVES
SINCE 1859

STATEMENT IN ACCORDANCE WITH THE PROVISIONS OF SUB-SECTION (3), (4) AND (5) OF SECTION 212 OF THE COMPANIES ACT, 1956

1 Shares held by the Company in its subsidiaries at the end of the terminious or preceding financial year of each :

Name of the company	Face Value (Per Share)	No.of Shares	Percentage	₹ Crore
Greaves Leasing Finance Limited	₹ 10/-	17,85,545	100	1.79
Dee Greaves Limited (wholly owned subsidiary of Greaves Leasing Finance Limited)	₹ 10/-	1,33,851	100	0.13
Greaves Cotton Netherlands B.V.	Euro 1/-	47,80,000	100	29.16
Greaves Farymann Diesel GmbH (wholly owned subsidiary of Greaves Cotton Netherlands B.V.)	Euro 1/-	23,60,000	100	15.47
Greaves Auto Limited	₹ 10/-	50,000	100	0.05

2 (A) The net aggregate amount of profits less losses so far as it concerns members of the Company not dealt with in the Company's accounts :

			2009-2010 ₹ Crore	2008-2009 ₹ Crore
(i)	(a)	For the financial year ended 31st March, 2010 of Greaves Leasing Finance Limited	**0.58**	0.73
	(b)	For the financial year ended 31st March, 2010 of Dee Greaves Limited	**(0.02)**	(0.04)
	(c)	For the financial year ended 30th June, 2010 of Greaves Cotton Netherlands B.V.	**(0.23)**	0.01
	(d)	For the financial year ended 30th June, 2010 of Greaves Farymann Diesel GmbH	**0.47**	(10.79)
	(e)	For the financial year ended 31st March, 2010 of Greaves Auto Limited	**(₹ 10,014/-)**	(0.01)
(ii)		For previous financial years since they became subsidiaries :		
	(a)	Greaves Leasing Finance Limited	**6.49**	5.97
	(b)	Dee Greaves Limited	**0.44**	0.47
	(c)	Greaves Cotton Netherlands B.V.	**(0.13)**	(0.14)
	(d)	Greaves Farymann Diesel GmbH	**(15.95)**	(5.16)
	(e)	Greaves Auto Limited	**(0.01)**	-

INFORMATION ON SUBSIDIARY COMPANIES (Contd.)

(B) The net aggregate amount of profits less losses so far as it concerns members of the Company and dealt with in the Company's accounts :

			2009-2010 ₹ Crore	2008-2009 ₹ Crore
(i)	(a)	For the financial year ended 31st March, 2010 of Greaves Leasing Finance Limited	**1.25**	1.25
	(b)	For the financial year ended 31st March, 2010 of Dee Greaves Limited	**NIL**	NIL
	(c)	For the financial year ended 30th June, 2010 of Greaves Cotton Netherlands B.V.	**NIL**	NIL
	(d)	For the financial year ended 30th June, 2010 of Greaves Farymann Diesel GmbH	**NIL**	NIL
	(e)	For the financial year ended 31st March, 2010 of Greaves Auto Limited	**NIL**	NIL
(ii)		For previous financial years since they became subsidiaries :		
	(a)	Greaves Leasing Finance Limited	**6.06**	4.80
	(b)	Dee Greaves Limited	**0.10**	0.10
	(c)	Greaves Cotton Netherlands B.V.	**NIL**	NIL
	(d)	Greaves Farymann Diesel GmbH	**NIL**	NIL
	(e)	Greaves Auto Limited	**NIL**	NIL

For and on behalf of the Board

Karan Thapar Chairman

S. D. Nayyar Director

Prabhakar Dev Managing Director & CEO

A. K. Sonthalia
Executive Vice President &
Chief Financial Officer

K. K. Saraf
Executive Vice President &
Company Secretary

Mumbai, 12th August, 2010

GREAVES
SINCE 1859

Statement in accordance with the Government of India, Ministry of Company Affairs letter no 47/329/2010-CL-III dt. 28/04/2010 for disclosure under Section 212(8) of the Company's Act,1956

		Greaves Leasing Finanace Limited	Dee Greaves Limited	Greaves Auto Limited	Greaves Cotton Netherlands B.V.	Greaves Farymann Diesel GmbH
		Financial Year ended 31st March, 2010			Financial Year ended 30th June, 2010	
		₹ Crore	₹ Crore	₹ Crore	₹ Crore*	₹ Crore*
A)	Capital	**30.37**	**0.13**	**0.05**	29.16	15.47
B)	Reserves/Profit & Loss Account	**7.08**	**0.42**	**(0.01)**	(0.73)	(15.80)
C)	Total Assets	**3.79**	**0.56**	**0.04**	0.12	16.57
	(includes deferred tax asset(net) in Dee Greaves Limited of ₹ 0.02 crores)					
D)	Total Liabilities	**2.11**	**0.01**	**₹ 7,215/-**	0.05	16.91
	(includes deferred tax liabilty(net) in Greaves Leasing Finance Limited of ₹ 0.16 crore)					
E)	Investments (as per details attached)	**35.76**	**-**	**-**	-	-
F)	Turnover(including other income)	**3.39**	**0.04**	**-**	-	46.15
G)	Profit/(Loss) before taxation	**2.01**	**0.02**	**(₹ 8,314/-)**	(0.23)	0.58
H)	Provision for taxation (Note 2)	**0.17**	**0.04**	**₹ 1,700/-**	-	0.12
I)	Profit/(Loss) after taxation	**1.84**	**(0.02)**	**(₹ 10,014/-)**	(0.23)	0.47
J)	Proposed Dividend	**1.25**	**-**	**-**	-	-

Notes:

1. Exchange Rate: * Balance Sheet at Closing rate @ 1 Euro= ₹ 57.17

   * Profit and Loss Account at average rate @ 1 Euro= ₹ 64.67

2. Provision for Taxation includes :

   Deferred tax asset of ₹ 0.28 crore in Greaves Leasing Finance Limited and deferred tax liability of ₹ 0.04 crore in Dee Greaves Limited .

For and on behalf of the Board

Karan Thapar	Chairman
S. D. Nayyar	Director
Prabhakar Dev	Managing Director & CEO

A. K. Sonthalia
Executive Vice President &
Chief Financial Officer

K. K. Saraf
Executive Vice President &
Company Secretary

Mumbai, 12th August, 2010

INFORMATION ON SUBSIDIARY COMPANIES (Contd.)

