Annual Report 2010-11

Technology
drives growth

GREAVES
SINCE 1859

Technology. Value. Reach.

Contents

GREAVES
SINCE 1859

Technology drives growth

Promoting continuous technological advancements through dedicated R&D facilities. And eventually using our technological strengths to achieve sustainable long-term growth.

At Greaves Cotton, we believe that technology is the critical component of our being. Our businesses serving key segments of the economy leverage technology to consistently deliver 'Value for Money' products through our extensive reach in both urban and rural markets.

Chairman's Letter

Dear Shareholders

Following two years of the global economic downturn, the world seems to be regaining economic stability. In the developed world, there are definite signs of a recovery. By contrast, in the developing world, China, India and other Asian countries are registering strong growth with robust domestic markets. The Indian economy grew at 10.4% in the calendar year 2010 as reported in IMF's World Economic Outlook. Household income has increased significantly resulting in higher consumption and demand. Manufacturing and other core sectors registered good growth which led to an overall buoyancy in the market. The infrastructure sector however, although performing better than the previous year, is yet to achieve its 2007-08 performance level.

The financial period 2010-11 was a year of opportunities particularly for the auto industry. This resulted in our Automotive Division reporting excellent performance. Against this backdrop, Greaves Cotton was able to achieve good growth in both top and bottom lines, reporting a Profit after Tax of ₹ 127.28 crores for financial period of nine months ended March 31, 2011. This PAT for the nine month Financial Year is higher than the PAT for the 12 month FY 2009-10. The Company's Balance Sheet is quite healthy with practically no debt. Our relationship with customers remains strong on account of our proven products, evolved in-house with contemporary technology and backed by a wide sales and service network.

Going forward, there are many challenges before the Government as it combats high inflation. RBI has already effected several increases in interest rates. Rising crude and other commodity prices are also a matter of serious concern which will certainly have an impact on corporates' profitable business growth. However, overall demand is strong, and therefore, I am cautiously optimistic about FY 2012 with respect to the potential of growth in markets and the business environment as a whole.

Corporate sustainability has become an important agenda for the Industry. Your Company also clearly sees a trend of business sustainability. Consequently, our emphasis for the future is on continued sustainability and capital efficient growth. In order to meet the growing demand from the auto sector, we have started the process to set up a new manufacturing facility at Shendra, Aurangabad, which will be operational in July this year. In addition, the Company also plans to invest significantly in building engineering and R&D capabilities across all its businesses.

Recognising that our employees are our core strength, we are focusing on developing their capabilities. In addition to the ongoing programmes, our Human Resources Team has undertaken various development initiatives to enhance the skill - sets of high potential employees.

To accelerate the pace of sustainable growth, Greaves Cotton has chalked out its strategic moves for the next three years. I am confident that the Management Team with the invaluable guidance of the Board will achieve its Goals & Objectives.

Warm regards,

Yours truly,

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

Walker, Chandiok & Co.

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. Gole
Executive Vice President - HR

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

A. Savanur
Vice President &
Head - Construction Equipment Division

B. P. Jetty
President, Automotive Division &
Manufacturing Services

K. K. Saraf
Executive Vice President &
Company Secretary

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

P. Agali
Vice President - Business Development

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

V. Sridhar
Vice President &
Head - Agricultural Equipment Division

WORKS

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

Financial Highlights

(₹ in crores)

Particulars	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	10-11 Jul-Mar 9 mths
Net Sales	367	530	637	652	834	1063	1150	1041	1347	1250
EBIDTA	50	74	87	102	141	175	168	126	213	212
EBIDTA (%)	14%	14%	14%	16%	17%	16%	15%	12%	16%	17%
Profit before Tax	(49)	2	33	102	132	144	138	80	173	184
Profit after Tax	(42)	2	22	62	85	122	110	56	118	127
ROCE (%)	11	15	26	40	52	53	39	22	39	49*
Equity	44.63	44.64	44.64	45.64	48.84	48.83	48.84	48.84	48.84	48.84
Earnings Per Share (₹)**	(10.71)	(1.22)	4.87	13.72	18.16	25.05	22.56	11.47	4.83	5.21
Net Worth	99	80	106	143	211	295	371	404	437	522
Debt	316	239	127	79	54	39	49	44	5	6
Capital Employed	421	326	240	226	271	340	434	478	471	558
Debt : Equity	3.18	2.98	1.19	0.55	0.26	0.13	0.13	0.11	0.01	0.01
No. of Shareholders	56,713	55,065	50,834	43,569	42,459	41,781	44,239	44,565	42,663	42,946
Dividend (%)	-	-	-	70	70	70	60	40	150#	75

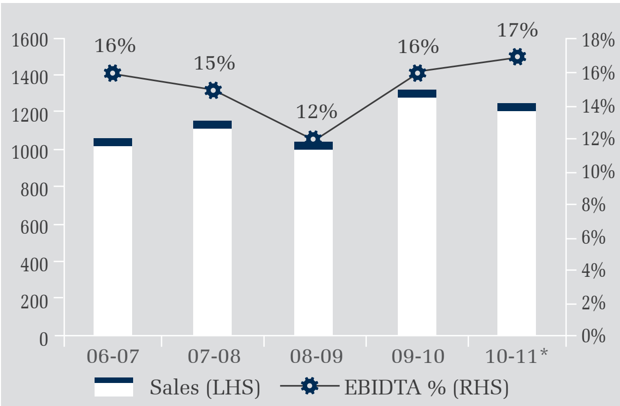
** Annualised   ** EPS for FY 01-02 to FY 09-10 is recomputed on the face value of ₹ 2 per share   # includes Special Dividend of 75%*

₹ 1 crore = ₹ 10 million

Key Performance Indicators

SALES & EBIDTA %

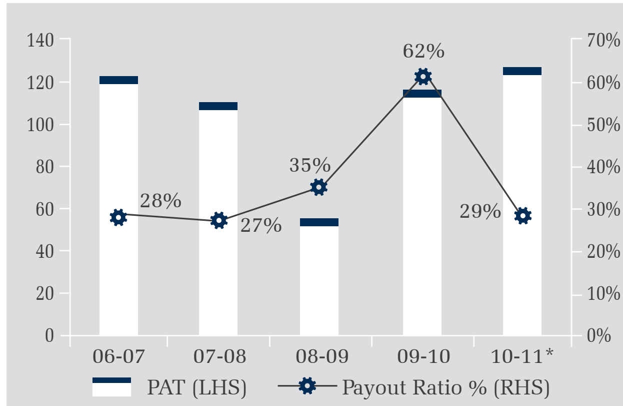
(₹ in crores)



* *10-11 : Nine Months period*

PAT & PAYOUT RATIO

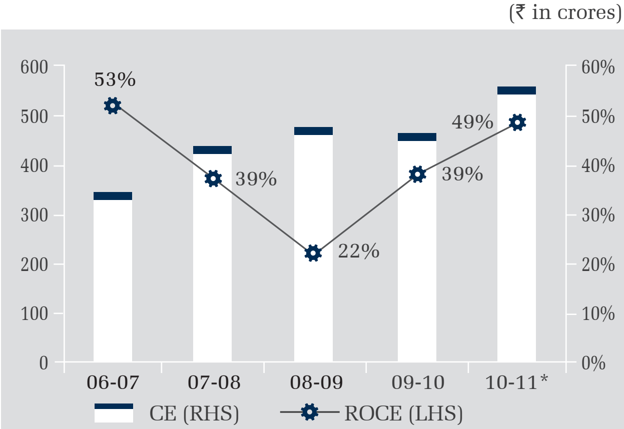
(₹ in crores)



Note : Payout Ratio of 09-10 includes Special Dividend of 75%
* *10-11 : Nine Months period*

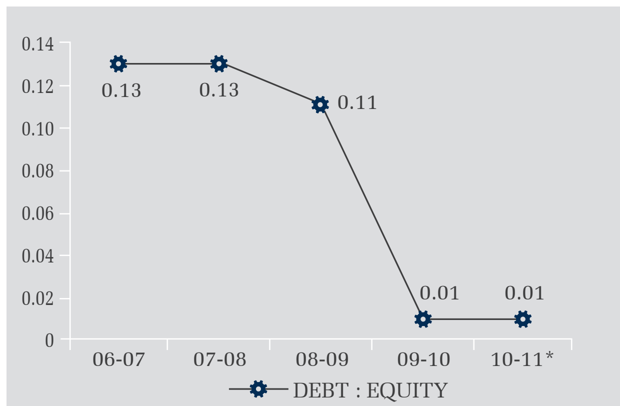
CAPITAL EMPLOYED & ROCE

(₹ in crores)



* *ROCE Annualised*

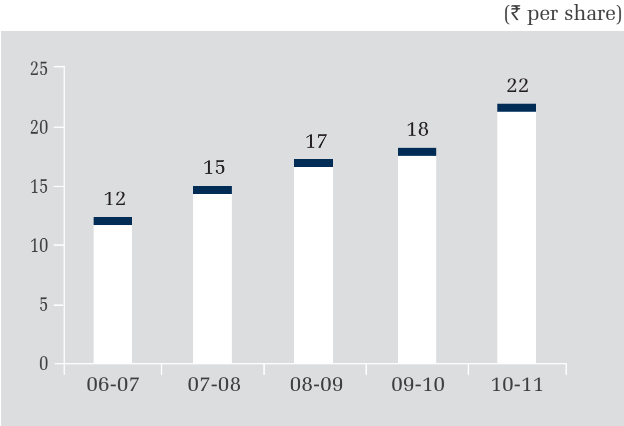
DEBT : EQUITY



* *10-11 : Nine Months period*

BOOK VALUE PER SHARE*

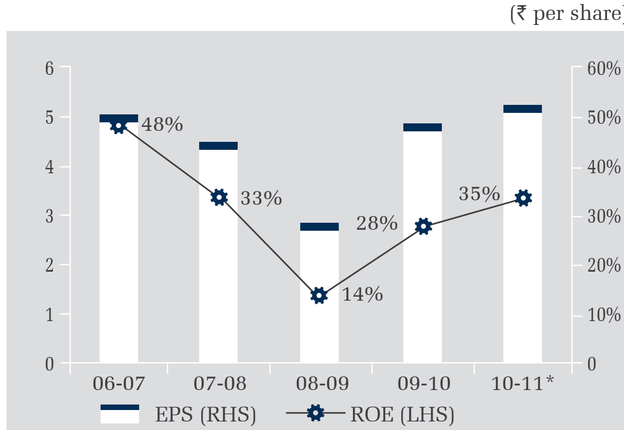
(₹ per share)



* *On face value of ₹ 2 per share*

EPS & ROE

(₹ per share)



* *ROE Annualised*

Directors' Report

The Members,

Your Directors are pleased to present the Ninety-First Annual Report for nine month period ended March 31, 2011.

FINANCIAL HIGHLIGHTS

(₹ in crores)

	Nine month period ended March 31, 2011	Year ended June 30, 2010
Net Sales, excl. Excise Duty	1250.47	1347.21
Other Income	14.08	6.85
Profit before Interest, Depreciation, and Tax	211.88	213.34
Less: Interest and Commitment charges	7.22	12.91
Less: Depreciation/ Obsolescence/Amortization	20.98	27.03
Profit Before Tax	183.68	173.40
Less: Provision for Tax	54.54	56.20
Less/(Add): Deferred Tax	1.86	(0.77)
Profit After Tax	127.28	117.97
Profit brought forward	134.25	126.55
Profit available for appropriation	261.53	244.52
Appropriations		
Interim Dividends	19.54	21.98
Final Dividend	17.09	14.65
Special Dividend	-	36.63
Dividend Distribution Tax	5.81	12.01
Transfer to General Reserve	25.00	25.00
Balance carried to Balance Sheet	194.09	134.25
	261.53	244.52

DIVIDEND

Your Directors have recommended a Final Dividend of ₹ 0.70/- per share of ₹ 2/- each for nine month period ended March 31, 2011. Considering the two interim dividends already declared and paid, the total dividend for the year works out to 75% i.e. equivalent to ₹ 1.50 on the share of ₹ 2/- each. The total cash outgo on account of dividends amounts to ₹ 42.44 crores (inclusive of Dividend Distribution Tax), which translates into 33.3% of Company's earnings. The Final Dividend will be paid to those Members whose names appear in the Register of Members on July 27, 2011.

PERFORMANCE OVERVIEW

The Company's net sales for nine month period grew by 25.1% to ₹ 1250.47 crores and the Earnings Before Interest, Depreciation, Tax and Amortization (EBIDTA) stood at ₹ 211.88 crores, representing 16.9% of the revenue. The Company generated cash flow from the operations, amounting to ₹ 116.26 crores.

Your Company continued its progress and posted yet another period of good performance. The Company's Automotive Division, in particular, did extremely well in meeting the challenge of high demand from the automotive sector. The Construction Equipment and Auxiliary Power Divisions registered significant growth in their businesses over the previous year thus recovering some of the ground lost in the 2008-09 downturn. The Agricultural Equipment Division pushed deeper into the market and with additions to its product range, turned in very satisfactory numbers. The Industrial Engines Division, created about a year back, has been consolidating its business during the period under review.

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

OUTLOOK

The automotive sector continues to report robust demand increases. Going forward there is a concern that rising financial costs could dampen the pace of growth. However, with a much larger demand base the sector will continue to present good business opportunities for the Company's Automotive Division. This Division's new manufacturing facility at Shendra, Aurangabad, is likely to be operational in July 2011.

Construction activity has seen a rebound and, it is anticipated, the Construction Equipment Division should be able to improve its performance further.

The Auxiliary Power Division caters to a width of user industries and shares a positive outlook in line with the overall economy. The Industrial Engines Division is developing products for diverse applications and should continue the process of consolidation.

The Agricultural Equipment Division will maintain its growth on the back of increased farm mechanization.

The Directors are thus reasonably confident of better performance going forward, barring unforeseen circumstances.

SUBSIDIARIES

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

   GFD reported improved performance for nine month period ended March 31, 2011 with a total income of Euro 4.80 million and loss of Euro 0.04 million. The Company has initiated certain strategic moves in order to improve the performance of GFD.

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

   GCN acts as a holding investment Company in Netherlands. During the period, the Company invested a further sum of Euro 68,000 in the ordinary shares of GCN mainly to facilitate onward investment by GCN in Ascot International FZC (Ascot). GCN has invested a sum of USD 39487.50 in Ascot representing 90% of the equity capital of Ascot.

3. **Ascot International FZC, Sharjah (Ascot)**

   The Company has invested in February 2011, a sum of USD 4387.50 (equivalent AED 16,014) in Ascot representing 10% of the equity capital of Ascot. The balance 90% of the equity is held by Greaves Cotton Netherlands B.V. Thus, Ascot has become a subsidiary of the Company effective February 6, 2011. Ascot is engaged in the distribution of Greaves products, largely DG sets. Ascot earned total revenue of AED 379,533 and profit of AED 37,273 for two month period ended March 31, 2011. The Company has initiated various steps to expand business of Ascot on the back of extensive service network for the products sold by Ascot. These measures are expected to improve Ascot's performance significantly in the coming years.

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

   GLFL is engaged in leasing and finance activities confined only to Greaves Group. It reported total revenue of ₹ 3.45 crores and Profit after Tax of ₹ 1.91 crores for the financial year 2010-11.

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

   DGL is a wholly owned subsidiary of GLFL. During the financial year 2010-11, it did not do any business. It earned a marginal profit representing interest income, net of expenses.

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

   GAL is yet to commence any business activity. GAL incurred marginal loss on account of administrative expenses.

In terms of general exemption given by Central Government under Section 212 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. The financial data of the Subsidiaries in the format prescribed by the Central Government are provided in the Annexure and forms part of this Annual Report.

INVESTOR FACILITATOR SCHEME

With a view to provide another opportunity to its shareholders who wish to dispose off their small holdings i.e. upto 1000 shares in physical form, the Directors have recently introduced an Investor Facilitator Scheme. This Scheme facilitates the shareholders in realizing market value of shares without having to go through the administrative work and cost in the process of dematerialization of shares, selling cost, etc.

PROMOTER GROUP

The Promoter Group holding in the Company currently is 51.5 per cent of the Company's Equity Capital. The Members may note that the promoter group companies, are controlled by Mr. Karan Thapar, comprising 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) Standard Refinery & Distillery Limited (10) Bharat Starch Products Limited (11) DBH Global Holdings Limited (12) DBH Investments Private Limited (13 Greaves Farymann Diesel GmbH (14) DBH Consulting Limited (15) Greaves Auto Limited (16) Greaves Cotton Netherlands BV (17) Ascot International FZC

DIRECTORS

Mr. Vijay Rai and Mr. Vikram Tandon retire by rotation and are eligible for re-appointment.