DETAILS OF INVESTMENT OF GREAVES LEASING FINANCE LIMITED AS AT 31st MARCH, 2010

	Face value	No. of shares/ Units	₹ Crore	As at 31.03.2010 ₹ Crore
INVESTMENTS				
(At cost, unless otherwise specified)				
Long term investments				
Unquoted :				
Premium Energy Transmission Limited (5% non cumulative redeemable preference shares of ₹ 100 each)		20,75,000		**20.75**
Premium Energy Transmission Limited (3.5% non cumulative redeemable preference shares of ₹ 100 each)		13,33,034		**13.33**
Quoted :				
Fully paid equity shares of other companies				
Ashok Leyland Limited	**₹ 1/-**	**10**	-	
Bajaj Auto Limited	**₹ 10/-**	**10**	-	
Bajaj Finance Services Limited	**₹ 10/-**	**10**	-	
Bajaj Holdings and Investment Limited	**₹ 10/-**	**10**	-	
Birla Power Solutions Limited	**₹ 1/-**	**10**	-	
Cummins India Limited	**₹ 2/-**	**10**	-	
Elecon Engineering Limited	**₹ 2/-**	**150**	-	
Force Motors Limited	**₹ 10/-**	**10**	-	
Honda Siel Power Products Limited	**₹ 10/-**	**10**	-	
Ingersoll Rand (India) Limited	**₹ 10/-**	**10**	-	
Kennametal Widia Limited	**₹ 10/-**	**10**	-	
Kirloskar Oil Engines Limited	**₹ 2/-**	**100**	-	
Larsen & Toubro Limited	**₹ 2/-**	**20**	-	
Mahindra & Mahindra Limited	**₹ 5/-**	**66**	-	
Shanthi Gears Limited	**₹ 1/-**	**200**	-	
Swaraj Engines Limited	**₹ 10/-**	**30**	-	
Tata Motors Limited	**₹ 10/-**	**5**	-	
UltraTech Cement Limited	**₹ 10/-**	**4**	-	
Vesuvias Limited	**₹ 10/-**	**10**	-	
VST Tillers Limited	**₹ 10/-**	**10**	-	
Wartsila India Limited	**₹ 10/-**	**10**	-	
Wellwind Industry Limited	**₹ 10/-**	**100**	-	
				0.01
Current Investments				
Unquoted :				
Investment in Mutual Fund				
Reliance Money Manager Fund - Institutional Option - Weekly Dividend Plan	**₹ 10/-**	6,765	**0.67**	
SBI Magnum Insta Cash Fund - Dividend Option	**₹ 10/-**	927,790	**1.00**	
				1.67
				35.76

AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

We have examined the attached consolidated balance sheet of Greaves Cotton Limited (the Company) and its subsidiaries (the Greaves group) as at 30 June 2010, the consolidated profit and loss account and also the consolidated cash flow statement for the year then ended.

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In respect of the financial statements of foreign subsidiaries we did not carry out the audit. These financial statements have been audited by other auditors whose reports have been furnished to us and our opinion, insofar as it relates to the amounts included in respect of the subsidiaries, is based solely on the report of the other auditors. The total assets and total revenues of the said subsidiaries aggregate to ₹ 37.56 crores and ₹ 46.07 crores respectively.

We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21 – Consolidated Financial Statements notified by the Companies (Accounting Standards) Rules, 2006 and on the basis of the separate audited financial statements of the Greaves group included in the consolidated financial statements.

We report that on the basis of the information and explanations given to us and on the consideration of the separate audit reports on individual audited financial statements of the Greaves group, we are of the opinion that the said consolidated financial statements read together with significant accounting policies in schedule N and other notes in schedule O give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the consolidated balance sheet, of the state of affairs of the Greaves group as at 30 June 2010;

(b) in the case of the consolidated profit and loss account of the consolidated results of operations of the Greaves group for the year ended on that date; and

(c) in the case of the consolidated cash flow statement, of the consolidated cash flows of the Greaves group for the year ended on that date.

For SHARP & TANNAN
Chartered Accountants
ICAI Registration No.109982W

L. Vaidyanathan
Partner
Membership No.16368

Mumbai, 12 August 2010

CONSOLIDATED BALANCE SHEET AS AT 30TH JUNE, 2010

	Schedule	30.06.2010 ₹ Crore	30.06.2010 ₹ Crore	30.06.2009 ₹ Crore
I. SOURCES OF FUNDS				
1. SHAREHOLDERS' FUNDS				
(a) Share Capital	**A**	**48.84**		48.84
(b) Reserves & Surplus	**B**	**372.23**		340.27
			421.07	389.11
2. LOAN FUNDS				
(a) Secured Loans	**C**	**0.37**		9.27
(b) Unsecured Loans	**D**	**14.25**		47.67
			14.62	56.94
3. DEFERRED TAX LIABILITY				
(a) Deferred Tax Liabilities		**30.33**		29.74
(b) Deferred Tax Assets		**(5.73)**		(4.15)
(See Schedule O, Note 10)			**24.60**	25.59
TOTAL			**460.29**	471.64
II. APPLICATION OF FUNDS				
1. FIXED ASSETS	**E**			
Gross Block		**423.26**		408.93
Less: Depreciation		**170.96**		143.21
		252.30		265.72
Add: Capital Work-in-progress		**28.18**		17.22
			280.48	282.94
2. INVESTMENTS	**F**		**98.30**	34.09
3. CURRENT ASSETS, LOANS AND ADVANCES	**G**			
(a) Inventories		**159.44**		151.16
(b) Sundry Debtors		**218.22**		153.86
(c) Cash and Bank Balances		**22.53**		19.15
(d) Loans and Advances		**100.10**		76.78
		500.29		400.95
Less : CURRENT LIABILITIES AND PROVISIONS	**H**			
(a) Liabilities		**285.99**		217.29
(b) Provisions		**132.79**		29.05
		418.78		246.34
NET CURRENT ASSETS			**81.51**	154.61
TOTAL			**460.29**	471.64
STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES	**N**			
NOTES ON ACCOUNTS	**O**			

As per our report attached

For **SHARP & TANNAN**
Chartered Accountants
ICAI Registration No.109982W

L.Vaidyanathan
Partner
Membership No 16368
Mumbai, 12th August, 2010

A. K. Sonthalia
Executive Vice President &
Chief Financial Officer

K. K. Saraf
Executive Vice President &
Company Secretary

For and on behalf of the Board

Karan Thapar Chairman

S. D. Nayyar Director

Prabhakar Dev Managing Director & CEO

Mumbai, 12th August, 2010

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH JUNE, 2010

	Schedule	2009-2010 ₹ Crore	2009-2010 ₹ Crore	2008-2009 ₹ Crore
INCOME				
Sales (Gross)			**1,506.62**	1,179.64
Less: Excise duty			**114.33**	114.71
Sales (Net)			**1,392.29**	1,064.93
Lease rentals			**0.01**	0.06
Other Income	**I**		**7.29**	11.53
Gross Revenue			**1,399.59**	1,076.52
EXPENDITURE				
Materials and Manufacturing Expenses	**J**		**971.40**	759.92
Staff Expenses	**K**		**116.16**	108.98
Selling and Administration Expenses	**L**		**92.87**	87.62
Directors' Commission			**1.79**	0.79
			1,182.22	957.31
Profit Before Interest, Depreciation, Exceptional item and Tax			**217.37**	119.21
Interest	**M**		**13.63**	23.52
Depreciation/Obsolescence/Amortisation		**30.58**		28.44
Less : Transferred from Revaluation Reserve		**0.07**		0.07
			30.51	28.37
Profit Before Exceptional item and Tax			**173.23**	67.32
Exceptional Item:				
Profit on sale of land/development rights			**-**	1.45
Profit Before Tax			**173.23**	68.77
Provision for Taxation				
Current Tax (See Schedule O, Note 11 & 14)		**(56.74)**		(7.97)
Excess/(Short) Provision for Taxation in prior years (net)		**(0.01)**		(0.02)
Deferred Tax (See Schedule O, Note 10)		**0.99**		(15.28)
Fringe Benefit Tax		**-**		(1.02)
			(55.76)	(24.29)
Profit After Tax			**117.47**	44.48
Profit Brought Forward			**105.33**	108.92
			222.80	153.40
APPROPRIATIONS				
Statutory Reserve			**0.38**	0.38
Interim Dividend			**21.98**	14.65
Proposed Final and Special Dividend			**51.28**	4.88
Tax on Dividend			**12.22**	3.16
General Reserve			**25.00**	25.00
Balance carried to Balance sheet			**111.94**	105.33
Earnings per share (Face Value of ₹ 10/- per share)				
(i) Basic			**24.05**	9.11
(ii) Diluted			**24.05**	9.11
(See Schedule O, Note 9)				
STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES	**N**			
NOTES ON ACCOUNTS	**O**			

As per our report attached

For **SHARP & TANNAN**
Chartered Accountants
ICAI Registration No.109982W

L.Vaidyanathan
Partner
Membership No 16368
Mumbai, 12th August, 2010

A. K. Sonthalia
Executive Vice President &
Chief Financial Officer

K. K. Saraf
Executive Vice President &
Company Secretary

For and on behalf of the Board

Karan Thapar Chairman

S. D. Nayyar Director

Prabhakar Dev Managing Director & CEO

Mumbai, 12th August, 2010

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30TH JUNE, 2010

₹ Crore

		For the year ended 30th June, 2010	For the year ended 30th June, 2009
A	CASH FLOW FROM OPERATING ACTIVITIES		
	Net profit before taxes and after exceptional items	173.23	68.77
	Adjustment for:		
	Depreciation	30.51	28.37
	Foreign currency translation difference	0.04	(0.19)
	(Profit)/loss on sale of land/development rights	-	(1.45)
	(Profit)/loss on sale of investment	(0.65)	(0.65)
	Interest received	(0.86)	(5.13)
	Interest paid	13.63	23.52
	(Profit)/loss on sale of fixed assets (net)	(0.74)	0.20
	Dividend/Income from investments	(1.54)	(1.50)
	Unrealised (gain)/loss on exchange fluctuation	0.09	(0.23)
	Operating profit before working capital changes	213.71	111.71
	Adjustment for:		
	(Increase)/decrease in inventory	(8.28)	(0.32)
	(Increase)/decrease in trade receivables	(64.46)	(39.92)
	(Increase)/decrease in other receivables	13.69	(13.17)
	Increase/(decrease) in trade payables	70.37	(32.24)
	Cash from operating activities	225.03	26.06
	Direct taxes recovered/(paid) (net)	(46.01)	(12.14)
	Net cash from operating activities	179.02	13.92
B	CASH FLOW FROM INVESTING ACTIVITIES		
	Purchase of fixed assets	(29.24)	(33.39)
	Sale of fixed assets	1.85	4.04
	Purchase of Investments (net)	(64.21)	-
	Sale of Investments (net)	-	46.24
	Profit on sale of investments	0.65	0.65
	Dividends received	1.50	1.50
	Income from investment	0.04	-
	Interest received	0.86	5.13
	Net cash (used in)/from investment activities	(88.55)	24.17

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30TH JUNE, 2010 (Contd.)

₹ Crore

		For the year ended 30th June, 2010	For the year ended 30th June, 2009
C	**CASH FLOW FROM FINANCING ACTIVITIES**		
	(Decrease)/Increase in long term and other borrowing	**(42.35)**	(8.41)
	Interest paid	**(13.40)**	(23.33)
	Dividend (including dividend tax) (net)	**(31.34)**	(16.92)
	Net cash (used in) financing activities	**(87.09)**	(48.66)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**3.38**	(10.57)
	Cash and cash equivalent 30th June, 2009	**19.15**	29.72
	Cash and cash equivalent 30th June, 2010	**22.53**	19.15

Notes on cash flow statement

1 Cash flow statement has been prepared under the indirect method as set out in the Accounting Standard (AS) 3: Cash Flow Statements.

2 Purchase of fixed assets includes movements of capital work-in-progress during the year.

3 Cash and cash equivalents represents cash and bank balances only.

4 Previous year's figures have been regrouped/reclassified wherever applicable.

As per our report attached

For **SHARP & TANNAN**
Chartered Accountants
ICAI Registration No.109982W

L.Vaidyanathan
Partner
Membership No 16368
Mumbai, 12th August, 2010

A. K. Sonthalia
Executive Vice President &
Chief Financial Officer

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For and on behalf of the Board

Karan Thapar Chairman

S. D. Nayyar Director

Prabhakar Dev Managing Director & CEO

Mumbai, 12th August, 2010

SCHEDULES TO CONSOLIDATED BALANCE SHEET 30TH JUNE, 2010

SCHEDULE A - SHARE CAPITAL	30.06.2010 ₹ Crore	30.06.2009 ₹ Crore
AUTHORISED		
2,500,000 Redeemable Preference Shares of ₹ 100/- each	**25.00**	25.00
50,000,000 Equity Shares of ₹ 10/- each	**50.00**	50.00
	75.00	75.00
ISSUED, SUBSCRIBED AND PAID UP		
48,841,359 (Previous Year 48,841,359) Equity Shares of ₹ 10/- each fully paid.	**48.84**	48.84
	48.84	48.84
NOTES	**No. of Shares**	No. of Shares
Of the above, equity shares of ₹ 10/- each:		
(a) allotted as fully paid-up pursuant to a contract without payment being received in cash,	**50,000**	50,000
(b) allotted as fully paid-up bonus shares by capitalisation of General Reserve and Securities Premium Account,	**23,252,546**	23,252,546
(c) allotted as fully paid up pursuant to Schemes of Amalgamation,	**2,639,835**	2,639,835
(d) allotted on conversion of 12.5% Secured Fully Convertible Debentures.	**3,858,029**	3,858,029

SCHEDULE B - RESERVES & SURPLUS	30.06.2010 ₹ Crore	30.06.2010 ₹ Crore	30.06.2009 ₹ Crore
Capital Reserve			
As last account		**1.34**	1.34
Securities Premium Account			
As last account		**34.59**	34.59
Capital Reserve on consolidation			
As last account		**0.14**	0.14
Revaluation Reserve			
As last account	**4.28**		4.39
Less: On Assets sold during the year	**-**		0.04
Less: Transferred to Profit and Loss Account	**0.07**		0.07
		4.21	4.28
Statutory Reserve			
As last account	**2.63**		2.25
Add: Transferred from Profit and Loss Account	**0.38**		0.38
		3.01	2.63
General Reserve			
As last account	**191.97**		166.97
Add: Transferred from Profit and Loss Account	**25.00**		25.00
		216.97	191.97
Foreign Currency Translation Difference			
As last account	**(0.01)**		0.18
Add: Addition/(Deduction) during the year	**0.04**		(0.19)
		0.03	(0.01)
Profit and Loss Account		**111.94**	105.33
		372.23	340.27

GREAVES
SINCE 1859

SCHEDULE C - SECURED LOANS	**30.06.2010** **₹ Crore**	30.06.2009 ₹ Crore
Term Loans from		
Financial Institutions	**0.37**	2.11
Bank	**-**	2.50
Cash Credit from Banks	**-**	4.66
	0.37	9.27

SCHEDULE D - UNSECURED LOANS	**30.06.2010** **₹ Crore**	30.06.2009 ₹ Crore
Bank Overdrafts	**2.60**	4.45
Term Loan from Bank	**6.86**	8.11
Interest-free Sales Tax Loans and Special Incentive Loan	**4.79**	5.11
Short Term Loan from Others	**-**	30.00
Representing Commercial Papers ₹ Nil (Previous Year ₹ 30.00 crore), Future Interest obligation of ₹ Nil (Previous Year ₹ 0.35 crore)		
	14.25	47.67