The profiles of Mr. Rai and Mr. Tandon seeking re-appointments form part of the Notice convening the Annual General Meeting. The Board recommends re-appointment 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 March 31, 2011 and profits for nine month period ended March 31, 2011.

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.

CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated Financial Statements, prepared by the Company in accordance with the applicable Accounting Standards (AS-21, AS-23 and AS-27) issued by the Institute of Chartered Accountants of India, together with the Auditors' Report, form part of this Annual Report.

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 nine month period ended March 31, 2011, 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 Company's Auditors viz. Messrs. Walker, Chandiok & Co., Chartered Accountants, Mumbai and Branch Auditors viz. Messrs. Wrigley Partington, U.K., in respect of Company's Branch in Cheshire, London (UK), will retire at the ensuing Annual General Meeting and are eligible for re-appointment. Both these Auditors have sought their re-appointments.

The Directors recommend re-appointment of the Auditors.

COST AUDITORS

Pursuant to the provisions of Section 233-B 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 Dhananjay V. Joshi & Associates, Cost Accountants, as Cost Auditors of the Company for the financial year 2011-12. The approval of the Central Government is awaited.

PUBLIC DEPOSITS

As on March 31, 2011, the unclaimed Deposits amount to ₹ 0.08 crore. 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.

HUMAN RESOURCES

During the period under review, the Company's industrial relations by and large remained cordial. During this period, the Company signed a long term wage settlement Agreement with the workers' union at Diesel Engines Unit, Chinchwad, Pune.

Your Company has infused a lot of rigor and intensity in its people development process and in honing skill-sets. HR processes are being aligned to facilitate achieving long term organizational goals. Ongoing learning and refreshing HR systems across the Company are few of the priority agenda for the Company's human resource function.

Particulars pursuant to the provisions of Section 217 of the Companies Act, 1956

Information on Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo, stipulated under Section 217(1)(e) of the Companies Act, 1956 is set out in the Annexure to this Report.

Pursuant to the provisions of Section 217(2A) read with the Companies (Particulars of Employees) Rules, 1975, the names and other particulars of employees are to be set out in the Directors' report, as an addendum thereto. However, in tandem with the provisions of section 219(1)(b)(iv) of the Companies Act, 1956, the Report and Accounts as set out therein, are being sent to all the Members of the Company excluding the aforesaid information about the employees. Any Member, who is interested in obtaining these particulars, may write to the Company Secretary at the Registered Office of the Company.

ACKNOWLEDGEMENT

Your Directors recognize and appreciate the contributions made by the employees at all levels for their enthusiasm which have enabled the Company to achieve better financial results. The Board also acknowledges the unstinted support provided by the stakeholders of the Company.

For and on behalf of the Board of Directors

Place: Mumbai
Date: April 29, 2011

Karan Thapar
Chairman

Annexure 'B'

INFORMATION RELATING TO THE CONSERVATION OF ENERGY, 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.

A. CONSERVATION OF ENERGY

1) Measures taken	:	i) Introduced energy efficient lighting system in assembly & test cell at Diesel Engine Unit (DEU). ii) Use of Energy efficient Mono block water pumps for New Test Cell at DEU. iii) Energy Audit carried out at DEU and several measures taken. iv) Introduced temperature controlled automation for cooling tower fan operation at Light Engine Unit (LEU). v) Compressor efficiency improved by balancing load at LEU. vi) FRP Transference sheet provided in the bay at Heavy Engineering Unit (HEU).
2) Additional investment proposals, if any, for reduction in consumption of energy	:	i) APFC Panel is planned to achieve unity power factor at DEU. ii) Introduction of energy efficient lamps in Shop Floor at Petrol Engine Unit (PEU). iii) Introduction of servo motor control in place of hydraulic control in cylindrical grinding machines at PEU.
3) Impact of (1) and (2)	:	The above measures will lead to energy saving and cost reduction.

FORM-B

B. RESEARCH & DEVELOPMENT

1) Specific areas	:	i. Design and development work at R&D Centre, Pune to extend the range of engines and gensets. ii. Design and development of small diesel pumpsets at R&D Centre, Gummidipoondi. iii. Design and development of new single/twin cylinder engines for automotive application, at R&D Centre, Aurangabad.
2) Benefits derived	:	i. Enlargement of product portfolio. ii. Visible pollution reduction and reduction of gaseous emission at PEU iii. Use of alternate fuel
3) Future plan of action	:	Development of new products and upgradation of existing products at the Company's R&D Centres at Pune, Aurangabad and Gummidipoondi.
4) Expenditure on R&D		
1. Capital	:	₹ 1.50 crores
2. Recurring	:	₹ 10.84 crores
3. Total	:	₹ 12.34 crores
4. Total R&D expenditure as a percentage of turnover	:	0.99%

C. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1. Efforts made : i) Upgradation and development of engines at R&D Centre, Pune
   ii) Burning alternate fuels like CNG and LPG in a Internal Combustion engine at R&D Centre, Pune.
   iii) Development of new technology for small gasoline engines at R&D Centre, Gummidipoondi.
2. Benefits derived : i) Better power to weight ratio, more power, fuel efficient and low emission.
   ii) Production cycle time reduced.
   iii) Saving in cost, efficiency improvement 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	Currently, not pursued in view of market situation. This will be taken up at an appropriate time, upon improvement of market for the product.

D. 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. Foreign Exchange Earnings : ₹ 19.85 crores
   ii. Foreign Exchange Outgo : ₹ 124.97 crores

Management Discussion and Analysis

The Indian Economy, driven primarily by domestic demand and consumption, and powered by a rebound in the agriculture sector, has very decisively put behind the effects of the global slowdown in 2008-09, and posted a vigorous and positive macroeconomic performance. Even as the global economy continued to face a slow and uncertain recovery, the manufacturing sector continued to play its stellar role.

The automotive industry grew robustly and agriculture, infrastructure & construction sectors emerged as other critical growth drivers. India's GDP for calendar year 2010 has been estimated to have grown at 10.4%.

The positive economic environment in the country during the year gone by, found resonance in the performance of Greaves Cotton. The Company, through its participation in key segments of the rural and the urban economies, and with a core competence in engine technology, has been both a contributor to, and a beneficiary of this growth. The Company's products play a critical role in vital sectors of the Indian economy.

Equipped with a contemporary level of technological expertise evolved at its Technology Centres and powered by strong manufacturing capabilities, the Company is focused on developing and producing cost effective, practical and relevant equipment that addresses the evolving and special needs of the end-users. The Company's expanding product portfolio supported by an extensive marketing and service network enable Greaves Cotton to effectively reach out to its customers across the length and breadth of the country.

Overall, robust demand from auto players, normal agriculture season, strong pick-up in industrial & services sectors and steady improvement in the Auxiliary Power and Infrastructure Equipment Divisions enabled the Company to post good results during the nine month period ended March 31, 2011. The Company reported sales of ₹ 1250.47 crores (growth of 25.1%) and EBIDTA of ₹ 211.88 crores (16.9%).

Looking forward, however, there is need for caution. Inflation continues to be very high, interest rates have moved up very quickly, and there is a reported slowdown in capital expenditure. Continuing weakness in global demand, political uncertainty in North Africa and the Middle East and rising crude oil prices, emerge as significant hurdles to the Indian Economy maintaining its growth momentum and the country's plan to achieve 9% plus growth in 2011-12 does seem difficult at this juncture.

ENGINE SEGMENT

Agricultural Equipment Division

Petrol / Kerosene engine (OHV)

This Division manufactures and markets a wide range of equipment for small and marginal farmers, helping them enhance productivity by mechanising farming processes. Greaves Cotton's product portfolio in this segment comprises lightweight petrol, diesel / kerosene engines, pumpsets in the 1.5-10 HP range, power tillers, sprayers and reapers.

HIGHLIGHTS

Good monsoon during the period under review, benefited the agriculture sector and, in turn, the Company's Agriculture Equipment Division. This sector remains the key focus area for the Government and has received strong growth impetus from it. Better farm income has added to the buoyancy in the demand for quality equipment to boost productivity.

The Division continued to service the market and further expand its product portfolio to cater to the planting, plant protection and harvesting needs of farmers. The response to these new products (Rice Planter, Inter Cultivator and Brush Cutter) is encouraging. The Division also initiated the process of launching a new range of pumpsets. With this, the Company will be in a position to offer a complete range of pumpsets.

OUTLOOK

The increased plan outlay for agriculture & allied sectors, and concessional rate of interest for the agricultural sector, coupled with improved realisation of farm produce, shortage of farm labour, shrinkage of farm size and an increasing shift from manual to mechanised farming will continue to drive growth for the Division.

RISKS & CONCERNS

The portable oil pump-set industry growth faces serious threat from the depleting water table and poor supply of kerosene. Any rise in commodity prices such as steel and aluminium could also put pressure on the Division's profitability. Overall, the Division's outlook continues to be positive.

Automotive Division

Machine Shop at Greaves Light Engines Unit IV

The Division manufactures a range of light-weight, single and twin cylinder, diesel and gasoline engines in the range of 4.4 to 20 HP for use in automotive applications for three and four-wheeler small Commercial Vehicles (SCVs). The Company supplies these engines as an independent engine manufacturer to the Original Equipment Manufacturers (OEMs) for their SCVs (< 1 ton category).

The Company services a clientele of major manufacturers in the automobile sector, such as Piaggio Vehicles, Tata Motors, Mahindra & Mahindra, Atul Auto, Scooters India Ltd., and host of other SCV manufacturers. The Company has long-term agreements with Piaggio, Tata Motors, and Mahindra & Mahindra.

The Company's automotive engines are manufactured at its state-of-the-art units in Aurangabad (Maharashtra) & Ranipet (Tamil Nadu).

HIGHLIGHTS

The buoyancy in the SCV market translated into positive results for the Automotive Division.

The Division's R&D centre evolved all its engines to the new emission norms, making them fully compliant to the BS-III emission norms well ahead of the stipulated date.

The Company also commenced work to set up a state-of-the-art manufacturing plant in Shendra, an industrial area of Aurangabad in Maharashtra. With an initial investment of ₹ 60 crores, the plant will have an additional capacity of 80,000 engines p.a. The plant is expected to be commissioned in July this year.

OUTLOOK

Mechanisation of the "last mile" and the development of India's infrastructure is expected to provide long-term impetus to the demand for small commercial vehicles. While the sensitivity of this market to liquidity and the cost of finance can impact off-take, the long term outlook for the SCV market is positive.

The Company will continue to invest in R&D to facilitate the manufacture of new generation engines to meet future market needs. In view of the government mandating the use of alternate fuels in major metro cities, the Division has taken effective steps to design/ manufacture series of dedicated engines for alternate fuels.

In addition, the Company is undertaking various initiatives to develop a new generation of engines that will comply to future emission requirements.

RISKS & CONCERNS

The small commercial vehicle market segment is sensitive to availability and cost of finance. As such, any tightening of liquidity may adversely impact the customer sentiment. Rising commodity prices and consequent higher cost of the end product could also affect demand.

Auxiliary Power Division

Greaves genset

Auxiliary Power Division manufactures diesel and gas gensets in the range of 15-500 KVA.

These fuel-efficient, emission compliant gensets are a reliable power back-up for hotels, hospitals and small & medium enterprises. Our portfolio includes Dual Fuel Engines / Gensets (15 KVA to 500 KVA) and Gas Engines / Gensets (125 KVA to 300 KVA).

HIGHLIGHTS

The Demand for gensets continued to grow in consonance with economic development and the increasing demand for power. The Company's new generation, silent, eco-friendly "G" series gensets witnessed a spurt in sales.

The Division undertook major initiatives to improve efficiencies and market standing, which resulted in higher sales with improved margins.

OUTLOOK

Widening deficit of over 15% between peak power availability and supply in the national electricity grid are likely to promote sustained volume growth in the genset business.

As per CMIE estimates, projects worth ₹ 8 lakh crores are likely to be completed during 2011-12. The implementation of these projects is likely to generate significant demand for power generation equipment.

Looking at the opportunity potential, the Division is poised for healthy growth.

RISKS & CONCERNS

Rising commodity prices and higher interest rates may slow down economic growth, and in turn have a multiplier effect on the demand for gensets.

The Company's approach of customising products to meet the requirements of various sectors, and targeting multiple sectors at the same time, will act as a mitigation strategy.

Industrial Engines Division

G series engine assembly

This Division focuses on the market for engines for diverse applications. Marine, Agricultural Equipment, Fire Fighting pump-sets, Mining & Construction, Material Handling (Cranes, Forklifts), Rail Cars and Road Sweepers, are just some of the user industries for our wide range of larger engines

Our engines also enjoy high level of acceptability in the smaller engines segments of less than 15 HP. These engines are used in the manufacture of Lawn Mowers, Reapers, Fishing Boats and Construction Equipment etc.

HIGHLIGHTS

The Division strengthened its presence in the Fire Fighting Pump-sets and Hydraulic Rigs segment, and successfully entered the Fishing Trawlers segment. The year also saw the Division complete the adaptation work of engines which can be used in small cranes, baggage conveyors, mechanized road sweepers and harvesters.

The Division is currently in the process of consolidating its market presence by focussing on the identification and development of newer applications.

OUTLOOK

The positive economic outlook and the growth across various industries provide a huge potential. The Company commands a distinct advantage since it has a wide range of engines which can be customised to multiple industrial uses.

By capitalizing on its strong application engineering capabilities and its legacy in the market place, the Division is reasonably sure of achieving significant business in the coming years.

INFRASTRUCTURE EQUIPMENT SEGMENT

Construction Equipment Division

Twin Shaft Batching Plant

The Construction Equipment Division manufactures a range of Compaction, Concreting and Earthmoving equipment. Greaves Cotton is one of the very few companies to offer both Compaction and Concreting products. These products are manufactured at the Company's plants at Gummidipoondi (Tamil Nadu).

The Division also markets Motor Graders and Wheel Loaders.

HIGHLIGHTS

The infrastructure industry suffered significantly during the downturn in 2008-09 and has been amongst the slowest to recover. Overall, the Construction Equipment Division registered a moderate growth in its business over the same period in the previous year.

COMPACTION

Government's plans to develop 20 kms per day of National Highways did not attain the requisite pace. Only 487 kms of roads were constructed during first half of 2010-11 (CRISIL report), against 956 kms during the same period previous year.

Motor Graders launched during the previous fiscal, were well received in the market and we now have a fair market share.

The Company has just introduced BOMAG Milling Machines, and also the 5T (ton) Wheel Loader, in an attempt to widen its product range

CONCRETING

Complementing its existing range of batching plants, the Division also introduced the 60cbm Twin Shaft batching plant, offering a range of features for safety and enhanced productivity. This plant has a fully automatic software-controlled operation.

OUTLOOK

The National Highways Authority of India (NHAI) has been assigned the task of awarding contracts for around 100 projects, covering 11,151 kms, over the financial year commencing April 1, 2011.

The implementation of all these projects is expected to boost growth of the infrastructural construction sector. This, along with return to normal in the real estate industry, will create good business opportunities.

RISKS & CONCERNS

Any slowdown in the implementation of the Government's growth-oriented policies for infrastructure development, can adversely impact the growth prospects of the construction equipment industry. Increase in interest rates could also have cascading effect on both the demand for built up space and for equipment - bought primarily with third party finance.

As a part of its risk mitigation strategy, the Division is exploring opportunities to gain a foothold in the fast-growing Earthmoving Equipment segment.

International Operations

The Company's International Operations Division has been focussing on the Middle East, Africa, South & South-East Asia regions.

In February 2011, the Company acquired M/s. Ascot International FZC (Ascot) in Sharjah, an existing Distributor of Greaves Cotton. Ascot will focus on developing the Middle East and Africa markets for the Company's products, and will provide regional sales & service support to the Company's customers in the region.

Business sentiment in some of the overseas markets has shown a revival. Increased production of minerals, and new oil and gas fields coming online, are boosting the Gross National Product (GNP) of the African countries. This revenue is now providing funds for infrastructure development, along with the traditional agricultural sector.

The year also saw the Company successfully execute an order for Power Tillers to Tanzania and highest sales to date of Petrol / Kerosene Engines to Sri Lanka.

OUTLOOK

The African market is likely to be a major growth area. The Middle East market continues to recover and appears promising. South Asia is expected to closely follow the Indian economic boom, and the return of political stability in these countries may increase the demand for the Company's products.