SCHEDULE E - FIXED ASSETS

₹ Crore

FIXED ASSETS		GROSS BLOCK(at Cost)				DEPRECIATION				NET BLOCK	
		Opening as at 01.07.09	Additions/ adjustments	Sales/ adjustments	**Closing as at 30.06.10**	Opening as at 01.07.09	on Deductions / adjustments	For the year	**Closing as at 30.06.10**	**As at 30.06.10**	As at 30.06.09
(A)	**TANGIBLE ASSETS**										
	Freehold Land	3.44	-	-	**3.44**	-	-	-	**-**	**3.44**	3.44
	Freehold Building	76.58	1.86	-	**78.44**	11.70	-	2.38	**14.08**	**64.36**	64.88
	Plant & Equipment	269.28	12.27	2.22	**279.33**	106.78	2.02	21.58	**126.34**	**152.99**	162.50
	Furniture	21.74	0.63	0.70	**21.67**	10.68	0.15	1.91	**12.44**	**9.23**	11.06
	Vehicles	3.36	1.79	0.86	**4.29**	1.74	0.66	0.67	**1.75**	**2.54**	1.62
	Sub-total (A)	374.40	16.55	3.78	**387.17**	130.90	2.83	26.54	**154.61**	**232.56**	-
	As at 30.06.2009	334.61	44.62	4.83	374.40	109.08	3.26	25.08	130.90	-	243.50
(B)	**INTANGIBLE ASSETS**										
	Goodwill	14.19	-	0.05	**14.14**	3.60	-	1.44	**5.04**	**9.10**	10.59
	Leasehold Land	3.11	-	-	**3.11**	0.34	-	0.04	**0.38**	**2.73**	2.77
	Leasehold Building	0.29	-	-	**0.29**	0.28	-	-	**0.28**	**0.01**	0.01
	Technical Know-how	4.73	-	-	**4.73**	4.68	-	0.05	**4.73**	**-**	0.05
	Computer Software	12.21	1.74	0.13	**13.82**	3.41	-	2.51	**5.92**	**7.90**	8.80
	Sub-total (B)	34.53	1.74	0.18	**36.09**	12.31	-	4.04	**16.35**	**19.74**	-
	As at 30.06.2009	28.68	8.27	2.42	34.53	10.38	1.43	3.36	12.31	-	22.22
	TOTAL (A+B)	408.93	18.29	3.96	**423.26**	143.21	2.83	30.58	**170.96**	**252.30**	-
	As at 30.06.2009	363.29	52.89	7.25	408.93	119.46	4.69	28.44	143.21	-	265.72
	Add: Capital work-in- progress including advances									**28.18**	17.22
	As at 30.06.2010	**408.93**	**18.29**	**3.96**	**423.26**	**143.21**	**2.83**	**30.58**	**170.96**	**280.48**	-
	As at 30.06.2009	363.29	52.89	7.25	408.93	119.46	4.69	28.44	143.21	-	282.94

NOTES : 1 Freehold Land and Building includes ₹4.21 crore added on revaluation as on 31st May, 1987.

2 Freehold Building includes ₹ 0.91 crore cost of ownership flats in Co-operative Housing Societies including cost of 50 shares of ₹ 50/- each.

3 Translation gain of ₹ 0.51 crore in respect of translation value of Fixed Assets of foreign non-integral operations has been adjusted in Sales / adjustments.

GREAVES
SINCE 1859

SCHEDULE F - INVESTMENTS	No. of shares	30.06.2010 ₹ Crore	₹ Crore	30.06.2009 ₹ Crore
I. LONG TERM INVESTMENTS, AT COST				
A. IN PREFERENCE SHARES (UNQUOTED)				
Premium Energy Transmission Limited (5% non cumulative redeemable preference shares of ₹ 100 each)	**2,075,000**		**20.75**	20.75
Premium Energy Transmission Limited (3.5% non cumulative redeemable preference shares of ₹ 100 each)	**1,333,034**		**13.33**	13.33
B. TRADE INVESTMENTS				
Other fully paid equity shares (Quoted)		**0.01**		0.01
Fully paid preference shares (Unquoted)		**-**		-
(₹ 40,000/-, Previous Year ₹ 40,000/-)			**0.01**	0.01
II. CURRENT INVESTMENTS				
Mutual funds			**64.21**	-
			98.30	34.09

SCHEDULES TO CONSOLIDATED BALANCE SHEET 30TH JUNE, 2010

SCHEDULE G - CURRENT ASSETS, LOANS AND ADVANCES		30.06.2010		30.06.2009
	₹ Crore	₹ Crore	₹ Crore	₹ Crore
CURRENT ASSETS				
a) **Inventories** (at lower of cost or net realisable value)				
Stores, Spares and Packing Materials		**2.99**		2.73
Loose tools		**3.19**		1.75
Materials		**88.65**		84.89
Work-in-progress		**17.19**		26.95
Finished Goods (Includes Traded Goods)		**47.42**		34.84
			159.44	151.16
b) **Sundry Debtors, unsecured**				
Debts outstanding for a period exceeding six months				
Considered good		**14.00**		9.00
Considered doubtful	**4.19**			3.44
Less: Provision for Doubtful Debts	**4.19**			3.44
		-		-
Other Debts, considered good		**204.22**		144.86
			218.22	153.86
c) **Cash and Bank Balances**				
Cash on hand		**0.11**		0.08
Cheques on hand		**12.63**		8.27
Balance with Scheduled Banks				
In Current Accounts		**7.63**		9.48
In Fixed Deposit ((including under lien ₹1.37 crore) (Previous Year ₹ 0.32 crore))		**1.89**		1.05
Balance with Non Scheduled Banks:				
The National Westminster Bank p.l.c., Manchester		**0.17**		0.17
ING Bank, Netherland		**0.10**		0.06
Jyske Bank, Germany (₹ 34,987/-)		**-**		0.04
			22.53	19.15
d) **Loans and Advances**				
Advances recoverable in cash or in kind or for value to be received (Unsecured)				
Interest Accrued on Fixed Deposits		**0.06**		0.13
Others				
Considered good		**88.85**		67.81
Considered doubtful	**3.00**			-
Less: Provision for doubtful advances	**3.00**			-
		-		-
Balances with Cutoms, Port Trust, Central Excise etc.		**11.19**		8.84
			100.10	76.78
			500.29	400.95

GREAVES
SINCE 1859

SCHEDULE H - CURRENT LIABILITIES AND PROVISIONS	30.06.2010		30.06.2009
	₹ Crore	₹ Crore	₹ Crore
LIABILITIES			
Sundry Creditors			
Due to Micro Small Medium Enterprises		**20.05**	12.33
Others		**260.88**	201.48
Items covered by Investor Education and Protection Fund (see note below)			
Unclaimed Dividends	**1.17**		1.12
Unclaimed Matured Fixed Deposits	**0.09**		0.11
Interest accrued on Matured Fixed Deposits	**0.01**		0.02
		1.27	1.25
Interest accrued but not due on loans		**1.64**	1.41
Due to Directors		**2.15**	0.82
		285.99	217.29
PROVISIONS			
Current Tax		**56.74**	7.97
Fringe Benefit Tax		**-**	1.02
Proposed Final and Special Dividend		**51.28**	4.88
Tax on Dividend		**8.52**	0.83
Leave Encashment		**6.19**	5.53
Warranty (See Schedule O, Note 12)		**10.06**	7.36
Other Provision (for gratuity benefits in excess of actuarial valuation)		**-**	1.46
		132.79	29.05
		418.78	246.34

Note: There are no amounts due and outstanding to be credited to Investor Education and Protection Fund as at 30th June, 2010 under section 205C of the Companies Act, 1956.

SCHEDULES TO CONSOLIDATED PROFIT AND LOSS ACCOUNT
30TH JUNE, 2010

SCHEDULE I - OTHER INCOME

	2009-2010 ₹ Crore	2008-2009 ₹ Crore
Dividends from Long Term Investments	**1.50**	1.50
Interest Received - Others	**0.86**	5.13
Income from Current Investments	**0.04**	-
Duty Drawback	**0.82**	0.59
Profit on Sale of Fixed Assets (net)	**0.74**	-
Profit on Sale of Current Investments	**0.65**	0.65
Royalty	**1.32**	1.71
Scrap Sales General	**0.75**	0.63
Miscellaneous Income	**0.61**	1.32
	7.29	11.53

SCHEDULE J - MATERIALS AND MANUFACTURING EXPENSES

	2009-2010 ₹ Crore	2009-2010 ₹ Crore	2008-2009 ₹ Crore
Raw Materials and Components Consumed			
Opening Stock	**84.89**		98.13
Add : Purchases	**913.83**		698.80
	998.72		796.93
Less : Closing Stock	**88.65**		84.89
		910.07	712.04
Traded Goods			
Opening Stock	**2.70**		1.50
Add : Purchases	**37.99**		31.20
	40.69		32.70
Less : Closing Stock	**3.02**		2.70
		37.67	30.00
(Increase)/Decrease in stocks			
CLOSING STOCK			
Finished Goods	**44.40**		32.14
Work-In-Progress	**17.19**		26.95
	61.59		59.09
OPENING STOCK			
Finished Goods	**32.14**		23.81
Work-In-Progress	**26.95**		23.41
	59.09		47.22
		(2.50)	(11.87)
		945.24	730.17
Other Manufacturing and Operating Expenses			
Stores, Spares and Packing Material		**8.70**	13.67
Excise duty on closing stock of finished goods (net)		**(1.39)**	0.74
Royalty		**-**	0.06
Power and Fuel		**13.02**	11.07
Repairs :			
Building		**1.18**	0.94
Plant and Equipment		**4.65**	3.27
		971.40	759.92

GREAVES
SINCE 1859

SCHEDULE K - STAFF EXPENSES

	2009-2010 ₹ Crore	2008-2009 ₹ Crore
Salaries, Wages and Bonus	**99.15**	92.71
Contribution to Provident, Gratuity, Superannuation and Other Funds	**9.32**	9.72
Staff Welfare	**7.69**	6.55
	116.16	108.98

SCHEDULE L - SELLING AND ADMINISTRATION EXPENSES

	2009-2010 ₹ Crore	2009-2010 ₹ Crore	2008-2009 ₹ Crore
Brokerage and Commission		**8.52**	5.49
Rent		**3.59**	3.80
Insurance		**1.41**	1.44
Bad Debts/Advances written off	**0.06**		13.34
Less: Provision for Doubtful Debts/Advances written back	**0.06**		13.34
		-	-
Provision for Doubtful Debts/Advances		**3.87**	0.97
Rates and Taxes		**0.94**	0.89
Repairs: Others		**2.08**	2.45
Advertising and Sales Promotion		**4.52**	2.90
Travelling		**8.62**	7.46
Godown and Forwarding		**15.70**	13.53
Directors' sitting fees		**0.09**	0.09
Printing and Stationery		**1.30**	2.05
Postage, Telegram, Telephone and Telefax		**3.33**	3.98
Legal, Professional and Consultancy charges		**5.66**	6.77
Loss on sale of fixed assets (net)		**-**	0.20
Miscellaneous Expenses		**33.24**	35.60
		92.87	87.62

SCHEDULE M - INTEREST

	2009-2010 ₹ Crore	2008-2009 ₹ Crore
Fixed Loans	**0.90**	3.34
Others	**12.73**	20.18
	13.63	23.52

SCHEDULES TO CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT 30TH JUNE, 2010

SCHEDULE N - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

1 Basis of accounting

The Company maintains its accounts on accrual basis following the historical cost convention in accordance with generally accepted accounting principles [GAAP] except for the revaluation of certain fixed assets, in compliance with the provisions of the Companies Act, 1956 and the Accounting Standards as specified in the Companies (Accounting Standards) Rules, 2006 prescribed by the central government. However, certain escalation and other claims, which are not ascertainable/acknowledged by customers, are not taken into account.

The preparation of financial statements in conformity with GAAP requires that the management of the Company makes estimates and assumptions that affect the reported amounts of income and expenses of the period, the reported balances of assets and liabilities and the disclosures relating to contingent liabilities as of the date of the financial statements. Examples of such estimates include the useful lives of tangible and intangible fixed assets, provision for doubtful debts/advances, future obligations in respect of retirement benefit plans, etc. Difference, if any, between the actual results and estimates is recognised in the period in which the results are known.

The accounts of the subsidiaries have been prepared in compliance with Accounting Standards specified in the Companies (Accounting Standard) Rules, 2006 notified by the central government and other requirements of the Companies Act, 1956.

2 Principles of consolidation

The financial statements have been consolidated on a line-by-line basis by adding together the book value of all like items of assets, liabilities, income and expenses after eliminating intra-group balances and unrealised profit/losses on intra-group transactions.

3 Inventories

Inventories are valued, after providing for obsolescence, as under:

a) Raw materials, stores, supplies and loose tools at weighted average cost or net realisable value.

b) Work-in-progress at lower of weighted average cost including appropriate overheads or net realisable value.

c) Finished goods at lower of weighted average cost including appropriate overheads and excise duty paid/payable on such goods or net realisable value.

4 Depreciation and Amortisation

a) Tangible assets:

i) Depreciation on revalued fixed assets is provided at the rates given by the valuers. The difference between depreciation on buildings based on revaluation and that on the original cost is transferred from revaluation reserve to profit and loss account.

ii) Depreciation on assets is provided on straight line method at the rates and in the manner prescribed under schedule XIV to the Companies Act, 1956.

iii) The Company has provided accelerated depreciation which are higher than the rates specified in schedule XIV to the Companies Act, 1956 where the technological progress and upgradation is faster and accordingly the life of the assets has been recomputed in the case of following assets and the depreciation has been accordingly provided with effect from 1st July, 2003.

	(Rate of depreciation)
Computers and related equipment	23.75%
Air-conditioning system	11.87%
Furniture	9.50%
Fixtures	13.50%
Office equipment	19.00%
Vehicles	19.00%

iv) Extra shift depreciation is provided on location basis.

SCHEDULE N (Contd.) - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

b) Intangible assets:

i) Leasehold land is amortised over the primary period of the lease.

ii) Leasehold Building is depreciated as prescribed under Schedule XIV of the Companies Act, 1956.

iii) a) Technical know-how acquired prior to 2001 is depreciated as per the rates applicable to plant and machinery prescribed under schedule XIV to the Companies Act, 1956.

b) Technical know-how acquired after 2001 is depreciated over a period of five years.

iv) Computer software is amortised over a period of four years.

v) Goodwill acquired/arising on consolidation is amortised over a period of seven / ten years respectively.

5 Research and Development

Revenue expenditure on research and development is charged under respective heads of account. Capital expenditure on research and development is included as part of fixed assets and depreciated on the same basis as other fixed assets.

6 Revenue Recognition

a) i) Revenue from sale of product is recognised when all the significant risk and reward of ownership of the products are passed on to the customers, which is generally on despatch of goods.

ii) Revenue in respect of services is recognised in terms of the contract with the customers.

b) Sales include excise duty and direct sales compensation but exclude VAT and Service Tax.

7 Fixed assets

a) Tangible assets:

Fixed assets are stated at original cost net of Cenvat availed less accumulated depreciation except in case of certain freehold land and buildings which are stated at revalued amounts as at 31st May, 1987, less depreciation at the rates given by the valuers. Own manufactured assets are capitalised at factory cost. Certain project related direct expenses, incurred at site for the period upto the date of commencement of commercial production are capitalised. (Also refer to policy on borrowing costs infra).

b) Intangible assets:

Intangible assets are stated at cost less amortisation.