With a wider sales and service network in place, the Company expects the International Operations Division to contribute a larger percentage to the Company's business in the coming years.

RISKS & CONCERNS

Globalisation has intensified competition in the international markets that the Company is hoping to grow in. The influx of very low-cost products from other countries will continue to put pressure on pricing. Similarly, offset programmes, whereby business is diverted to certain countries in exchange for foreign aid, limit opportunities.

The recent political changes in the Middle East may affect business and investment decisions of the Company's customers in these markets. However, the Company believes that the larger economic growth drivers of the Middle East will ensure that the region will in the longer term be a high potential area.

Human Resources

The importance of human resource as a means of ensuring sustained growth for any organisation, cannot be over emphasised. Hence, effective employee management tops the priority of the Company's Human Resources Department.

Recognising that attraction, retention, rewarding and developing talent, as well as ensuring growth of employees, are key tools to the Company's progress, the HR Department has taken specific measures towards employee engagement.

The HR team at Greaves Cotton believes in the principle that, "The future never just happens, it is created," and as such, has rolled out a new Vision and Mission statement focussed on nurturing its talent pool.

The Company believes that effective human resource administration is the best way to ensure that personnel needs are well integrated and amalgamated into long term organisational goals. The HR department organized two strategy workshops, involving over 100 senior managers, and encouraged employees to participate in the distance learning programmes.

Information Technology (IT)

IT is an integral part of the Company's business planning process, and Greaves Cotton is regularly investing in the IT infrastructure to support its business needs.

Greaves Cotton continues to leverage Information Technology (IT) for enhancing the overall efficiency of the organisation. As part of the Company's continuous improvement initiatives, SAP application deployment was audited by a reputed firm of consultants, and their recommendations were implemented to optimise usage of the application and enhance access controls.

An intranet portal with various self-service applications has also been launched for employees to automate administrative processes and help them access policy information on need-to-know basis.

Corporate Social Responsibility (CSR)

The Company understands the importance of acting in a socially responsible manner and, in line with this philosophy, ensures that it takes business decisions that are ethical and legally compliant. The Company respects its people, community and the environment. As part of its CSR initiatives, during the period under review, Greaves Cotton undertook unique steps whereby aspiring youth from rural areas were trained at its plants to qualify as mechanics, thus creating potential young entrepreneurs. In addition, technical training is also being provided to youth, empowering them with better employability skills. Other initiatives under the Company's CSR profile include scholarships to the needy students and later engaging them as apprentice/trainees in the Company's plants, along with specific skill development programmes for wives of Greaves Cotton's workmen.

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.

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, 2010 to March 31, 2011.

Prabhakar Dev

Mumbai, April 29, 2011 — Managing Director & CEO

Certificate of Managing Director and Chief Financial Officer on Corporate Governance

To,

The Board of Directors
Greaves Cotton Limited
Mumbai.

We have reviewed financial statements and the cash flow statement of Greaves Cotton Limited for nine month period ended March 31, 2011 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 during nine month period ended March 31, 2011, 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 nine month period ended March 31, 2011;

(ii) Significant changes in accounting policies during nine month period ended March 31, 2011 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
Executive Vice President &
Chief Financial Officer

Place: Mumbai
Date: 29 April 2011

Auditor's Certificate on Compliance of Conditions of Corporate Governance

To,

The Members of Greaves Cotton Limited

We have examined the compliance of the conditions of Corporate Governance by Greaves Cotton Limited for the nine months period ended March 31, 2011, as stipulated in clause 49 of the Listing Agreements of the said Company with stock exchanges in India.

The compliance of the conditions of Corporate Governance is the responsibility of the Company's management. Our examination was carried out in accordance with Guidance Note on Certification of Corporate Governance (As stipulated in Clause 49 of the Listing Agreement), issued by the Institute of Chartered Accountants of India and was limited to the 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 an opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreements.

We further 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 **Walker, Chandiok & Co**
Chartered Accountants
Firm Registration No: 001076N

Khushroo B. Panthaky
Partner
Membership No. F-42423

Place: Mumbai
Date: 29 April 2011

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Corporate Governance

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Corporate Governance has indeed been an integral part of the way Greaves Cotton has done its business for several decades. This emanates from our strong belief that it helps in creation of values on a sustainable basis. Our governance policies are self driven, reflecting the culture of trusteeship that is deeply ingrained into our value system. All actions at Greaves Cotton are governed by these values and principles. The Board recognizes that a good corporate governance practice is the backbone for economic well being of the corporate world.

2. BOARD OF DIRECTORS

2.1 Composition of Board

The Board of Directors comprises of six Directors, four of whom are independent Non-Executive Directors. All the Directors are senior professionals with diverse background and expertise. The strength of the independent Non-Executive 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 Other Directorships/Committee Memberships and shareholding

Directors' other Directorships, Committee Memberships and their shareholding in the Company are as follows:

Directors	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	-	500
Non-Executive				
Mr. Karan Thapar, Chairman, Promoter	3	4	1	1,000
Mr. Vijay Rai – Independent	6	4	1	17,650
Mr. S N Talwar - Independent	14	8	5	64,980
Mr. Vikram Tandon - Independent	1	1	1	500
Mr. S. D. Nayyar - Independent	1	1	1	500

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

2.3. Attendance at the Board Meetings/Annual General Meeting

2.3.1 During the period under review, four Board Meetings were held on August 12, 2010, October 19, 2010, January 21, 2011 and March 13-14, 2011, which were attended by all directors except in case of Mr. S.N. Talwar who could not attend the Board Meeting held on October 19, 2010.

2.3.2 All Directors attended the last Annual General Meeting held on October 19, 2010.

2.4 Conduct of Board and Committee Meetings

The Board meets at regular intervals inter alia to review the Company's business, business policy and strategy, apart from other normal business. A tentative annual calendar of Board and other Committee meetings is decided well in advance to facilitate meaningful participation by the

Directors at the meetings. As a part of the follow-up process, an Action Taken Report, on the decisions taken at the previous meeting, is placed at the immediately succeeding meeting of the Board/Committee.

3. AUDIT COMMITTEE

The Audit Committee comprises of three independent Directors. The CFO is a permanent invitee at the committee meetings. Mr. K.K. Saraf, Company Secretary and in charge of Internal Audit, is the Secretary to the Committee. Effective April 2011, the Managing Director & CEO will also be a permanent invitee at the Committee meetings.

3.1 Meetings

The Committee met on August 6, 2010, August 11, 2010, October 18, 2010 and January 20, 2011 during the financial year 2010-11.

3.2 Composition and attendance at the meetings

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	4
Mr. S.N. Talwar	3

3.3 Audit Charter

The Board of Directors has formulated a Charter for the functioning of the Audit Committee. The Charter, inter alia, sets out the Committee's scope, power and responsibilities of its Members on the matter like reporting of significant observations on financial statements, internal controls, internal & statutory audit, etc.

3.4 Internal Auditors

The Internal Audit continues to be carried out by a renowned firm of Auditors viz. M/s. Aneja Associates, Mumbai, and it covers all major functional areas at manufacturing units, regional offices as well as corporate office.

4. REMUNERATION COMMITTEE

The Remuneration Committee deals with all elements of remuneration package of the Executive Directors i.e. salary, perquisites, retirement benefits and also the details of fixed components and performance incentive along with performance criteria.

4.1 Composition

The Committee comprises of Mr. S.N. Talwar (Chairman), Mr. Vijay Rai (both Independent Directors) and Mr. Karan Thapar.

4.2 Meetings and attendance

The Committee met on August 10, 2010, in which all the members of the Committee were present.

4.3 Details of Directors' Remuneration for nine month period ended March 31, 2011

a. Managing Director

(₹ in lacs)

Name	Salary	Performance Incentive	Perquisites Benefits	Retirement	Total
Mr. Prabhakar Dev	36.00	21.00	14.00	9.72	80.72

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	1.55	148.750
Mr. Vijay Rai	2.35	4.375
Mr. S.N. Talwar	1.45	4.375
Mr. Vikram Tandon	1.20	8.750
Mr. S.D. Nayyar	1.60	8.750

₹ 10 lacs = ₹ 1 million

5. RISK REVIEW & STRATEGY COMMITTEE

Risk Review & Strategy Committee periodically reviews the risks and management plans to mitigate them. There is an on-going process to track the evolution of the risks and charting out the mitigation action plan. With a view to update the risk profile of the Company, the Committee has now appointed M/s. Ernst & Young, Mumbai to carry out the risk assessment exercise afresh and advise on the mitigation plan, as may be desirable.

5.1 Composition

The Committee comprises of Mr. Vikram Tandon as the Chairman, Mr. Karan Thapar, Mr. S.N. Talwar and Mr. Prabhakar Dev.

5.2 Meetings and attendance

The Committee met on August 11, 2010 and January 20, 2011, in which all the Members of the Committee were present, except Mr. S.N. Talwar who could not attend the meeting held on January 20, 2011.

6. SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE

The Committee is entrusted with the responsibility to review the existing mechanism for redressal of Investor complaints with respect to various matters. The Committee evaluates the performance and service standards of the Registrars & Share Transfer Agents of the Company.

6.1 Composition

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.

6.2 Meetings and attendance

During the period, the Committee met 17 times, all the meetings were attended by majority of the Members.

6.3 Investor complaints

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

7. MANAGEMENT

7.1 Subsidiary Monitoring

All subsidiary companies of the Company are Board managed. Respective Boards have the rights and obligations to manage such companies in the best interest of their stakeholders. The Company monitors the performance of subsidiary companies, inter alia, by the following means:

a) Review of the financial performance of the unlisted subsidiary companies, by the Audit Committee at its meetings.

b) Noting of the minutes of Board meetings of the unlisted subsidiary companies by the Directors at the Company's Board meetings.

7.2 Report on Management Discussion and Analysis

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

7.3 Disclosure of material transactions

During the period under review, 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.

7.4 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.

7.5 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.

7.6 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.

7.7 Whistle Blower Policy and Sexual Harassment Policy

To facilitate better governance and transparency in the organisation, the Board has decided to implement Whistle Blower Policy and Sexual Harassment Policy in the Company. The above policies are under finalization and expected to be put in place shortly. It is affirmed that no personnel of the Company will be denied access to the redressal Committee.

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 editions of Maharashtra Times in Marathi and Economic Times in English.

Information about the Company in general, management, its financials, shareholding pattern, its products etc. can be accessed at the Company's Website.

8.3 Investor Assist

The Company had launched an online web based service named Investor Assist in December 2009, for the benefit of the Members of the Company. This service enables the Members to access any information pertaining to their shareholding, unpaid dividend, if any, dividend payments by the Company and also the data maintained by the Company's Registrar & Transfer Agent (RTA) relating to their shareholding. This service, which is available to the Members free of cost, also provides the latest status of any complaints, transfer/transmission/ nature of shares, issue of duplicate share certificate, etc. thus reducing the dependability of the member on the RTA/Company's Executive.

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
2010	19th October	3.30 p.m.	Alteration of Articles of Association of the Company	Amar Gian Grover Auditorium, Lala Lajpatrai Marg, Haji Ali, Mumbai 400 034
2009	23rd October	4.00 p.m	Shifting of Statutory Records to new premises of Registrar & Transfer Agents	
2008	24th October	3.30 p.m	None	

During the period under review, the Company has not passed any Special Resolution by postal ballot.

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10. DISCLOSURES

10.1 Related Party Transactions

Transactions with related parties are placed before the Audit Committee. During the period under review, 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 were no instances of non-compliance of any requirement of the Stock Exchanges, SEBI and other statutory authorities on any matters relating to capital market during the last three years.

10.3 Relationship between the 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 statements and other matters as required by clause 49 of the Listing Agreement. The Certificate is contained in 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 period under review, do not contain any audit qualification.

d. Whistle Blower and Sexual Harassment Policy - The Board is currently in the process of implementing Whistle Blower Policy and Sexual Harassment Policy.

The Board shall consider adopting other non-mandatory requirements from time to time, as appropriate.

10.6. Auditors' Certificate on Corporate Governance

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

11. GENERAL SHAREHOLDER INFORMATION

11.1 Annual General Meeting Information:

Day & Date	Wednesday, July 27, 2011
Time	3.30 P.M.
Venue	Hall of Culture Ground floor Nehru Centre Worli Mumbai 400 018.
Book Closure	July 26 2011 to July 27, 2011
Dividend Payment date	August 10, 2011

11.2 Financial Year:

The Company has changed its financial year to April-March from July-June. Hence, the financial period under review comprised of 9 month period, ended on March 31. The Company, hereafter, will follow financial year from 1st April to 31st March, each year.

11.3 Stock Exchange Information:

11.3.1

Listing	Stock Code
The Bombay Stock Exchange Limited (BSE)	501455
The National Stock Exchange of India Limited (NSE)	GREAVESCOT EQ

11.3.2 MARKET PRICE DATA

	BSE				NSE			
Month	Prices in ₹		Sensex		Prices in ₹		S&P CNX Nifty	
	High	Low	High	Low	High	Low	High	Low
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
July, 2010	361.85	331.00	18,237.56	17,395.58	361.40	333.00	5477.50	5225.60
August, 2010	410.00	338.15	18,475.27	17,819.99	409.90	336.25	5547.25	5348.90
September, 2010	449.95	398.50	20,267.98	18,027.12	448.00	399.05	6073.50	5403.05
October, 2010	475.00	431.05	20,854.55	19,768.96	499.00	426.05	6284.10	5937.10
November, 2010	561.00	92.00*	21,108.64	18,954.82	520.00	93.00*	6338.50	5690.35
December, 2010	104.95	93.00	20,552.03	19,074.57	102.00	77.65	6147.30	5721.15
January, 2011	104.20	86.30	20,664.80	18,038.46	104.50	86.00	6181.05	5416.65
February, 2011	95.20	84.20	18,690.97	17,295.62	96.10	84.55	5599.25	5177.70
March, 2011	96.75	82.00	19,575.16	17,792.17	98.00	82.50	5872.00	5348.20

Effective November 26, 2010, Equity shares of the face value of ₹ 10/- each were sub-divided into shares of ₹ 2/- each.

11.4 Share Transfer Information

11.4.1 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 67720344/67720300/
67720400
Fax No. 022 28591568
Email: gcl@shareproservices.com

11.4.2 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.

11.5 Shareholding information:

11.5.1 Shareholding Pattern as on March 31, 2011

CATEGORY	NO OF SHARES HELD	PERCENTAGE OF SHAREHOLDING
Promoters	12,57,79,538	51.50
Mutual Funds and UTI	3,56,79,315	14.61
Banks, Financial Institutions Insurance Companies (Central/State Govt. Institutions/ Non Government Institutions)	3,16,95,163	12.98
Corporate Bodies	65,12,315	2.67
NRIs/ OCBs/ FIIs	2,24,98,645	9.21
Resident Individuals	2,20,41,819	9.03
Total	**24,42,06,795**	**100.00**

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11.5.2 Distribution of Shareholding as on March 31, 2011

NO. OF SHARES	NO. OF SHARE-HOLDERS	PERCENTAGE	NO. OF SHARES	PERCENT-AGE
Upto 5000	42,089	98.00	1,35,38,276	5.54
5001 to 10,000	474	1.10	33,12,330	1.35
10001 to 20,000	175	0.41	24,14,693	0.99
20,001 to 30,000	56	0.13	13,82,820	0.57
30,001 to 40,000	21	0.05	7,07,800	0.29
40,001 to 50,000	20	0.05	9,26,059	0.38
50,001 to 1,00,000	35	0.08	25,77,892	1.06
1,00,001 & above	76	0.18	21,93,46,925	89.82
Total	**42,946**	**100.00**	**24,42,06,795**	**100.00**

11.5.3 Dematerialisation of Shares & Liquidity

The Equity Shares of the Company can be traded on the Stock Exchanges only in dematerialised form. As on March 31, 2011, 97.71% of the total Equity Share Capital is held in dematerialised form.

The ISIN number allotted to Equity Shares is INE 224A01026.

11.5.4 Outstanding GDRs/ADRs/Warrants or any Convertible Instruments, Conversion Date and likely impact on equity

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

11.6 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, 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 601 201 Tiruvallur District, Tamil Nadu
Light Engines Unit –III	K-135, MIDC Area, Waluj Aurangabad 431 136.	Heavy Engineering Unit IV	A-12 (a), Sipcot Industrial Complex, Gummidipoondi 601 201 Tiruvallur District, Tamil Nadu

11.7 Address For Correspondence

Greaves Cotton Limited
Industry Manor, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025.
Phone: 022 24397575 / 24365510 | Fax: 022 24377730 / 24379555
E-mail: investorservices@greavescotton.com
Website: www.greavescotton.com

Auditor's Report

To,

The Members of Greaves Cotton Limited

1. We have audited the attached Balance Sheet of Greaves Cotton Limited, (the 'Company') as at 31 March 2011, and also the Profit and Loss Account and the Cash Flow Statement for the nine months period ended on that date annexed there-to (collectively referred as the 'financial statements'). 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.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those 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.