8 Foreign currency transactions

a) i) The reporting currency of the company is Indian Rupee.

ii) Foreign currency transactions are recorded on initial recognition in the reporting currency using the exchange rates at the date of the transaction.

iii) Monetary assets and Monetary liabilities denominated in foreign currencies (other than those relating to foreign branch) are converted at year-end rates as applicable.

iv) Exchange difference on settlement / conversion are adjusted to profit and loss account.

v) Foreign exchange difference arising on forward contracts are recognised in the period in which they arise and the premium paid / received is accounted as expense / income over the period of the contract.

vi) Translations relating to foreign branch are as under:

a) Monetary assets and Monetary liabilities are converted at year-end rates as applicable.

b) Revenue items at the average rate for the year.

b) Financial statements of overseas non-integral operations are translated as under:

i) Assets and liabilities at the rate prevailing at the end of the year, Depreciation is accounted at the same rate at which assets are converted.

ii) Revenues and expenses at yearly average exchange rates prevailing during the year.

iii) Exchange differences arising on translation of non-integral foreign operations are accumulated in the Foreign Currency Translation Reserve / Difference until the disposal of such operations.

SCHEDULE N (Contd.) - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

9 Investments

Long term investments are carried at cost after providing for any diminution in value if such diminution is of a permanent nature.

Current Investments are carried at lower of cost or market value.

10 Employee benefits

a) Short Term Employee Benefits

All employee benefits falling due wholly within twelve months of rendering the service are classified as short term employee benefits. The benefits like salaries, wages, short term compensated absences, the expected cost of bonus, ex-gratia etc. are recognised in the period in which the employee renders the related service.

b) Post-employment benefits

i) Defined contribution plans: The Company's contribution to the state-administered provident fund and employees pension scheme and the employees superannuation scheme are defined contribution plans. The contribution paid/ payable under the schemes is recognised during the period in which the employee renders the related service.

ii) Defined benefit plans: The employees gratuity fund schemes managed by Trusts are the Company's defined benefit plans. The present value of the obligation is determined based on actuarial valuation using the projected unit credit method which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. Actuarial gains and losses are recognised immediately in profit and loss account. In case of funded plans, the fair value of the plan assets is reduced from the gross obligation, to recognise the obligation on a net basis.

iii) Long-term employee benefits: The obligation for compensated absences is recognised in the same manner as in the case of defined benefit plans as mentioned in (b) (ii) above.

11 Borrowing costs

Borrowing costs that are attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the cost of such assets till such time as the asset is ready for its intended use or sale. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use or sale. All other borrowing costs are recognised as an expense in the period in which they are incurred.

12 Segment accounting

a) Segment accounting is done in line with the accounting policies of the Company and is reported as follows:

i) Segment revenue includes sales and other income directly identifiable with / allocable to the segment including inter-segment revenue.

ii) Expenses that are directly identifiable with/allocable to segments are considered for determining the segment result. The expenses, which relates to the Company as a whole and not allocable to segments, are included under "unallocable expenditure".

iii) Income which relates to the Company as a whole and not allocable to segments is included in "unallocable income".

iv) Segment assets and liabilities include those directly identifiable with respective segments. Unallocable assets and liabilities represents the assets and liabilities that relate to the Company as a whole and not allocable to any segment.

b) Inter-segment transfer pricing

Segment revenue resulting from transactions with other business segments is accounted on basis of transfer price agreed between the segments.

13 Leases

Assets acquired on lease where a significant portion of the risk and rewards of ownership are retained by the lessor are classified as operating leases. Lease rentals are charged to profit and loss account on accrual basis.

SCHEDULE N (Contd.) - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

14 Taxes on income

Tax on income for the current year is determined on the basis of taxable income and tax credits computed in accordance with the provisions of the Income Tax Act, 1961 and based on the expected outcome of assessments/appeals. The provision for tax is adjusted for Minimum Alternate Tax (MAT) paid in earlier years.

Deferred tax is recognised on timing differences between the accounting income and the taxable income for the year and quantified using the tax rates and laws enacted or substantively enacted on the balance sheet date.

Deferred tax assets which arise mainly on account of unabsorbed business loss and unabsorbed depreciation are recognised and carried forward only to the extent that management is virtually certain that sufficient future taxable income will be available against which such deferred tax asset can be realised.

15 Impairment of assets

The carrying amount of assets, other than inventories is reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the assets is estimated.

An impairment loss is recognised whenever the carrying amount of an asset a cash generating unit exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use which is determined based on the present value of estimated future cash flow. All impairment losses are recognised in the accounts.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

16 Provisions, contingent liabilities and contingent assets

a) Provisions are recognised for liabilities that can be measured only by using a substantial degree of estimation, if

   i) the Company has a present obligation as a result of a past event,

   ii) a probable outflow of resources is expected to settle the obligation and

   iii) the amount of the obligation can be reliably estimated.

b) Reimbursement expected in respect of expenditure required to settle a provision is recognised only when it is virtually certain that the reimbursement will be received.

c) Contingent liability is disclosed in the case of

   i) a present obligation arising from a past event, when it is not probable that an outflow of resources will be required to settle the obligation

   ii) a present obligation when no reliable estimate is possible, and

   iii) a possible obligation, arising from past events where the probability of outflow of resources is remote.

d) Contingent assets are neither recognised nor disclosed.

e) Provisions, contingent liabilities and contingent assets are reviewed at each balance sheet date.

SCHEDULES TO CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT 30TH JUNE, 2010

SCHEDULE O - NOTES ON ACCOUNTS

1 Basis of preparation

a The Consolidated Financial Statements (CFS) are prepared in accordance with Accounting Standard (AS)21 - Consolidated Financial Statements as specified in the Companies (Accounting Standards) Rules, 2006. The CFS comprises the financial statements of Greaves Cotton Limited and its subsidiaries. Reference in these notes to "the Company" shall mean Greaves Cotton Limited and the Company and its subsidiaries are referred to as "the Group".

b The notes and significant policies to the CFS are intended to serve as a guide for better understanding of the Group's position. In this respect, the Company's management has disclosed such notes and policies, which represent the needed disclosure.

2 a The list of subsidiaries included in the consolidated financial statements are as under:

Name of the subsidiary	Country of incorporation	Proportion of ownership interest as at 30th June, 2010
Greaves Leasing Finance Limited	India	100%
Dee Greaves Limited	India	100%
(wholly owned subsidiary of Greaves Leasing Finance limited)		
Greaves Cotton Netherlands B.V.	Netherlands	100%
Greaves Farymann Diesel GmbH	Germany	100%
(wholly owned subsidiary of Greaves Cotton Netherlands B.V.)		
Greaves Auto Limited	India	100%

b Goodwill and Capital reserve on consolidation represent the difference between the net worth and the cost of acquisition of subsidiary. Amortisation of Goodwill arising on acquisition of subsidiary amounted to ₹1.36 crore (Previous Year ₹1.36 crore).

3 CONTINGENT LIABILITIES

		2009-2010 ₹ Crore	2008-2009 ₹ Crore
a)	Sales Tax liability that may arise in respect of matters in appeal	**8.45**	8.35
b)	Excise Duty liability that may arise in respect of matters in appeal	**0.90**	0.94
c)	Income Tax liability that may arise in respect of matters in appeal	**2.84**	3.48
d)	Claims against the Group, not acknowledged as debts	**14.52**	13.88
e)	Bonds executed in favour of Collector of Customs/Central Excise	**8.98**	9.08
f)	Wage demand not acknowledged by the Company in respect of matter in appeal	**2.89**	-

Note:

1 The Group does not expect any reimbursement in respect of the above contingent liabilities.

2 It is not practicable to estimate the timing of cash outflows, if any, in respect of matters at (a) to (d) & (f) above pending resolution of the appellate proceedings.

4 Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) of ₹ 33.19 crore (Previous year ₹ 11.21 crore).

SCHEDULE O (Contd.) - NOTES ON ACCOUNTS

5 Foreign Currency Exposures

(a) The year end foreign currency exposures that were not hedged by a derivative instrument or otherwise are given below:

i) Amount receivable in foreign currency on account of the following:

	2009-2010		2008-2009	
	Fx	**₹ Crore**	Fx	₹ Crore
Export of goods and services	**$1,454,687**	**6.79**	$1,022,254	4.69
	€ 121,566	**0.77**	€ 17,798	0.12

ii) Amounts payable in foreign currency on account of the following:

	2009-2010		2008-2009	
	Fx	**₹ Crore**	Fx	₹ Crore
Import of goods and services	**$2,908,799**	**13.73**	$40,746	0.20

(b) Derivative Instruments

The Group uses foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and forecasted transactions. The use of foreign currency forward contracts is governed by the Group's strategy approved by the Board of Directors, which provide principles on the use of such forward contracts consistent with the Group's Risk Management Policy. The Group does not use forward contracts for speculative purposes.

Outstanding Forward Exchange Contracts entered into by the Group as at 30th June, 2010

2009-2010			2008-2009		
No. of Contracts	**Fx**	**₹ Crore Equivalent**	No. of Contracts	Fx	₹ Crore Equivalent
5	**$1,045,599**	**4.77**	16	$3,396,549	16.89
13	**€ 982,246**	**5.96**	3	€ 159,045	1.07
3	**JPY 45,422,800**	**2.32**	1	JPY 2,552,500	0.13

(c) The Group has not entered in to any derivative contracts contemplated in AS 30 : " Financial Instruments : Recognition and Measurement". Hence no disclosures have been made.

6 Disclosure as required by Accounting Standards (AS)- 15 (Revised) 'Employee Benefits'

a) Defined Benefit Plans

Gratuity

The Group provides for gratuity, a defined benefit plan (the Gratuity Plan), to its employees. The Gratuity Plan provides for a lump sum payment to vested employees at retirement or termination of employment, whichever is earlier, based on the respective employee's last drawn salary and years of employment with the Group. The benefit vests after five years of continued service.

SCHEDULE O (Contd.) - NOTES ON ACCOUNTS

	Particulars	2009 - 2010 ₹ Crore Wholly Funded	2008 - 2009 ₹ Crore Wholly Funded
i)	The amounts recognised in Balance Sheet:		
	1) Present Value of Defined Benefits Obligations	**20.48**	18.48
	Less: Fair value of Plan Assets	**19.19**	19.72
	Amount to be recognised as liability or (assets) (See note 2 below)	**1.29**	(1.24)
	2) Amounts reflected in the Balance Sheet		
	Liabilities	**1.29**	-
	Assets	**-**	-
	Net Liabilities/(Assets)	**1.29**	-
ii)	The amounts recognised in Profit and Loss Account are as follows:		
	Current Service Cost	**0.91**	0.90
	Past Service Cost	**0.88**	-
	Interest Cost	**1.47**	1.45
	Expected (Return) on Plan Assets	**(1.50)**	(1.51)
	Actuarial Losses/(Gain)	**0.76**	(0.49)
	Total Included in “Staff Expenses” (See note 2 below)	**2.52**	0.35
	Actual Return on Plan Assets	**1.53**	1.03
iii)	The changes in the present value of defined benefit obligation representing reconciliation of opening and closing balances threreof are as follows:		
	Opening balance of the present value of Defined Benefit Obligation	**18.48**	17.42
	Add: Current Service Cost	**0.91**	0.90
	Add: Past Service Cost	**0.88**	-
	Add: Interest Cost	**1.47**	1.45
	Add: Actuarial (Gain)/Losses	**0.80**	(0.97)
	Less: Benefits Paid during the year	**(2.06)**	(0.32)
	Closing balance of the present value of Defined Benefit Obligation	**20.48**	18.48

SCHEDULE O (Contd.) - NOTES ON ACCOUNTS

	Particulars	2009 - 2010 ₹ Crore Wholly Funded	2008 - 2009 ₹ Crore Wholly Funded
iv)	Changes in the fair value of plan assets representing reconciliation of the opening and closing balances thereof are as follows:		
	Opening balance of the fair value of the plan assets	**19.72**	9.18
	Add: Expected Return on Plan Assets	**1.49**	1.51
	Add: Actuarial Gain/(Losses)	**0.04**	(0.48)
	Add: Contribution by the employer	**-**	9.82
	Less: Benefits paid	**(2.06)**	(0.31)
	Closing balance of the Plan Assets	**19.19**	19.72
v)	The major categories of plan assets as a percentage of total plan assets are as follows:		
	Bank Deposits	**0.19%**	-
	Government Securities	**1.20%**	3.83%
	Bonds issued by Government Companies	**-**	1.17%
	ICICI Prudential Life Insurance Company Limited	**98.34%**	91.14%
	Others	**0.27%**	3.86%
vi)	Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):		
	Discount rate per annum	**8.50%**	7.75%
	Expected rate of Return on Plan Assets	**8.00%**	8.00%
	Expected salary increase per annum	**4.00%**	4.00%
	Average past service of employees	**17 Years**	18 Years
	Mortality rate	**LIC (1994-96) Published table of Mortality rate**	LIC (1994-96) Published table of Mortality rate

b) Compensated absences :

The obligation for compensated absences is recognised in the same manner as gratuity and net charge to Profit and Loss account for the year is ₹ 0.66 crore (Previous Year ₹ 0.03 crore).

c) Retirement Pension Scheme :

In case of foreign branch employees, based on actuarial valuation, the Company has recognised liability of ₹ 4.36 crore (equivalent GBP 592,000), for present value of post retirement pension liability of which ₹ 1.79 crore (equivalent GBP 243,000) has been paid during the year.

Notes:

1 The estimates of future increase in salary, considered in the actuarial valuation, have been taken on account of inflation, seniority, promotion and relevant factors such as demand in the employment market.

2 The amount shown against " Staff Expenses" is net of excess of plan assets of prior year.

SCHEDULES TO CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT 30TH JUNE, 2010

SCHEDULE O (Contd.) - NOTES ON ACCOUNTS

7 Disclosure as required by Accounting Standard (AS) - 17 'Segment Reporting'

PRIMARY SEGMENTS (Business segments)

₹ Crore

Particulars	Engines		Infrastructure Equipments		Others		Total	
	2009-2010	2008-2009	**2009-2010**	2008-2009	**2009-2010**	2008-2009	**2009-2010**	2008-2009
External revenue (including excise duty)	**1,290.87**	990.65	**159.49**	142.41	**56.26**	46.58	**1,506.62**	1,179.64
Total revenue	**1,290.87**	990.65	**159.49**	142.41	**56.26**	46.58	**1,506.62**	1,179.64
Result:								
Segment Result	**236.73**	137.72	**(6.67)**	(5.24)	**14.94**	9.16	**245.00**	141.64
Add: Unallocable Income / (Expenditure) (Net)							**(58.14)**	(50.80)
Operating Profit							**186.86**	90.84
Less: Interest expense							**(13.63)**	(23.52)
Profit before exceptional items and tax							**173.23**	67.32
Exceptional items							**-**	1.45
Profit before tax							**173.23**	68.77
Less: Provision for tax (Net)							**(56.75)**	(9.01)
Add: Deferred tax (liability)/ asset							**0.99**	(15.28)
Profit / (Loss) after tax							**117.47**	44.48
Other Information:								
Segment assets	**511.96**	482.44	**118.18**	130.12	**13.84**	8.74	**643.98**	621.30
Unallocable corporate assets							**235.09**	96.68
Total assets							**879.07**	717.98
Segment liabilities	**223.58**	183.02	**37.50**	25.80	**17.14**	10.03	**278.22**	218.85
Unallocable corporate liabilities							**179.78**	110.02
Total liabilities							**458.00**	328.87
Capital expenditure	**16.76**	34.09	**2.69**	2.97	**-**	-		
Depreciation and amortisation	**22.64**	22.16	**2.05**	2.05	**-**	-		
Non-cash expenses other than depreciation and amortisation	**-**	-	**-**	-	**-**	-		

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SCHEDULE O (Contd.) - NOTES ON ACCOUNTS

SECONDARY SEGMENTS (Geographical segments)

₹ Crore

Particulars	Domestic		Overseas		Total	
	2009-2010	2008-2009	**2009-2010**	2008-2009	**2009-2010**	2008-2009
External revenue by location of customers	**1,431.39**	1,131.41	**75.23**	48.23	**1,506.62**	1,179.64
Carrying amount of segment assets by location of assets	**624.90**	601.71	**19.08**	19.59	**643.98**	621.30
Cost incurred on acquisition of tangible and intangible fixed assets	**19.42**	36.80	**0.03**	0.26	**19.45**	37.06

Segment Identification, Reportable Segments and Segment Composition :

Segment Identification:

Business segments have been identified on the basis of the nature of products/services, the risk-return profile of individual divisions, the organisational structure and the internal reporting system of the Company.