3. As required by the Companies (Auditor's Report) Order, 2003 (the 'Order') (as amended), issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 (the 'Act'), we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

4. 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 the branch not visited by us. The Branch Auditor's Report have been forwarded to us and have been appropriately dealt with;

   c. The financial statements dealt with by this report are in agreement with the books of account and with the audited returns from the branch;

   d. On the basis of written representations received from the directors, as at 31 March 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as at 31 March 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act;

   e. In our opinion and to the best of our information and according to the explanations given to us, the financial statements dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Act and the Rules framed there under and give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, in the case of:

      i) the Balance Sheet, of the state of affairs of the Company as at 31 March 2011;

      ii) the Profit and Loss Account, of the profit for the nine months period ended on that date; and

      iii) the Cash Flow Statement, of the cash flows for the nine months period ended on that date.

For **Walker, Chandiok & Co**
Chartered Accountants
Firm Registration No: 001076N

per **Khushroo B. Panthaky**
Partner
Membership No. F-42423

Place: Mumbai
Date: 29 April 2011

ANNEXURE TO THE AUDITORS' REPORT

of even date to the members of Greaves Cotton Limited, on the financial statements for the nine months period ended 31 March 2011 (the 'period')

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, we report that:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) In our opinion, a substantial part of fixed assets has not been disposed off during the period.

(ii) (a) The inventory has been physically verified during the period by the management. In our opinion, the frequency of verification is reasonable.

(b) The procedures of physical verification of inventory followed by the management are 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 and no material discrepancies were noticed on physical verification.

(iii) (a) The Company has not granted any loan, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Act. Accordingly, the provisions of clauses 4(iii)(b) to (d) of the Order are not applicable.

(b) The Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Act. Accordingly, the provisions of clauses 4(iii)(f) and 4(iii)(g) of the Order are not applicable.

(iv) In our opinion, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the aforesaid internal control system.

(v) (a) In our opinion, the particulars of all contracts or arrangements that need to be entered into the register maintained under section 301 of the Act have been so entered.

(b) In our opinion, the transactions made in pursuance of such contracts or arrangements and exceeding the value of rupees five lakhs in respect of any party during the period have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.

(vi) In our opinion, the Company has complied with the provisions of sections 58A and 58AA and other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. No order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal in this regard.

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

(viii) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government under section 209 (1)(d) of the Act for the maintenance of cost records in respect of Company's products and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records with a view to determine whether they are accurate or complete.

(ix) (a) The Company is regular in depositing the undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues, as applicable, with the appropriate authorities. Further, no undisputed amounts payable in respect thereof were outstanding at the period end for a period of more than six months from the date they become payable.

(b) The dues outstanding in respect of sales tax, income tax, customs duty, wealth tax, excise duty, cess on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount (₹ crore)	Period to which the amount relates (financial year)	Forum where dispute is pending
Central Sales Tax Act, 1956 and Local Sales Tax Acts	Non submission of forms, interest and other matters	0.02	1992-93	Additional Commissioner (Appeals)
		0.34	1996-97 2002-03 2005-06 2007-08	Additional Commissioner (Appeals)
		0.20	2001-02	Revision Board
		1.31	1999-00 1994-95 2000-01 2001-02 2002-03 2004-05	Appellate Tribunal
		0.05	2002-03	High Court
		0.42	2003-04 & 2004-05	Revision Board
		0.77	1991-92 1999-00 2000-01	Assessing Officer
		0.44	1992-93 1997-98 1998-99	Revision Board
		0.09	2003-04	Joint Commissioner of Sales Tax (Appeals)
		0.40	2008-09 to 2010-11	Supreme Court
Central Excise Act, 1944	Disallowance of exemption	0.03	1996-97	Deputy Commissioner (Appeals)
Central Excise Rules, 1944	Penalty for incorrect valuation	0.62	1993-94 to 1996-97	Commissioner of Central Excise (Appeals)
Central Excise Act, 1944	Disallowance of input credit and penalty	0.25	1991-92 1996-97	High Court
Income Tax Act, 1961	Minimum Alternate Tax	2.84	2003-04	Commissioner (Appeals)

(x) In our opinion, the Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current period and the immediately preceding financial year.

(xi) In our opinion, the Company has not defaulted in repayment of dues to a financial institution or a bank during the period. The Company has no dues payable to debenture holders during the period.

(xii) In our opinion, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, the provisions of clause 4(xii) of the Order are not applicable.

(xiii) In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Accordingly, the provisions of clause 4(xiii) of the Order are not applicable.

(xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable.

(xv) In our opinion, the terms and conditions on which the Company has given guarantee for loans taken by others from banks or financial institutions are not, prima facie, prejudicial to the interest of the Company.

(xvi) In our opinion, the Company has applied the term loans for the purpose for which the loans were obtained.

(xvii) In our opinion, no funds raised on short-term basis have been used for long-term investment.

(xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Act. Accordingly, the provisions of clause 4(xviii) of the Order are not applicable.

(xix) The Company has neither issued nor had any outstanding debentures during the period. Accordingly, the provisions of clause 4(xix) of the Order are not applicable.

(xx) The Company has not raised any money by public issues during the period. Accordingly, the provisions of clause 4(xx) of the Order are not applicable.

(xxi) No fraud on or by the Company has been noticed or reported during the period covered by our audit.

For **Walker, Chandiok & Co**
Chartered Accountants
Firm Registration No: 001076N

per **Khushroo B. Panthaky**
Partner
Membership No. F-42423

Place: Mumbai
Date: 29 April 2011

BALANCE SHEET as at 31st March, 2011

	Schedule	As at 31.03.2011 ₹ Crore	As at 31.03.2011 ₹ Crore	As at 30.06.2010 ₹ Crore
I. SOURCES OF FUNDS:				
1. SHAREHOLDERS' FUNDS:				
(a) Capital	A	**48.84**		48.84
(b) Reserves & Surplus	B	**477.21**		392.42
			526.05	441.26
2. LOAN FUNDS:				
(a) Secured Loans	C	**2.29**		0.37
(b) Unsecured Loans	D	**3.22**		4.79
			5.51	5.16
3. DEFERRED TAX:				
(a) Deferred Tax Liabilities		**31.13**		30.24
(b) Deferred Tax Assets		**(4.77)**		(5.74)
(See Schedule O, Note 21)			**26.36**	24.50
TOTAL			**557.92**	470.92
II. APPLICATION OF FUNDS:				
1. FIXED ASSETS:	E			
(a) Gross Block		**435.51**		394.67
(b) Less: Depreciation		**171.38**		156.87
(c) Net Block		**264.13**		237.80
(d) Capital Work-in-Progress		**23.30**		28.18
			287.43	265.98
2. INVESTMENTS	F		**83.84**	130.13
3. CURRENT ASSETS, LOANS AND ADVANCES:	G			
(a) Inventories		**186.84**		153.29
(b) Sundry Debtors		**287.09**		202.48
(c) Cash and Bank Balances		**61.55**		21.85
(d) Loans and Advances		**103.07**		100.34
		638.55		477.96
Less : CURRENT LIABILITIES AND PROVISIONS:	H			
(a) Liabilities		**352.30**		269.96
(b) Provisions		**99.60**		133.19
		451.90		403.15
NET CURRENT ASSETS			**186.65**	74.81
TOTAL			**557.92**	470.92
STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES	N			
NOTES ON ACCOUNTS	O			

As per our report of even date attached

For **Walker, Chandiok & Co**
Chartered Accountants

For and on behalf of the Board

Karan Thapar Chairman

S. N. Talwar Director

Khushroo B. Panthaky
Partner

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

K. K. Saraf
Executive Vice President &
Company Secretary

Prabhakar Dev Managing Director & CEO

Mumbai, 29th April, 2011

Mumbai, 29th April, 2011

GREAVES
SINCE 1859

PROFIT AND LOSS ACCOUNT for nine months period ended 31st March, 2011

	Schedule	Nine Months Period Ended 31.03.2011		Year Ended 30.06.2010
		₹ Crore	₹ Crore	₹ Crore
INCOME				
Sales (Gross)			**1,368.24**	1,461.55
Less:Excise duty			**117.77**	114.34
Sales (Net)			**1,250.47**	1,347.21
Other Income	I		**14.08**	6.85
GROSS REVENUE			**1,264.55**	1,354.06
EXPENDITURE				
Materials and Components Consumed	J		**868.55**	922.21
Staff Expenses	K		**83.15**	103.28
Other Operating Expenses	L		**99.22**	113.44
Directors' Commission {See Schedule O, Note 5 (b)}			**1.75**	1.79
			1,052.67	1,140.72
Profit Before Interest, Depreciation and Tax			**211.88**	213.34
Interest and Finance Charges	M		**7.22**	12.91
Depreciation/Amortisation		**21.03**		27.10
Less : Transferred from Revaluation Reserve		**0.05**		0.07
			20.98	27.03
Profit Before Tax			**183.68**	173.40
Provision for Taxation:				
Current Tax (See Schedule O, Note 27)		**(54.54)**		(56.20)
Deferred Tax (See Schedule O, Note 21)		**(1.86)**		0.77
			(56.40)	(55.43)
Profit After Tax			**127.28**	117.97
Profit Brought Forward			**134.25**	126.55
			261.53	244.52
APPROPRIATIONS				
Interim Dividend			**19.54**	21.98
Proposed Final Dividend			**17.09**	14.65
Proposed Special Dividend			**-**	36.63
Tax on Dividend			**5.81**	12.01
General Reserve			**25.00**	25.00
Balance carried to Balance Sheet			**194.09**	134.25
Earnings per share (Face Value of ₹ 2/- per share)				
(i) Basic			**5.21**	4.83
(ii) Diluted			**5.21**	4.83
(See Schedule O, Note 20)				
STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES	N			
NOTES ON ACCOUNTS	O			

As per our report of even date attached

For **Walker, Chandiok & Co**
Chartered Accountants

For and on behalf of the Board

Karan Thapar Chairman

S. N. Talwar Director

Khushroo B. Panthaky
Partner

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

K. K. Saraf
Executive Vice President &
Company Secretary

Prabhakar Dev Managing Director & CEO

Mumbai, 29th April, 2011

Mumbai, 29th April, 2011

CASH FLOW STATEMENT for nine months period ended 31st March, 2011

		Nine Months Period Ended 31.03. 2011 ₹ Crore	Year Ended 30.06.2010 ₹ Crore
A	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Profit before Tax	**183.68**	173.40
	Adjustment for:		
	Depreciation / amortisation	**20.98**	27.03
	(Profit)/ loss on sale of investments	**(1.83)**	(0.63)
	Interest income	**(0.40)**	(0.84)
	Interest and finance charges	**7.22**	12.91
	(Profit)/ loss on sale of fixed assets (net)	**(7.59)**	(0.84)
	Dividend from investments	**(1.25)**	(1.25)
	Unrealised (gain)/ loss on exchange fluctuation	**0.10**	0.09
	Operating profit before working capital changes	**200.91**	209.87
	Adjustment for:		
	(Increase) / decrease in inventory	**(33.55)**	(12.55)
	(Increase) / decrease in trade receivables	**(84.71)**	(60.67)
	(Increase) / decrease in other receivables	**(2.98)**	12.95
	Increase / (decrease) in trade payables	**91.29**	70.87
	Cash from operating activities	**170.96**	220.47
	Direct taxes recovered / (paid) (net)	**(54.36)**	(45.50)
	Net cash from operating activities	**116.60**	174.97
B	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Purchase of fixed assets	**(42.71)**	(27.50)
	Sale of fixed assets	**7.82**	1.29
	Investment in subsidiaries	**(0.43)**	(0.56)
	Purchase of other investments	**-**	(63.72)
	Sale of investments	**48.55**	0.63
	Dividend received from subsidiary	**-**	1.25
	Interest received	**0.06**	0.84
	Net cash from / (used in) investment activities	**13.29**	(87.77)
C	**CASH FLOW FROM FINANCING ACTIVITIES**		
	(Decrease)/ Increase in short term borrowings (net)	**0.35**	(39.24)
	Interest paid	**(8.53)**	(12.75)
	Dividend (including dividend tax) paid	**(82.01)**	(31.13)
	Net cash used in financing activities	**(90.19)**	(83.12)
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS		**39.70**	4.08
	Cash and cash equivalents as at the beginning of the period / year	**21.85**	17.77
	Cash and cash equivalents as at the end of the period / year	**61.55**	21.85

CASH FLOW STATEMENT for nine months period ended 31st March, 2011

Notes on cash flow statement

1. Cash flow statement has been prepared under the indirect method as set out in Accounting Standard (AS) 3: Cash Flow Statements
2. Purchase of fixed assets includes movement of capital work-in-progress during the period / year.
3. Cash and cash equivalents represents cash and bank balances as per Schedule G.
4. Previous year's figures have been regrouped / reclassified wherever applicable.

As per our report of even date attached

For **Walker, Chandiok & Co**
Chartered Accountants

Khushroo B. Panthaky
Partner

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

K. K. Saraf
Executive Vice President &
Company Secretary

Mumbai, 29th April, 2011

For and on behalf of the Board

Karan Thapar Chairman

S. N. Talwar Director

Prabhakar Dev Managing Director & CEO

Mumbai, 29th April, 2011

SCHEDULES TO BALANCE SHEET : 31st March, 2011

	As at 31.03.2011	As at 30.06.2010	As at 31.03.2011	As at 30.06.2010
	Nos.	Nos.	₹ Crore	₹ Crore
SCHEDULE A:				
CAPITAL:				
AUTHORISED :				
Redeemable Preference Shares of ₹ 100/- each	**25,00,000**	25,00,000	**25.00**	25.00
Equity Shares of ₹ 2/- each (Previous Year of ₹ 10/- each)	**2,50,00,000**	5,00,00,000	**50.00**	50.00
			75.00	75.00
ISSUED, SUBSCRIBED AND PAID UP:				
Equity Shares of ₹ 2/- each (Previous Year ₹ 10/- each) fully paid	**24,42,06,795**	4,88,41,359	**48.84**	48.84
			48.84	48.84
NOTES:				
Of the above, equity shares of ₹ 2/- each (Previous Year ₹ 10/- each)				
(a) allotted as fully paid-up pursuant to a contract without payment being received in cash,	**2,50,000**	50,000		
(b) allotted as fully paid-up bonus shares by capitalisation of General Reserve and Securities Premium Account,	**11,62,62,730**	2,32,52,546		
(c) allotted as fully paid up pursuant to Schemes of Amalgamation.	**1,31,99,175**	26,39,835		
(d) allotted on conversion of 12.5% Secured Fully Convertible Debentures	**1,92,90,145**	38,58,029		

	As at 31.03.2011		As at 30.06.2010
	₹ Crore	₹ Crore	₹ Crore
SCHEDULE B:			
RESERVES & SURPLUS :			
Capital Reserve:			
As per last Balance Sheet		**1.34**	1.34
Securities Premium Account:			
As per last Balance Sheet		**34.59**	34.59
Revaluation Reserve:			
As per last Balance Sheet	**4.21**		4.28
Less: Transferred to Profit and Loss Account	**0.05**		0.07
		4.16	4.21
General Reserve:			
As per last Balance Sheet	**218.03**		193.03
Add: Transferred from Profit and Loss Account	**25.00**		25.00
		243.03	218.03
Profit and Loss Account		**194.09**	134.25
		477.21	392.42

GREAVES SINCE 1859

SCHEDULES TO BALANCE SHEET : 31st March, 2011

	As at 31.03.2011 ₹ Crore	As at 30.06.2010 ₹ Crore
SCHEDULE C:		
SECURED LOANS:		
Term Loans from :		
Financial Institutions	-	0.37
Cash Credit / Short Term Finance from Banks	**2.29**	-
	2.29	0.37

NOTES:

(1) Term Loans from Financial institutions including interest accrued but not due are secured by first mortgage on two residential flats of the Company situated at Mumbai.

(2) Cash Credit and Short Term Finance 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 ₹ 80.77 crore (Previous Year ₹ 56.13 crore) and ₹ 6.29 crore (Previous Year ₹ 6.28 crore) respectively.