Reportable Segments:

Reportable segments have been identified as per the quantitative criteria specified in Accounting Standard (AS)-17: 'Segment Reporting'

Segment Composition:

1. Engines comprises of single and multi cylinder engines.
2. Infrastructure Equipments comprises of equipments used in road construction, bridges, dams, mining, etc.
3. Others includes traded products.

Primary/secondary segment reporting format:

1. The risk-return profile of the Company's business is determined predominantly by the nature of its products and services. Accordingly, the business segments constitute the primary segments for disclosure of segment information.
2. In respect of secondary segment information, the Company has identified its geographical segments as (i) Domestic and (ii) Overseas.

The expenses and incomes which are not directly attributable to the business segments are shown as unallocable income / expenditure .

Unallocable assets mainly comprise of investments, cash and bank, advance tax and unallocable liabilities include mainly loan funds, tax provisions and provision for employee retirement benefits.

8 Disclosures as required by Accounting Standard (AS) - 18 'Related Party Disclosures' for the year as under

I Relationships:

A) **Key Management Personnel :**

Mr. Prabhakar Dev - Managing Director & CEO

B) List of related parties with whom transactions were carried out during the year and description of relationship :

Key Management Personnel and their Relatives :

Mr. Prabhakar Dev - Managing Director & CEO

Other Related Parties :

1 Premium Energy Transmission Limited   2 Mr. Karan Thapar

SCHEDULES TO CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT 30TH JUNE, 2010

SCHEDULE O (Contd.) - NOTES ON ACCOUNTS

II The following transactions were carried out with the related parties in the ordinary course of business:

₹ Crore

Sl No.	Transactions	2009-2010	2008-2009
1	**Purchase of goods**		
	Premium Energy Transmission Limited	**-**	0.10
2	**Sale of goods and contract revenue**		
	Premium Energy Transmission Limited	**0.29**	0.50
3	**Rendering of Services**		
	Premium Energy Transmission Limited	**1.97**	4.07
4	**Receiving of Services**		
	Premium Energy Transmission Limited	**₹ 49,559/-**	0.08
5	**Lease Rent received**		
	Premium Energy Transmission Limited	**0.01**	0.13
6	**Commission and Sitting Fees**		
	Mr. Karan Thapar	**1.54**	0.69
7	**Dividend Received**		
	Premium Energy Transmission Limited	**1.50**	1.50
III	**Amount Due to/from related parties**		
1	**Trade Payables**		
	Premium Energy Transmission Limited	**0.09**	0.14
2	**Trade Receivables**		
	Premium Energy Transmission Limited	**0.67**	0.30
	No amounts are written off/written back during the year.		

IV Key Management Personnel and their Relatives :

Remuneration to Key Management Personnel of ₹ 1.04 crore (Previous year ₹ 2.53 crore, includes to former Managing Director upto 3rd May, 2009).

9 Disclosure as required by Accounting Standard (AS) - 20 ' Earnings per share'

₹ Crore

Particulars		2009-2010	2008-2009
Basic and diluted EPS			
Basic EPS			
Weighted average number of shares issued of ₹ 10/- each	(A)	**4,88,41,359**	4,88,41,359
Profit/(Loss) for the year after tax	(B)	**117.47**	44.48
EPS (₹)	(B / A)	**24.05**	9.11
Diluted EPS			
Weighted average number of shares issued of ₹ 10/- each	(C)	**4,88,41,359**	4,88,41,359
EPS (₹)	(B / C)	**24.05**	9.11

SCHEDULES TO CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT 30TH JUNE, 2010

SCHEDULE O (Contd.) - NOTES ON ACCOUNTS

10 Disclosure as required by Accounting Standard (AS) - 22 ' Accounting for Taxes on Income'

₹ Crore

Particulars	Deferred tax liability / (assets) as at 1st July, 2009	Current year charge / (credit)	Deferred tax liability / (assets) as at 30th June, 2010
Deferred tax liabilities			
Difference between book and tax depreciation	29.74	0.59	**30.33**
Deferred tax assets			
Provision for doubtful debts	(1.03)	(1.27)	**(2.30)**
Provision for Leave Encashment	(1.88)	(0.18)	**(2.06)**
Others	(1.24)	(0.13)	**(1.37)**
Total	(4.15)	(1.58)	**(5.73)**
Net deferred tax (asset)/liabilities	25.59	(0.99)	**24.60**

Note: Computation of cumulative deferred tax asset/liabilities has not been made in respect of foreign subsidiaries of the Group. In the opinion of the management the impact is not material.

11 The tax year of the Company being the year ending 31st March, the provision for taxation for the financial year is the aggregate of the provision made for nine months ended 31st March, 2010 and the provision based on the figures for the remaining three months upto 30th June, 2010, the ultimate tax liability of which will be determined on the basis of the figures for the period 1st April, 2010 to 31st March, 2011 except in respect of Greaves Farymann Diesel GmbH and Greaves Cotton Netherlands B.V. where actual provision upto 30th June, 2010 has been considered.

12 Disclosure as required by Accounting Standard -29 'Provisions, Contingent liabilities and Contingent Assets'

Movement of Provisions:

₹ Crore

Warranties	**2009-2010**	2008-2009
Carrying amount at the beginning of the year	**7.36**	6.54
Additional provision made during the year	**12.34**	9.86
Amounts used during the year	**9.64**	9.04
Carrying amount at the close of the year	**10.06**	7.36

The Company gives warranties for its products undertaking to repair or replace the items that fail to perform satisfactorily during the warranty period. Provisions made at the year end represents the amount of expected cost of meeting such obligations of rectification / replacement.The timing of the outflows is expected to be within a period of eighteen months.

13 Figures pertaining to the subsidiary companies have been reclassified wherever necessary to bring them in line with the Company's financial statements.

14 The provision for Current Tax includes Wealth Tax ₹ 0.05 crore (Previous Year ₹ 0.06 crore) and is net of minimum alternate tax of ₹ 0.49 crore/- (Previous Year ₹ 3.82 crore).

15 Figures for the previous year have been regrouped/reclassified, wherever necessary.

Signatures to schedules 'A' to 'O'

As per our report attached

For **SHARP & TANNAN**
Chartered Accountants
ICAI Registration No.109982W

L.Vaidyanathan
Partner
Membership No 16368
Mumbai, 12th August, 2010

A. K. Sonthalia
Executive Vice President &
Chief Financial Officer

K. K. Saraf
Executive Vice President &
Company Secretary

For and on behalf of the Board

Karan Thapar Chairman

S. D. Nayyar Director

Prabhakar Dev Managing Director & CEO

Mumbai, 12th August, 2010

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Greaves Cotton Limited