	As at 31.03.2011 ₹ Crore	As at 30.06.2010 ₹ Crore
SCHEDULE D:		
UNSECURED LOANS:		
Interest-free Sales Tax Loan and Special Incentive Loan	**3.22**	**4.79**
{Due within one year ₹ 2.85 crore (Previous Year ₹ 2.43 crore)}		
	3.22	4.79

SCHEDULE E:

FIXED ASSETS:

₹ Crore

ASSETS	GROSS BLOCK (at Cost)				DEPRECIATION				NET BLOCK	
	Opening as at 01.07.2010	Additions / adjustments	Deductions / adjustments	Closing as at 31.03.2011	Opening as at 01.07.2010	Deductions / adjustments	Nine months period ended 31.03.2011	Closing as at 31.03.2011	As at 31.03.2011	As at 30.06.2010
(A) TANGIBLE ASSETS										
Freehold Land	3.44	-	-	**3.44**	-	-	**-**	**-**	**3.44**	3.44
Leasehold Land	3.12	18.67	-	**21.79**	0.38	-	**0.08**	**0.46**	**21.33**	2.74
Freehold Buildings	78.43	5.97	0.20	**84.20**	14.08	0.10	**1.85**	**15.83**	**68.37**	64.35
Leasehold Buildings	0.29	-	-	**0.29**	0.28	-	**-**	**0.28**	**0.01**	0.01
Plant & Equipment	272.76	22.29	3.94	**291.11**	120.70	3.90	**16.27**	**133.07**	**158.04**	152.06
Furniture	18.16	0.33	2.46	**16.03**	10.49	2.38	**1.08**	**9.19**	**6.84**	7.67
Vehicles	1.28	-	0.15	**1.13**	1.01	0.14	**0.09**	**0.96**	**0.17**	0.27
Sub-total(A)	**377.48**	**47.26**	**6.75**	**417.99**	**146.94**	**6.52**	**19.37**	**159.79**	**258.20**	**-**
As at 30.06.2010	365.41	14.82	2.75	377.48	124.38	2.30	24.86	146.94		230.54
(B) INTANGIBLE ASSETS										
Technical Know-how	4.73	0.23	-	**4.96**	4.73	-	**-**	**4.73**	**0.23**	-
Computer Software	12.46	0.10	-	**12.56**	5.20	-	**1.66**	**6.86**	**5.70**	7.26
Sub-total(B)	**17.19**	**0.33**	**-**	**17.52**	**9.93**	**-**	**1.66**	**11.59**	**5.93**	**-**
As at 30.06.2010	15.47	1.72	-	17.19	7.69	-	2.24	9.93		7.26
TOTAL (A+B)	**394.67**	**47.59**	**6.75**	**435.51**	**156.87**	**6.52**	**21.03**	**171.38**	**264.13**	**-**
As at 30.06.2010	380.88	16.54	2.75	394.67	132.07	2.30	27.10	156.87		237.80
Capital Work-in-Progress including advances									**23.30**	28.18
As at 31.03.2011									**287.43**	**-**
As at 30.06.2010									**-**	265.98

NOTES : (I) Net Block of Freehold Land and Buildings includes ₹ 4.16 crore (Previous Year ₹ 4.21 crore) added on revaluation as on 31st May,1987.

(II) Freehold Buildings include ₹ 6.54 crore (Previous Year ₹ 0.91 crore) cost of ownership flats in Co-operative Housing Societies and cost of 26 shares (Previous Year 50 shares) of ₹ 50/- each.

GREAVES
SINCE 1859

SCHEDULE TO BALANCE SHEET : 31st March, 2011

	As at 31.03.2011 Nos.	As at 30.06.2010 Nos.	As at 31.03.2011 ₹ Crore	As at 30.06.2010 ₹ Crore
SCHEDULE F:				
INVESTMENTS:				
I. LONG TERM INVESTMENTS:				
A. IN SUBSIDIARIES				
1) Fully Paid Equity Shares (Unquoted)				
Shares of ₹ 10/- each of Greaves Leasing Finance Limited	**17,85,545**	17,85,545	**8.62**	8.62
Shares of ₹ 10/- each of Greaves Auto Limited	**50,000**	50,000	**0.05**	0.05
Shares of Euro 1/- each of Greaves Cotton Netherlands B.V.	**48,48,000**	47,80,000	**29.57**	29.16
Shares of AED 1500/- each of Ascot International FZC	**10**	-	**0.02**	-
2) Fully Paid Preference Shares (Unquoted)				
6% Cumulative Redeemable Preference shares of ₹ 10/- each of Greaves Leasing Finance Limited	**2,08,92,350**	2,08,92,350	**20.89**	20.89
2% Non Cumulative Redeemable Preference shares of ₹ 100/- each of Greaves Leasing Finance Limited	**7,69,034**	7,69,034	**7.69**	7.69
B. TRADE INVESTMENTS				
Fully Paid Preference Shares (Unquoted)				
14.5% Cumulative Redeemable Preference shares of ₹100/- each of Swadeshi Cotton Mills Company Limited (₹ Nil, Previous Year ₹ 40,000/-)	**1,058**	1,058	**-**	-
II. CURRENT INVESTMENTS:				
MUTUAL FUNDS: (Unquoted)				
Units of ₹ 10/- each of Reliance Liquidity Fund-Growth	**27,09,977**	2,05,29,891	**4.00**	28.73
Units of ₹ 100/- each of ICICI Prudential Liquid Super Institutional Plan- Growth	**2,75,955**	25,49,142	**4.00**	34.99
Units of ₹ 10/- each of BIRLA Sunlife cash plus -IPP Growth	**19,12,387**	-	**3.00**	-
Units of ₹ 10/- each of HDFC Cash Management Fund-Saving Plan-Growth	**14,64,765**	-	**3.00**	-
Units of ₹10/- each of SBI Premier Liquid Fund-Institutional Growth	**19,25,484**	-	**3.00**	-
			83.84	130.13

NOTES:

1 The book value of unquoted investments was ₹ 83.84 crore (Previous Year ₹ 130.13 crore).

2 Details of Investments purchased and sold during the period:

Sr No.	Mutual Funds	Face Value Per Unit ₹	No of Units.	Cost ₹ Crore
1	Reliance Liquidity Fund - Growth Option	10	3,96,99,443	58.00
2	ICICI Prudential Liquid Super Institutional Plan - Growth	100	48,10,046	69.00
3	BIRLA Sunlife Cash Plus - IPP - Growth	10	3,15,76,953	49.01
4	HDFC Cash Management Fund Saving Plan - Growth	10	1,99,72,239	40.50

SCHEDULE TO BALANCE SHEET : 31st March, 2011

	As at 31.03.2011			As at 30.06.2010
	₹ Crore	₹ Crore	₹ Crore	₹ Crore
SCHEDULE G :				
CURRENT ASSETS, LOANS AND ADVANCES:				
a) Inventories: (at lower of cost or net realisable value)				
Stores,Spares and Packing Materials		3.67		2.99
Loose tools		4.26		3.19
Raw Materials		111.55		86.03
Work-in-progress		16.93		13.87
Finished Goods (Including Traded Goods)		50.43		47.21
			186.84	153.29
b) Sundry Debtors (unsecured):				
Debts outstanding for a period exceeding six months				
Considered good		8.75		14.00
Considered doubtful	3.00			3.92
Less: Provision for Doubtful Debts	3.00	-		3.92
Other Debts, considered good		278.34		188.48
			287.09	202.48
c) Cash and Bank Balances:				
Cash on hand		0.09		0.10
Cheques on hand		20.29		12.63
Bank balance with:				
Scheduled Banks-				
In Current Accounts		9.32		7.58
In Fixed Deposit {under lien ₹ 1.37 crore, (Previous Year ₹ 1.37 crore)}		31.70		1.37
Non-Scheduled Bank-				
In Current Account The National Westminster Bank p.l.c., Manchester {maximum amount outstanding at any time during the period ₹ 0.53 crore (Previous Year ₹ 1.99 crore)}		0.15		0.17
		-	61.55	21.85
d) Loans and Advances (unsecured):				
Interest Accrued on Fixed Deposits		0.40		0.06
Advances to Subsidiaries		0.11		0.78
Advances recoverable in cash or in kind or for value to be received				
Considered good		35.84		30.54
Considered doubtful	3.00			3.00
Less: Provision for doubtful advances	3.00			3.00
		-		-
Balances with Customs, Port Trust, Central Excise etc.		10.79		11.19
Advance Tax (Net)		55.93		57.77
			103.07	100.34
			638.55	477.96

GREAVES
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SCHEDULE TO BALANCE SHEET : 31st March, 2011

	As at 31.03.2011		As at 30.06.2010
	₹ Crore	₹ Crore	₹ Crore
SCHEDULE H :			
CURRENT LIABILITIES AND PROVISIONS:			
LIABILITIES :			
Sundry Creditors:			
Due to Micro, Small & Medium Enterprises		**29.64**	20.05
Others		**319.01**	245.26
Items covered by Investor Education and Protection Fund (see note below):			
Unclaimed Dividends	**1.53**		1.17
Unclaimed Matured Fixed Deposits	**0.08**		0.09
Interest accrued on matured fixed deposits	**0.01**		0.01
		1.62	1.27
Interest accrued but not due on loans		**0.27**	1.58
Subsidiary Companies		**0.01**	0.01
Due to Directors		**1.75**	1.79
		352.30	269.96
PROVISIONS :			
Current Tax		**54.54**	56.20
Proposed Final Dividend		**17.09**	14.65
Proposed Special Dividend		**-**	36.63
Tax on Dividend		**2.57**	8.31
Gratuity		**3.93**	1.29
Leave Encashment		**6.47**	6.19
Warranty (See Schedule O, Note 23)		**15.00**	9.92
		99.60	133.19
		451.90	403.15

NOTE:

There are no amounts due and outstanding to be credited to Investor Education and Protection Fund as at 31st March, 2011 under Section 205C of the Companies Act, 1956.

SCHEDULES TO PROFIT AND LOSS ACCOUNT : 31st March, 2011

	Nine Months Period Ended 31.03.2011		Year Ended 30.06.2010
	₹ Crore	₹ Crore	₹ Crore
SCHEDULE I :			
OTHER INCOME :			
Dividends from Long Term Investments - Subsidiary Company		**1.25**	1.25
Interest -Others		**0.40**	0.84
{tax deducted at source ₹ 0.03 crore (Previous Year ₹ 0.01 crore)}			
Duty Drawback		**0.37**	0.82
Profit on sale of Fixed Assets (net)		**7.59**	0.84
Profit on sale of Current Investments		**1.83**	0.63
Royalty		**1.33**	1.32
Scrap Sales		**0.83**	0.75
Miscellaneous Income		**0.48**	0.40
		14.08	6.85
SCHEDULE J :			
MATERIALS AND COMPONENTS CONSUMED :			
a) Raw Materials and Components Consumed :			
Opening Stock	**86.03**		80.51
Add : Purchases	**842.64**		893.00
	928.67		973.51
Less : Closing Stock	**111.55**		86.03
		817.12	887.48
b) (Increase)/Decrease in stocks			
Closing Stock			
Finished Goods	**30.13**		44.19
Work-In-Progress	**16.93**		13.87
	47.06		58.06
Opening Stock			
Finished Goods	**44.19**		31.39
Work-In-Progress	**13.87**		21.65
	58.06		53.04
		11.00	(5.02)
c) Traded goods {(See Schedule O, Note 13 (b)}			
Opening Stock	**3.02**		2.70
Add : Purchases	**57.71**		40.07
	60.73		42.77
Less : Closing Stock	**20.30**		3.02
		40.43	39.75
		868.55	922.21

GREAVES
SINCE 1859

SCHEDULES TO PROFIT AND LOSS ACCOUNT : 31st March, 2011

	Nine Months Period Ended 31.03.2011		Year Ended 30.06.2010
	₹ Crore	₹ Crore	₹ Crore
SCHEDULE K:			
STAFF EXPENSES:			
Salaries, Wages and Bonus		**66.62**	**82.14**
Contribution to Provident, Gratuity, Superannuation and other Funds		**10.39**	**13.49**
Staff Welfare		**6.14**	**7.65**
		83.15	103.28
SCHEDULE L:			
OTHER OPERATING EXPENSES :			
Stores, Spares and Packing Materials Consumed		**8.33**	8.63
Excise Duty		**(0.32)**	(1.39)
Power, Fuel and Electricity		**11.31**	12.12
Repairs and Maintenance			
Building		**1.22**	0.97
Plant & Equipment		**4.13**	4.60
Others		**1.27**	1.95
Brokerage and Commission		**4.96**	6.22
Rent		**4.50**	4.63
Insurance		**0.49**	1.13
Bad Debts	**1.65**		-
Less: Provision for Doubtful Debts	**1.65**		-
		-	-
Provision for Doubtful Debts/Advances		**0.73**	3.95
Rates and Taxes		**0.82**	0.93
Advertising and Sales Promotion		**4.58**	4.35
Travelling		**7.64**	8.37
Carriage and Freight		**13.55**	15.06
Directors' Sitting Fees		**0.08**	0.09
Printing and Stationery		**1.01**	1.25
Postage,Telephone and Fax		**2.37**	3.18
Legal, Professional and Consultancy Charges		**5.81**	5.49
Miscellaneous Expenses		**26.74**	31.91
		99.22	113.44
SCHEDULE M:			
INTEREST AND FINANCE CHARGES:			
Fixed Loans		**-**	0.90
Others		**7.22**	12.01
		7.22	12.91

SCHEDULE TO BALANCE SHEET AND PROFIT AND LOSS ACCOUNT :
31st March, 2011

SCHEDULE N :
STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES:

1 Basis of accounting and preparation of financial statements

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 including the Accounting Standards 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 accounted on receipt basis.

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, provision for inventory obsolescence, 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, spares, packing materials, loose tools and traded goods at weighted average cost or net realisable value, whichever is lower.

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

c) Finished goods at lower of weighted average cost including conversion cost 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 on the revalued amount derived based on valuation carried out by independent valuers. The depreciation on revalued portion of the fixed assets is transferred from revaluation reserve to Profit and Loss Account.

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

iii) In the case of fixed assets where the technological progress and upgradation is faster, the Company has provided accelerated depreciation at rates higher than the rates specified in Schedule XIV to the Companies Act, 1956. Accordingly, the useful life of such assets has been recomputed and depreciation has been provided at the following rates 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.

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

vi) Leasehold Building is depreciated at rates prescribed for buildings under Schedule XIV of the Companies Act, 1956 or rates derived based on lease term for the leasehold building, whichever is higher. Leasehold building improvements are written off over the period of lease or their estimated useful life, whichever is earlier, on a straight line basis.

SCHEDULE TO BALANCE SHEET AND PROFIT AND LOSS ACCOUNT :
31st March, 2011

SCHEDULE N (Contd.) :

b) Intangible assets:

i) a) Technical Know-how acquired prior to the year 2001 is amortised as per the rates applicable to plant and machinery prescribed under schedule XIV to the Companies Act, 1956.

b) Technical Know-how acquired during and after the year 2001 is amortised over a period of five years.

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

4 Research and Development

Revenue expenditure on research and development is charged under respective heads of expenditure in the Profit and Loss 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 products is recognised when all the significant risks and rewards 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 when services are performed in accordance with the terms of contract with customers.

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

6 Fixed assets (including Capital Work-In-Progress)

a) Tangible assets:

Tangible 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, based on valuation carried out by independent valuers, less accumulated depreciation. Own manufactured assets are capitalised at factory cost. Cost includes inward freight, taxes and expenses incidental to acquisition and installation, up to the point the asset is ready for its intended use. Certain project related direct expenses, incurred at site for the period upto the date of commencement of commercial production are capitalised. (Also refer to accounting policy on borrowing costs infra).

b) Intangible assets:

Intangible assets are stated at cost of acquisition less amortisation.

c) Capital Work-in-Progress:

Capital Advances in respect of Capital Work-in-Progress or towards procurement of fixed assets and assets acquired but not ready for use are classified as Capital Work-in-Progress.

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 prevailing 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 rate of exchange prevailing on the date of the Balance Sheet.

d) Exchange differences on settlement/conversion are included in the Profit and Loss Account in the period in which they arise.

e) Foreign exchange differences arising on marking forward contracts to market rates are recognised in the Profit and Loss Account 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 recorded as under:

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

ii) Revenue items are translated at the average rate for the period.

iii) All differences arising on translation of foreign currency balances are included in the Profit and Loss Account.

SCHEDULE N (Contd.) :

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, expected cost of bonus, ex-gratia etc. are recognised on undiscounted basis 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 based on a fixed percentage of the eligible employees' salary is recognised during the period in which the employee renders the related service. The Company has no further obligation beyond these contributions.

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 the 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 long term 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 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 and reporting

a) Segment accounting and reporting which is done in accordance with the accounting policies of the Company and the guidelines prescribed by Accounting Standard 17, Segment Reporting, as specified in the Companies (Accounting Standards) Rules, 2006 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 relate 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 represent 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 the basis of transfer price agreed between the segments.

SCHEDULE TO BALANCE SHEET AND PROFIT AND LOSS ACCOUNT :
31st March, 2011

SCHEDULE N (Contd.) :

12 Leases

Assets acquired on lease where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease rentals are charged to the Profit and Loss Account on a straight line basis.

13 Taxes on income

Tax on income for the current period 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 period and quantified using the tax rates and laws enacted or substantively enacted on the balance sheet date. Deferred tax assets which arise on account of unabsorbed business losses 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 assets can be realised. Other deferred tax assets are recognised only to the extent there is a reasonable certainty of realisation in future. Such assets are reviewed at each balance sheet date to reassess realisation.

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 or a cash generating unit exceeds its recoverable amount. The recoverable amount is the higher of the asset's net selling price and value in use determined based on the present value of estimated future cash flows. All impairment losses are recognised in the profit and loss account.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

A previously recognised impairment loss is increased or reversed depending on changes in circumstances. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

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 liability 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 and updated as appropriate.

SCHEDULE TO BALANCE SHEET AND PROFIT AND LOSS ACCOUNT :
31st March, 2011

SCHEDULE O :

NOTES ON ACCOUNTS

			2010-2011 ₹ Crore	2009-2010 ₹ Crore
1	Contingent Liabilities			
	a)	Sales Tax liability that may arise in respect of matters in appeal	**8.54**	8.45
	b)	Excise Duty liability that may arise in respect of matters in appeal	**0.90**	0.90
	c)	Income Tax liability that may arise in respect of matters in appeal	**2.84**	2.84
	d)	Claims made against the Company, not acknowledged as debts	**13.98**	14.52
	e)	Wage demand not acknowledged by the Company in respect of matter in appeal	**3.37**	2.89
	f)	Bonds executed in favour of Collector of Customs/Central Excise	**9.13**	8.98
	g)	Guarantees given on behalf of a subsidiary company	**13.01**	11.88
	Notes:			
	i)	The Company does not expect any reimbursement in respect of the above contingent liabilities.		
	ii)	It is not practical to estimate the timing of cash outflows, if any, in respect of matters at (a) to (e) above, pending resolution of the appellate proceedings.		
2	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances).		**37.21**	12.53
3	Expenditure on Research and Development activities:			
	a)	Total Research and Development costs charged to the Profit and Loss Account (including amounts shown under Schedules J, K, and L)	**10.84**	12.69
	b)	Capital Expenditure	**1.50**	2.14
4	Exchange differences arising on foreign currency transactions:			
	a)	₹ 0.62 crore (net gain) (Previous Year ₹ 0.16 crore (net gain)) has been accounted under the respective revenue accounts and		
	b)	Net premium on account of forward contracts to be recognised in future accounting period ₹ 0.93 crore (Previous Year ₹ 0.25 crore).		
5	Directors' Remuneration:			
	a)	Remuneration to Managing Director charged to accounts:		
		Salary and performance incentive	**0.57**	0.72
		Other perquisites and allowances	**0.14**	0.22
		Contribution to provident, other funds and retirement benefits	**0.10**	0.10
	b)	Commission to non-executive directors:	**1.75**	1.79
	Computation of net profits in accordance with the provisions of Sections 198 and 349 of the Companies Act, 1956:			
	Profit before tax as per Profit and Loss Account		**183.68**	173.40
	Add:			
	(i)	Depreciation / Amortisation charged to Profit and Loss Account	**20.98**	27.03
	(ii)	Directors' Remuneration, Commission and sitting fees	**2.64**	2.92
	(iii)	Provision for Doubtful Debts / Advances	**0.73**	3.95
			24.35	33.90
			208.03	207.30

SCHEDULE TO BALANCE SHEET AND PROFIT AND LOSS ACCOUNT :
31st March, 2011

SCHEDULE O (Contd.) :

		2010-2011 ₹ Crore	2009-2010 ₹ Crore
	Less:		
	(i) Depreciation in terms of Section 350 of the Companies Act, 1956	**20.98**	27.03
	(ii) Profit on sale of Investments	**1.83**	0.63
	(iii) Profit on sale of Assets	**6.37**	-
		29.18	27.66
	Net Profit	**178.85**	179.64
	1% of the above	**1.79**	1.79
	Restricted to	**1.75**	1.79
	Commission to Managing Director	**NIL**	NIL
6	Aggregate profit/(loss) of U.K. branch included in the Profit and Loss Account	**(0.48)**	(3.37)
7	Auditors' Remuneration (excluding service tax):		
	a) Payment to Statutory Auditors:		
	(i) Statutory audit	**0.21**	0.24
	(ii) Tax audit	**0.05**	0.05
	(iii) Certification work (to erstwhile Auditors)	**0.03**	0.03
	(iv) Other services (includes ₹ 0.09 crore (Previous Year ₹ 0.16 crore payment to erstwhile Auditors)	**0.15**	0.16
	(v) Reimbursement of out-of-pocket expenses (to erstwhile Auditors)	**0.07**	0.06
	b) Foreign branch audit fees	**0.03**	0.02
	c) Payments to Cost auditor:		
	(i) Cost audit	**0.04**	0.03
	(ii) Reimbursement of out-of-pocket expenses (Previous Year ₹ 7,019/-)	**0.01**	-
8	Expenditure in Foreign Currency during the period / year :		
	Royalty (net of tax)	**-**	0.08
	Foreign Branch Expenses	**0.51**	5.07
	Legal and Professional Expenses	**0.31**	0.20
	Representative Office Expenses (China)	**0.47**	0.49
	Other matters	**0.73**	2.10
9	Value of Imports (on C.I.F. basis) :		
	Raw Materials	**13.37**	16.95
	Components and Spare Parts	**100.51**	55.27
	Capital Goods	**9.35**	1.90
10	Earnings in Foreign Currency :		
	a) Export of goods on F.O.B. basis (including foreign branch)	**19.21**	27.57
	b) Direct Sales Compensation (including foreign branch)	**0.64**	1.81

SCHEDULE TO BALANCE SHEET AND PROFIT AND LOSS ACCOUNT :
31st March, 2011

SCHEDULE O (Contd.) :

	Particulars	Unit	2010-2011		2009-2010	
			Quantity	₹ Crore	Quantity	₹ Crore
11	**Sales**					
	Internal Combustion Engines and Generating Sets	Nos.	**3,88,231**	**926.72**	4,33,108	985.86
	Engine Spares and Accessories			**217.88**		260.12
	Vibratory Compactors, Rollers and High Pressure Pumps, Transit Mixers	Nos.	**1,141**	**133.57**	1,169	134.37
	Spares, Accessories, etc.			**18.02**		21.12
	Agricultural, Horticultural or Forestry Machinery for Soil Preparation or Cultivation including Power Tillers	Nos.	**331**	**3.24**	-	-
	Power Tillers (Traded)	Nos.	**4,653**	**50.11**	5,236	55.01
	Motor Graders	Nos.	**31**	**17.53**	5	2.50
	Pneumatic Tyre Roller	Nos.	**1**	**0.46**	-	-
	Total (A)			**1,367.53**		1,458.98
	Direct Sales Compensation (B)			**0.71**		2.57
	Total (A + B)			**1,368.24**		1,461.55
	Quantitative figures for sales are after exclusion of inter-divisional transfers, capitalisation / captive consumption, samples, etc.					
12	**Raw Materials and Components Consumed:**					
	Steel Forgings	Nos.	**2,50,834**	**1.24**	3,09,164	1.91
	Steel Castings	Nos.	**4,59,752**	**10.93**	5,61,714	11.94
	Alloy Steel / Aluminium bronze bars	MT	**31**	**0.36**	47	0.51
	Steel	Kgs.	**7,36,410**	**1.77**	13,73,870	3.04
	Engines	Nos.	**1,099**	**13.26**	1,149	13.65
	Bearings	Nos.	**1,33,226**	**2.20**	1,63,358	2.69
	Seamless Tubes	Mtrs.	**45,827**	**2.62**	39,707	2.38
	Electric Motors and Starters	Nos.	**1,90,387**	**28.25**	1,38,171	19.86
	Cylinder Heads, Cam Shafts, Crank Shafts and Connecting rods	Nos.	**12,59,256**	**70.51**	15,01,619	74.75
	Crank Cases	Nos.	**3,19,208**	**49.08**	3,71,325	47.51
	Pistons, Flywheels, Fuel Pumps, Injectors, CSR pumps, gensets and Marine gear boxes	Nos.	**10,65,284**	**79.97**	14,38,679	102.79
	Structural steel	MT	**401**	**1.49**	355	1.42
	Steel Plates	MT	**3,663**	**14.98**	5,031	20.06
	Castings	MT	**157**	**1.22**	200	1.62
	Shafts and Forgings	MT	**80**	**0.42**	140	0.74
	Motors	Nos.	**1,361**	**3.53**	1,287	3.40
	Panels	Sets	**71**	**0.47**	46	0.28
	Pig iron, coke and scrap	MT	**-**	**-**	33	0.07
	Fuel Tanks	Nos.	**20,058**	**0.65**	543	0.26
	Hydraulic Pumps	Nos.	**1,123**	**5.14**	1,160	5.55
	Others			**529.03**		573.05
	Total			**817.12**		887.48

GREAVES
SINCE 1859

SCHEDULE TO BALANCE SHEET AND PROFIT AND LOSS ACCOUNT :
31st March, 2011

SCHEDULE O (Contd.) :

Particulars	2010-2011 % to Total Consumption	2010-2011 ₹ Crore	2009-2010 % to Total Consumption	2009-2010 ₹ Crore
Imported	**6.65**	**54.32**	5.68	50.39
Indigenous	**93.35**	**762.80**	94.32	837.09
	100.00	**817.12**	100.00	887.48

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

Particulars	Unit	*Licensed capacity	* Installed capacity p.a.	* Actual Production p.a.	Opening Stock of goods produced as on 1st July, 2010	Closing Stock of goods produced as on 31st March, 2011
High Pressure Pump for mud slush, water and Concrete pumps	Nos.	**750** (750)	**750** (750)	**139** (140)	**14** (10)	**10** (14)
Horizontal self-priming pumps (excluding those reserved for SSI)	Metres	**50,000** (50,000)	- (-)	- (-)	- (-)	- (-)
Gear Boxes and parts thereof	Units	**2,30,000** (2,30,000)	- (-)	- (-)	- (-)	- (-)
Transmission and parts thereof	Nos.	**2,30,000** (2,30,000)	- (-)	- (-)	- (-)	- (-)
Pumpsets and parts thereof	Nos.	**2,10,000** (2,10,000)	- (-)	- (-)	- (-)	- (-)
Agricultural, Horticultural or forestry machinery for soil preparation or cultivation including Power Tiller	Nos.	**1,00,000** (1,00,000)	**2,400** (-)	**342** (-)	- (-)	**11** (-)
Internal Combustion Engines	Nos.	**10,47,000** (10,47,000)	**4,95,740** (4,95,740)	**3,83,304** (4,33,679)	**6,994** (3,990)	**3,642** (6,994)
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** (2,500)	**1,200** (1,200)	**248** (255)	**3** (6)	**7** (3)
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)	**761** (760)	**3** (18)	**10** (3)
Generating Sets	Nos.	**1,90,000** (1,90,000)	**22,600** (22,600)	**1,594** (2,440)	**106** (99)	**125** (106)
Deepwell Turbine Pumps	Nos.	**1,000** (1,000)	**650** (650)	- (-)	- (-)	- (-)

*As certified by the management, on which the auditors have placed reliance.

SCHEDULE O (Contd.) :

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

Particulars	Opening Stock as on 01.07.2010		Purchases made during the period/year		Sales made during the period/year		Closing Stock as on 31.03.2011	
	Nos.	₹ Crore	Nos.	₹ Crore	Nos.	₹ Crore	Nos.	₹ Crore
Power Tillers	**572**	**3.02**	**4,402**	**23.34**	**4,653**	**50.11**	**321**	**1.69**
	(635)	(2.70)	(5,173)	(37.99)	(5,236)	(55.01)	(572)	(3.02)
Motor Grader	**-**	**-**	**56**	**28.48**	**31**	**17.53**	**25**	**13.04**
	(-)	(-)	(5)	(2.08)	(5)	(2.50)	(-)	(-)
Pneumatic Tyre Roller	**-**	**-**	**1**	**0.33**	**1**	**0.46**	**-**	**-**
	(-)	(-)	(-)	(-)	(-)	(-)	**(-)**	**(-)**
Milling Machine	**-**	**-**	**3**	**5.57**	**-**	**-**	**3**	**5.57**
	(-)	(-)	(-)	(-)	(-)	(-)	**(-)**	**(-)**

14 a) Certain plant and machinery, computers 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 the above are as follows:

Particulars	2010-2011 ₹ Crore	2009-2010 ₹ Crore
Payable not later than one year	**1.60**	1.57
Payable later than one year and not later than five years	**1.52**	1.29

b) Rent expense in respect of operating lease, for nine months period ended 31st March, 2011 was ₹ 4.50 crore (Previous Year ₹ 4.63 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 period / 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:

Particulars	2010-2011		2009-2010	
	Fx	₹ Crore	Fx	₹ Crore
Export of goods and services	**$17,20,908**	**7.81**	$14,54,687	6.79
	€ 2,42,773	**1.50**	€ 1,21,566	0.77

SCHEDULE TO BALANCE SHEET AND PROFIT AND LOSS ACCOUNT :
31st March, 2011

SCHEDULE O (Contd.) :

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

Particulars	2010-2011		2009-2010	
	Fx	₹ Crore	Fx	₹ Crore
Import of goods and services	**$26,62,367**	**11.97**	$29,08,799	13.73

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 provides 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 period / year end.

2010-2011			2009-2010		
No. of Contracts	Fx	₹ Crore Equivalent	No. of Contracts	Fx	₹ Crore Equivalent
7	**$32,18,324**	**14.99**	5	$10,45,599	4.77
14	**€ 16,95,313**	**10.61**	13	€ 9,82,246	5.96
7	**JPY 48,89,73,369**	**28.15**	3	JPY 4,54,22,800	2.32

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

Sr. No.	Particulars	2010-2011 ₹ Crore	2009-2010 ₹ Crore
a)	Principal amount and the Interest Due		
	Principal amount	**29.64**	20.05
	Interest Due	**0.57**	0.32
b)	Interest paid by Buyer in terms of Section 16 of MSMED Act	**-**	-
c)	Amount paid beyond the appointed day	**5.60**	10.24
d)	Interest due and payable to supplier, for payment already made under MSMED Act	**0.12**	0.25
e)	Amount of Interest accrued and remaining unpaid at the end of accounting period / year	**0.69**	0.57
f)	Amount of further interest remaining due and payable even in suceeding period/years	**-**	-

SCHEDULE TO BALANCE SHEET AND PROFIT AND LOSS ACCOUNT :
31st March, 2011

SCHEDULE O (Contd.) :

17 Disclosure as required by Accounting Standard (AS)-15 (Revised) 'Employee Benefits'

1 Defined Contribution Plans:

The amount recognised as an expense during the nine months period ended 31st March, 2011 towards Provident Fund contribution and Superannuation is ₹ 3.88 crore (Previous Year ₹ 4.75 crore) and ₹ 1.45 crore (Previous Year ₹ 2.02 crore) respectively.

2 Defined Benefit Plans:

Gratuity :

The Company has a defined benefit plan (the Gratuity Plan), managed by trusts. 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	2010-2011 ₹ Crore Wholly Funded	2009-2010 ₹ Crore Wholly Funded
a) Amounts recognised in Balance Sheet:		
i) Present Value of Defined Benefits obligations	**24.14**	20.48
Less: Fair value of Plan Assets	**20.21**	19.19
Amount to be recognised as Liability or (Assets)	**3.93**	1.29
ii) Amounts reflected in the Balance Sheet		
Liabilities	**3.93**	1.29
Net Liabilities/(Assets)	**3.93**	1.29
b) Amounts recognised in Profit and Loss Account:		
i) Current Service Cost	**0.77**	0.91
ii) Past service cost	**-**	0.88
iii) Interest Cost	**1.26**	1.47
iv) Expected (Return) on Plan Assets	**(1.15)**	(1.50)
v) Actuarial losses/(gains)	**3.17**	0.76
Total Expense	**4.05**	2.52
c) Actual Return on Plan Assets	**1.01**	1.53
d) The changes in the present value of Defined Benefits Obligations representing reconciliation of opening and closing balances threreof are as follows:		
i) Opening balance of the present value of Defined Benefits Obligations	**20.48**	18.48
ii) Add: Current Service Cost	**0.77**	0.91
iii) Add: Past Service Cost	**-**	0.88
iv) Add: Interest Cost	**1.26**	1.47
v) Add: Actuarial (Gain)/Losses	**3.07**	0.80
vi) (Less:) Benefits Paid during the period / year	**(1.44)**	(2.06)
vii) Closing balance of the present value of Defined Benefits Obligations	**24.14**	20.48

SCHEDULE TO BALANCE SHEET AND PROFIT AND LOSS ACCOUNT :
31st March, 2011

SCHEDULE O (Contd.) : NOTES ON ACCOUNTS

Particulars	2010-2011 ₹ Crore Wholly Funded	2009-2010 ₹ Crore Wholly Funded
e) Changes in the fair value of plan assets representing reconciliation of the opening and closing balances thereof are as follows:		
i) Opening balance of the fair value of Plan Assets	**19.19**	19.71
ii) Add: Expected Return on Plan Assets	**1.15**	1.50
iii) Add: Actuarial Gain/(Losses)	**(0.10)**	0.04
iv) Add: Contribution by the employer	**1.41**	-
v) Less: Benefits paid during the period / year	**(1.44)**	(2.06)
vi) Closing balance of Plan Assets	**20.21**	19.19
f) The major categories of plan assets as a percentage of total plan assets are as follows:		
i) Bank Deposits	**0.64%**	0.19%
ii) Government Securities	**1.01%**	1.20%
iii) Group Gratuity Scheme of Insurance Companies	**98.24%**	98.34%
iv) Others	**0.11%**	0.27%
g) Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):		
i) Discount rate per annum	**8.30%**	8.50%
ii) Expected rate of Return on Plan Assets	**8.00%**	8.00%
iii) Expected salary increase per annum	**4%to 6%**	4% to 6%
iv) Average past service of employees	**14 Years**	17 Years
v) Mortality rate	**LIC (1994-96) Published table of Mortality rate**	LIC (1994-96) Published table of Mortality rate

3 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 period is ₹ 0.28 crore (Previous Year ₹ 0.66 crore).

4 Retirement Pension Scheme :

For UK branch employees, based on actuarial valuation, the Company had recognised liability of ₹ 4.36 crore (equivalent GBP 5,92,000) in the previous year, towards present value of post retirement pension. The same is now funded appropriately.

Note:

The estimates of future increase in salary, considered in the actuarial valuation, have been derived based on expected inflation, seniority changes, promotion and other relevant factors such as demand in the employment market.

SCHEDULE TO BALANCE SHEET AND PROFIT AND LOSS ACCOUNT :
31st March, 2011

SCHEDULE O (Contd.) :

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

PRIMARY SEGMENTS (Business segments):

₹ Crore

Particulars	Engines		Infrastructure Equipment		Others		Total	
	2010-2011	2009-2010	**2010-2011**	2009-2010	**2010-2011**	2009-2010	**2010-2011**	2009-2010
External revenue (excluding excise duty)	**1,043.52**	1,144.07	**156.36**	146.88	**50.59**	56.26	**1,250.47**	1,347.21
Total revenue	**1,043.52**	1,144.07	**156.36**	146.88	**50.59**	56.26	**1,250.47**	1,347.21
Result:								
Segment Result	**199.58**	216.87	**0.79**	(6.67)	**13.50**	14.94	**213.87**	225.14
Add: Unallocable								
Income /(Expenditure) (Net)							**(22.97)**	(38.83)
Operating Profit							**190.90**	186.31
Less: Interest expense							**(7.22)**	(12.91)
Profit before Tax							**183.68**	173.40
Less: Provision for tax (Net)							**(54.54)**	(56.20)
Add: Deferred tax (charge)/credit							**(1.86)**	0.77
Profit / (Loss) after Tax							**127.28**	117.97
Other Information:								
Segment assets	**589.55**	495.41	**159.70**	118.18	**15.00**	13.84	**764.25**	627.43
Unallocable corporate assets							**245.57**	246.64
Total assets							**1,009.82**	874.07
Segment liabilities	**266.40**	216.14	**72.52**	37.50	**19.75**	17.14	**358.67**	270.78
Unallocable corporate liabilities							**125.10**	162.03
Total liabilities							**483.77**	432.81
Capital expenditure	**34.62**	16.73	**1.31**	2.69	**-**	-		
Depreciation and amortisation	**16.91**	21.69	**1.44**	2.05	**-**	-		
Non-cash expenses other than depreciation and amortisation	**-**	-	**-**	-	**-**	-		

SECONDARY SEGMENTS (Geographical segments)

₹ Crore

Particulars	Domestic		Overseas		Total	
	2010-2011	2009-2010	**2010-2011**	2009-2010	**2010-2011**	2009-2010
External revenue by location of customers	**1,219.81**	1,317.05	**30.66**	30.16	**1,250.47**	1,347.21
Carrying amount of segment assets by location of assets	**761.46**	624.90	**2.79**	2.53	**764.25**	627.43
Cost incurred on acquisition of tangible and intangible fixed assets	**35.93**	19.42	**-**	-	**35.93**	19.42

SCHEDULE TO BALANCE SHEET AND PROFIT AND LOSS ACCOUNT :
31st March, 2011

SCHEDULE O (Contd.) :

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 Equipment comprises of equipment used in road construction, bridges, dams, mining, etc.
3. Others includes Power Tillers and it's spares.

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 balances, advance tax and unallocable liabilities mainly include loan funds, tax provisions and provisions for employee retirement benefits.

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

I Relationships with Related Party:

A) List of related parties over which control exists:

Name of the Related Party	Relationship
i) Greaves Leasing Finance Limited	Wholly Owned Subsidiary
ii) Greaves Cotton Netherlands B.V.	Wholly Owned Subsidiary
iii) Greaves Auto Limited	Wholly Owned Subsidiary
iv) Dee Greaves Limited	Wholly Owned Subsidiary of Greaves Leasing Finance Limited
v) Greaves Farymann Diesel GmbH	Wholly Owned Subsidiary of Greaves Cotton Netherlands B.V.
vi) Ascot International FZC	Subsidiary of Greaves Cotton Netherlands B.V. (w.e.f. 6th February, 2011)

B) Key Management Personnel :

Mr. Prabhakar Dev - Managing Director and CEO

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

Subsidiaries:

i) Greaves Leasing Finance Limited
ii) Dee Greaves Limited
iii) Greaves Cotton Netherlands B.V.
iv) Greaves Farymann Diesel GmbH
v) Greaves Auto Limited
vi) Ascot International FZC

Key Management Personnel :

Mr. Prabhakar Dev - Managing Director and CEO

Other Related Parties :

i) Premium Transmission Limited (Associate company)
ii) Mr. Karan Thapar (Chairman)

SCHEDULE TO BALANCE SHEET AND PROFIT AND LOSS ACCOUNT :
31st March, 2011

SCHEDULE O (Contd.) :

II Disclosure of related party transactions

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

₹ Crore

Sr. No.	Particulars	2010-2011			2009-2010		
		Subsidiaries	Other Related Parties	Total	Subsidiaries	Other Related Parties	Total
1	Purchase of goods						
	Dee Greaves Limited	-	-	-	-	-	-
	Greaves Farymann Diesel GmbH	-	-	-	0.03	-	0.03
2	Sale of goods and contract revenue						
	Greaves Farymann Diesel GmbH	0.92	-	0.92	0.74	-	0.74
	Premium Transmission Limited	-	0.60	0.60	-	0.29	0.29
	Ascot International FZC	0.18	-	0.18	-	-	-
3	Rendering of Services						
	Premium Transmission Limited	-	0.92	0.92	-	1.97	1.97
	Greaves Leasing Finance Limited	₹ 18,750/-	-	₹ 18,750/-	₹ 25,000/-	-	₹ 25,000/-
4	Receipt of Services						
	Premium Transmission Limited	-	-	-	-	₹ 49,559/-	₹ 49,559/-
5	Commission and Sitting Fees						
	Mr. Karan Thapar	-	1.50	1.50	-	1.54	1.54
6	Lease Rent expense						
	Greaves Leasing Finance Limited	1.58	-	1.58	1.92	-	1.92
7	Charges for deputation of employees to related parties						
	Greaves Leasing Finance Limited	₹ 42,993/-	-	₹ 42,993/-	₹ 57,324/-	-	₹ 57,324/-
8	Dividend received/Accrued						
	Greaves Leasing Finance Limited	1.25	-	1.25	1.25	-	1.25
9	Purchase of Investments						
	Greaves Cotton Netherlands B.V.	0.41	-	0.41	0.56	-	0.56
	Ascot International FZC	0.02	-	0.02	-	-	-
III	Amount Due to / from related parties						
1	Loans and advances						
	Dee Greaves Limited	-	-	-	₹ 30/-	-	₹ 30/-
	Greaves Leasing Finance Limited	1.26	-	1.26	0.01	-	0.01
	Greaves Farymann Diesel GmbH	0.10	-	0.10	0.77	-	0.77
2	Trade Receivables						
	Greaves Farymann Diesel GmbH	1.52	-	1.52	0.77	-	0.77
	Premium Transmission Limited	-	0.32	0.32	-	0.67	0.67
	Ascot International FZC	3.10	-	3.10	-	-	-
3	Trade Payables						
	Greaves Farymann Diesel GmbH	0.01	-	0.01	0.01	-	0.01
	Premium Transmission Limited	-	0.08	0.08	-	0.09	0.09

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

IV Key Management Personnel (KMP): Remuneration to Managing Director ₹ 0.81 crore (Previous year ₹1.04 crore).

SCHEDULE TO BALANCE SHEET AND PROFIT AND LOSS ACCOUNT :
31st March, 2011

SCHEDULE O (Contd.) :

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

Particulars		2010-2011	2009-2010
Basic EPS			
Weighted average number of shares issued of ₹ 2/- each	(A)	**24,42,06,795**	24,42,06,795
Profit for the period / year after tax (₹ crore)	(B)	**127.28**	117.97
Basic EPS (₹)	(B / A)	**5.21**	4.83
Diluted EPS			
Weighted average number of shares issued of ₹ 2/- each	(C)	**24,42,06,795**	24,42,06,795
Diluted EPS (₹)	(B / C)	**5.21**	4.83

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

Particulars	Deferred tax liability/(assets) at 1st July, 2010	Current period / year charge / (credit)	Deferred tax liability/(assets) at 31st March, 2011
	₹ Crore	₹ Crore	₹ Crore
Deferred Tax Liabilities			
Difference between book and tax depreciation	30.24	**0.89**	**31.13**
Deferred Tax Assets			
Provision for doubtful debts	(2.30)	**0.35**	**(1.95)**
Provision for Leave Encashment	(2.06)	**(0.04)**	**(2.10)**
Others	(1.38)	**0.66**	**(0.72)**
Total	(5.74)	**0.97**	**(4.77)**
Net Deferred Tax Liabilities/ (Asset)	24.50	**1.86**	**26.36**

22 Management has evaluated impairment of assets as required by Accounting Standard (AS)-28 'Impairment of Assets' and on the basis of such evaluation, management is of the opinion that there is no impairment of the Company's assets as at 31st March, 2011.

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

Movement of Provisions:

Warranties	2010-2011 ₹ Crore	2009-2010 ₹ Crore
Carrying amount at the beginning of the period/year	**9.92**	7.19
Additional provision made during the period/year	**9.43**	12.18
Amounts used during the period/year	**4.35**	9.45
Carrying amount at the close of the period/year	**15.00**	9.92

The Company gives warranties for its products by undertaking to repair or replace the items that fail to perform satisfactorily during the warranty period. Provisions made at the period / year end represent 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.

24 No borrowing costs have been capitalised during the period / year.

SCHEDULE TO BALANCE SHEET AND PROFIT AND LOSS ACCOUNT :
31st March, 2011

SCHEDULE O (Contd.) :

25 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 recognised 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(e) also)

26 Sales are net of trade discounts and includes direct sales compensation of ₹ 0.71 crore (Previous Year ₹ 2.57 crore).

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

b) The tax year of the Company is year ending 31st March. The Company has changed its financial year from July-June to April-March with effect from 1st July, 2010. Thus Company has closed its accounts for nine month period ended 31st March, 2011. The accounts reflect provision for taxation for the said period. The ultimate tax liability will be determined on the basis of the figures for the period 1st April, 2010 to 31st March, 2011.

28 The financial statements of the Company for the year ended 30th June, 2010 were audited and reported by another firm of Chartered Accountants. The Company has changed its Financial Year from July-June to April – March with effect from 1st July, 2010. Accordingly, the figures for the nine months period ended 31st March, 2011 are not comparable with those presented as comparative figures for twelve months period ended 30th June 2010. Figures for the previous year have been regrouped / reclassified, wherever necessary.

Signatures to the Schedules 'A' to 'O'

As per our report of even date attached

For **Walker, Chandiok & Co**
Chartered Accountants

Khushroo B. Panthaky
Partner

Mumbai, 29th April, 2011

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. N. Talwar Director

Prabhakar Dev Managing Director & CEO

Mumbai, 29th April, 2011

GREAVES
SINCE 1859

SCHEDULE TO BALANCE SHEET AND PROFIT AND LOSS ACCOUNT :
31st March, 2011

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	0 0 9 8 7	State Code No.	1 1
Balance Sheet Date	3 1 (Date) 0 3 (Month) 2 0 1 1 (Year)		

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

Public Issue	N I L	Rights Issue	N I L
Bonus Issue	N I L	Private Placement	N I L

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

Total Liabilities	5 5 7 9 2 0 1	Total Assets	5 5 7 9 2 0 1

Sources of Funds

Paid-Up Capital	4 8 8 4 1 4	Reserves and Surplus	4 7 7 2 0 8 5
Secured Loans	2 2 8 9 0	Unsecured Loans	3 2 1 5 9
Deferred Tax Liability	2 6 3 6 5 3		

Application of Funds

Net Fixed Assets	2 8 7 4 2 7 2	Investments	8 3 8 4 0 0
Net Current Assets	1 8 6 6 5 2 9	Miscellaneous Expenditure	N I L
Accumulated Losses	N I L		

IV Performance of the Company (Amount ₹ in Thousands)

Turnover (including other income)	1 2 6 4 5 4 4 6	Total Expenditure	1 0 8 0 8 5 9 9
Profit (+) before Tax	1 8 3 6 8 4 7	Profit (+) after Tax	1 2 7 2 8 1 1
Earnings per Share in ₹	0 5 . 2 1	Dividend Rate	7 5

V Generic Names of Principal Products / Serviecs of the Company

	Item Code No. (ITC Code)
Internal Cumbustion Engines	8 4 0 7
Diesel Engines	8 4 0 8
Generating Sets	8 5 0 2
Concrete Mixer / Batching Plant	8 4 7 4
Vibratory Compactor / Tandem Roller	8 4 2 9

INFORMATION ON SUBSIDIARY COMPANIES

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 period/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/-	48,48,000	100	29.57
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
Ascot International FZC (90% of the share capital is held by Greaves Cotton Netherlands B.V.)	AED 1500/-	10	10	0.02

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 :**

			2010-2011 ₹ Crore	2009-2010 ₹ Crore
(i)	(a)	For the financial year ended 31st March, 2011 of Greaves Leasing Finance Limited	**0.66**	0.58
	(b)	For the financial year ended 31st March, 2011 of Dee Greaves Limited	**₹ 38,239**	(0.02)
	(c)	For the nine months ended 31st March, 2011 of Greaves Cotton Netherlands B.V.	**(0.29)**	(0.23)
	(d)	For the nine months ended 31st March, 2011 of Greaves Farymann Diesel GmbH	**(0.25)**	0.47
	(e)	For the financial year ended 31st March, 2011 of Greaves Auto Limited	**(₹ 14,184)**	(₹ 10,014)
	(f)	For the two months ended 31st March, 2011 of Ascot International FZC	**0.05**	-
(ii)		For previous financial years since they became subsidiaries :		
	(a)	Greaves Leasing Finance Limited	**6.87**	6.49
	(b)	Dee Greaves Limited	**0.42**	0.44
	(c)	Greaves Cotton Netherlands B.V.	**(0.36)**	(0.13)
	(d)	Greaves Farymann Diesel GmbH	**(15.48)**	(15.95)
	(e)	Greaves Auto Limited	**(0.01)**	(0.01)
	(f)	Ascot International FZC	**-**	-

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 :

			2010-2011 ₹ Crore	2009-2010 ₹ Crore
(i)	(a)	For the financial year ended 31st March, 2011 of Greaves Leasing Finance Limited	**1.25**	1.25
	(b)	For the financial year ended 31st March, 2011 of Dee Greaves Limited	**NIL**	NIL
	(c)	For the nine monhs ended 31st March, 2011 of Greaves Cotton Netherlands B.V.	**N IL**	NIL
	(d)	For the nine months ended 31st March, 2011 of Greaves Farymann Diesel GmbH	**NIL**	NIL
	(e)	For the financial year ended 31st March, 2011 of Greaves Auto Limited	**NIL**	NIL
	(f)	For the two months ended 31st March, 2011 of Ascot International FZC	**NIL**	NIL
(ii)		For previous financial years since they became subsidiaries :		
	(a)	Greaves Leasing Finance Limited	**7.31**	6.06
	(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
	(f)	Ascot International FZC	**NIL**	NIL

For and on behalf of the Board

Karan Thapar Chairman

S. N. Talwar Director

Prabhakar Dev Managing Director & CEO

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

K. K. Saraf
Executive Vice President &
Company Secretary

Mumbai, 29th April, 2011

INFORMATION ON SUBSIDIARY COMPANIES (Contd.)

Statement in accordance with the Government of India, Ministry of Company Affairs circular no 51/12/2007-CL-III dt. 8/02/2011 for disclosure under Section 212(8) of the Company's Act,1956

₹ Crore

		Greaves Leasing Finance Limited	Dee Greaves Limited	Greaves Auto Limited	Greaves Cotton Netherlands B.V.	Greaves Farymann Diesel GmbH	Ascot International FZC
		Financial Year ended 31st March, 2011			Nine Months period ended 31st March, 2011		Two months ended 31st March, 2011
					*	*	**
A)	Capital	**30.37**	**0.13**	**0.05**	29.57	15.47	0.19
B)	Reserves/Profit & Loss Account	**7.53**	**0.42**	**(0.01)**	(1.00)	(16.10)	(0.28)
C)	Total Assets (includes deferred tax asset(net) in Dee Greaves Limited of ₹ 1,61,856/-)	**3.68**	**0.57**	**0.04**	0.10	18.55	3.19
D)	Total Liabilities (includes Deferred Tax Liability (net) in Greaves Leasing Finance Limited of ₹ 5,11,984/-)	**1.98**	**0.01**	**₹ 20,030/-**	0.07	19.18	3.28
E)	Investments (as per details attached)	**36.20**	**-**	**-**	-	-	-
F)	Turnover (including other income)	**3.45**	**0.03**	**-**	-	29.64	0.46
G)	Profit/(Loss) before Taxation	**2.24**	**0.01**	**(₹ 5,184)**	(0.29)	(0.15)	0.05
H)	Provision for Taxation (Note 2)	**0.33**	**0.01**	**₹ 9,000**	-	0.10	-
I)	Profit/(Loss) after Taxation	**1.91**	**(₹ 38,239)**	**(₹ 14,184)**	(0.29)	(0.25)	(0.05)
J)	Proposed Dividend	**1.25**	**-**	**-**	-	-	-

Notes:

1. Exchange Rate: * Balance Sheet at Closing rate @ 1 Euro= ₹ 63.22
** Balance Sheet at Closing rate @ 1 AED= ₹ 12.10
* Profit and Loss Account at average rate @ 1 Euro= ₹ 61.34
** Profit and Loss Account at average rate @ 1 AED= ₹ 12.19

2. Provision for Taxation includes :
- Deferred Tax Asset of ₹ 0.11 crore in Greaves Leasing Finance Limited and Deferred Tax Liability of ₹ 0.02 crore in Dee Greaves Limited.

For and on behalf of the Board

Karan Thapar Chairman

S. N. Talwar Director

Prabhakar Dev Managing Director & CEO

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

K. K. Saraf
Executive Vice President &
Company Secretary

Mumbai, 29th April, 2011

INFORMATION ON SUBSIDIARY COMPANIES (Contd.)

DETAILS OF INVESTMENT OF GREAVES LEASING FINANCE LIMITED AS AT 31st MARCH, 2011

Particulars	Face value ₹	No. of shares	₹ Crore	As at 31.03.2011 ₹ Crore
INVESTMENTS				
(At cost, unless otherwise specified)				
Long term investments				
Unquoted :				
Premium Transmission Limited (5% non cumulative redeemable preference shares)	100/-	20,75,000		**20.75**
Premium Transmission Limited (3.5% non cumulative redeemable preference shares)	100/-	13,33,034		**13.33**
Quoted :				
Fully paid equity shares of other companies				
ABB Limited	2/-	1	-	
Alfa Laval India Limited	10/-	1	-	
Ashok Leyland Limited	1/-	10	-	
Bajaj Auto Limited	10/-	20	-	
Bajaj Finance Services Limited	10/-	10	-	
Bajaj Holdings and Investment Limited	10/-	10	-	
Bharat Heavy Electricals Limited	10/-	1	-	
Birla Power Solutions Limited	1/-	120	-	
Bosch Limited	10/-	1	-	
Cummins India Limited	2/-	10	-	
Elecon Engineering Limited	2/-	150	-	
Force Motors Limited	10/-	10	-	
Hindustan Unilever Limited	1/-	1	-	
Honda Siel Power Products Limited	10/-	10	-	
Ingersoll Rand (India) Limited	10/-	10	-	
Kennametal Widia Limited	10/-	10	-	
Kirloskar Industries Limited	10/-	5	-	
Kirloskar Oil Engines Limited	2/-	75	-	
Larsen & Toubro Limited	2/-	20	-	
Mahindra & Mahindra Limited	5/-	66	-	
Maruti Suzuki India Limited	5/-	1	-	
Shanthi Gears Limited	1/-	200	-	
Siemens Limited	2/-	1	-	
Steel Authority of India Limited	10/-	1	-	
Swaraj Engines Limited	10/-	30	-	
Tata Motors Limited	10/-	5	-	
UltraTech Cement Limited	10/-	4	-	
Vesuvias Limited	10/-	10	-	
VST Tillers Tractors Limited	10/-	15	-	
Wartsila India Limited	10/-	10	-	
Wellwind Industry Limited	10/-	100	-	
			-	
Current Investments				**0.01**
Unquoted :				
Investment in Mutual Fund				
Reliance Money Manager Fund			2.11	
SBI Magnum Insta Cash Fund-Dividend Option			-	
				2.11
				36.20

AUDITOR'S REPORT

To,

The Board of Directors,
Greaves Cotton Limited

1. We have audited the attached Consolidated Balance Sheet of Greaves Cotton Limited and its subsidiaries (the 'Group') as at 31 March 2011 and the related Consolidated Profit and Loss Account and Consolidated Cash Flow Statement for the nine months period ended on that date annexed thereto (collectively referred as the 'consolidated financial statements'). These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. 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.

3. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard 21 - Consolidated Financial Statements, prescribed by the Central Government, in accordance with the Companies (Accounting Standards) Rules, 2006.

4. We did not audit the financial statements of the subsidiaries, which reflect the Group's share of total assets of ₹ 70.32 crore as at 31 March 2011, the Group's share of total revenues of ₹ 33.09 crore and the Group's share of net cash inflows of ₹ 0.37 crore for the nine months period ended 31 March 2011. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us and our opinion in respect thereof is based solely on the reports of such other auditors.

5. In our opinion and to the best of our information and according to the explanations given to us and on consideration of reports of other auditors on separate financial statements of the subsidiaries, the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

    i) in the case of the consolidated Balance Sheet, of the state of affairs of the Group as at 31 March 2011;

    ii) in the case of the consolidated Profit and Loss Account, of the profit of the Group for the nine months period ended on that date; and

    iii) in the case of the consolidated Cash Flow Statement, of the cash flows of the Group for the nine months period ended on that date.

For **Walker, Chandiok & Co**
Chartered Accountants
Firm Registration No: 001076N

Khushroo B. Panthaky
Partner
Membership No. F-42423

Place: Mumbai
Date: 29 April 2011

GREAVES
SINCE 1859

CONSOLIDATED BALANCE SHEET as at 31st March, 2011

	Schedule	As at 31.03.2011 ₹ Crore	As at 31.03.2011 ₹ Crore	As at 30.06.2010 ₹ Crore
I. SOURCES OF FUNDS:				
1. SHAREHOLDERS' FUNDS:				
(a) Capital	A	**48.84**		48.84
(b) Reserves & Surplus	B	**455.89**		372.28
			504.73	421.12
2. LOAN FUNDS:				
(a) Secured Loans	C	**2.32**		0.37
(b) Unsecured Loans	D	**13.90**		14.25
			16.22	14.62
3. DEFERRED TAX:				
(a) Deferred Tax Liabilities		**31.17**		30.33
(b) Deferred Tax Assets		**(4.77)**		(5.73)
(See Schedule O, Note 10)			**26.40**	24.60
TOTAL			**547.35**	460.34
II. APPLICATION OF FUNDS:				
1. FIXED ASSETS :	E			
(a) Gross Block		**465.20**		423.26
(b) Less: Depreciation		**187.76**		170.96
(c) Net Block		**277.44**		252.30
(d) Capital Work-in-Progress		**23.30**		28.18
			300.74	280.48
2. INVESTMENTS	F		**53.20**	98.30
3. CURRENT ASSETS, LOANS AND ADVANCES:	G			
(a) Inventories		**197.05**		159.44
(b) Sundry Debtors		**290.89**		209.20
(c) Cash and Bank Balances		**62.60**		22.53
(d) Loans and Advances		**102.39**		100.15
		652.93		491.32
Less : CURRENT LIABILITIES AND PROVISIONS:	H			
(a) Liabilities		**359.24**		275.68
(b) Provisions		**100.28**		134.08
		459.52		409.76
NET CURRENT ASSETS			**193.41**	81.56
TOTAL			**547.35**	460.34
STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES	N			
NOTES ON ACCOUNTS	O			

As per our report of even date attached

For **Walker, Chandiok & Co**
Chartered Accountants

Khushroo B. Panthaky
Partner

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

K. K. Saraf
Executive Vice President &
Company Secretary

Mumbai, 29th April, 2011

For and on behalf of the Board

Karan Thapar Chairman

S. N. Talwar Director

Prabhakar Dev Managing Director & CEO

Mumbai, 29th April, 2011

CONSOLIDATED PROFIT AND LOSS ACCOUNT for nine months period ended 31st March, 2011

	Schedule	Nine Months Period Ended 31.03.2011 ₹ Crore	Nine Months Period Ended 31.03.2011 ₹ Crore	Year Ended 30.06.2010 ₹ Crore
INCOME				
Sales (Gross)			**1,396.63**	1,506.62
Less: Excise duty			**117.77**	114.34
Sales (Net)			**1,278.86**	1,392.28
Lease rentals (₹ 50,000/-)			**-**	0.01
Other Income	I		**15.00**	7.30
GROSS REVENUE			**1,293.86**	1,399.59
EXPENDITURE				
Materials and Components Consumed	J		**883.08**	945.24
Staff Expenses	K		**92.62**	116.16
Other Operating Expenses	L		**102.27**	119.03
Directors' Commission			**1.75**	1.79
			1,079.72	1,182.22
Profit Before Interest, Depreciation and Tax			**214.14**	217.37
Interest and Finance Charges	M		**7.51**	13.63
Depreciation / Amortisation		**23.60**		30.58
Less : Transferred from Revaluation Reserve		**0.05**		0.07
			23.55	30.51
Profit Before Tax			**183.08**	173.23
Provision for Taxation:				
Current Tax (See Schedule O, Note 13)		**(54.94)**		(56.74)
Excess / (Short) Provision for Taxation in prior years (net)		**(0.02)**		(0.01)
Deferred Tax (See Schedule O, Note 10)		**(1.80)**		0.99
			(56.76)	(55.76)
Profit After Tax			**126.32**	117.47
Profit Brought Forward			**111.99**	105.38
			238.31	222.85
APPROPRIATIONS				
Statutory Reserve			**0.36**	0.38
Interim dividend			**19.54**	21.98
Proposed Final Dividend			**17.09**	14.65
Proposed Special Dividend			**-**	36.63
Tax on Dividend			**6.01**	12.22
General Reserve			**25.00**	25.00
Balance Carried to Balance Sheet			**170.31**	111.99
Earnings per share (Face Value of ₹ 2/- per share)				
(i) Basic			**5.17**	4.81
(ii) Diluted			**5.17**	4.81
(See Schedule O, Note 9)				
STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES	N			
NOTES ON ACCOUNTS	O			

As per our report of even date attached

For **Walker, Chandiok & Co**
Chartered Accountants

Khushroo B. Panthaky
Partner

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

K. K. Saraf
Executive Vice President &
Company Secretary

Mumbai, 29th April, 2011

For and on behalf of the Board

Karan Thapar Chairman

S. N. Talwar Director

Prabhakar Dev Managing Director & CEO

Mumbai, 29th April, 2011

GREAVES
SINCE 1859

CONSOLIDATED CASH FLOW STATEMENT for nine months period ended 31st March, 2011

		Nine Months Period Ended 31.03. 2011 ₹ Crore	Year Ended 30.06.2010 ₹ Crore
A	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Profit before Tax	**183.08**	173.23
	Adjustment for:		
	Depreciation / amortisation	**23.55**	30.51
	Foreign currency translation difference	**(0.02)**	0.04
	(Profit)/ loss on sale of investment	**(1.83)**	(0.65)
	Interest income	**(0.44)**	(0.86)
	Interest and finance charges	**7.51**	13.63
	(Profit)/ loss on sale of fixed assets (net)	**(7.56)**	(0.74)
	Dividend / Income from investments	**(1.56)**	(1.54)
	Unrealised (gain)/ loss on exchange fluctuation	**0.10**	0.09
	Operating profit before working capital changes	**202.83**	213.71
	Adjustment for:		
	(Increase) / decrease in inventory	**(37.61)**	(8.28)
	(Increase) / decrease in trade receivables	**(81.80)**	(64.46)
	(Increase) / decrease in other receivables	**(3.82)**	13.69
	Increase / (decrease) in trade payables	**92.49**	70.37
	Cash from operating activities	**172.09**	225.03
	Direct taxes recovered / (paid) (net)	**(54.82)**	(46.01)
	Net cash from operating activities	**117.27**	179.02
B	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Purchase of fixed assets	**(44.22)**	(29.24)
	Sale of fixed assets	**7.92**	1.85
	Purchase of Investments	**-**	(64.21)
	Sale of Investments	**46.93**	0.65
	Dividends received	**1.50**	1.50
	Income from investment	**0.06**	0.04
	Interest income	**0.10**	0.86
	Net cash from / (used in) investment activities	**12.29**	(88.55)
C	**CASH FLOW FROM FINANCING ACTIVITIES**		
	(Decrease)/ Increase in long term and other borrowings (net)	**1.60**	(42.35)
	Interest paid	**(8.87)**	(13.40)
	Dividend (including dividend tax) paid	**(82.22)**	(31.34)
	Net cash used in financing activities	**(89.49)**	(87.09)
	NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS	**40.07**	3.38
	Cash and cash equivalents as at the beginning of the period / year	**22.53**	19.15
	Cash and cash equivalents as at the end of the period / year	**62.60**	22.53

CONSOLIDATED CASH FLOW STATEMENT for nine months period ended 31st March, 2011 (Contd.)

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 period / year.

3 Cash and cash equivalents represents cash and bank balances as per Schedule G.

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

As per our report of even date attached

For **Walker, Chandiok & Co**
Chartered Accountants

Khushroo B. Panthaky
Partner

Mumbai, 29th April, 2011

For and on behalf of the Board

Karan Thapar Chairman

S. N. Talwar Director

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

K. K. Saraf
Executive Vice President &
Company Secretary

Prabhakar Dev Managing Director & CEO

Mumbai, 29th April, 2011

GREAVES
SINCE 1859

SCHEDULES TO CONSOLIDATED BALANCE SHEET : 31st March, 2011

	As at 31.03.2011	As at 30.06.2010	As at 31.03.2011	As at 30.06.2010
	Nos.	Nos.	₹ Crore	₹ Crore
SCHEDULE A:				
CAPITAL:				
AUTHORISED :				
Redeemable Preference Shares of ₹ 100/- each	**25,00,000**	25,00,000	**25.00**	25.00
Equity Shares of ₹ 2/- each (Previous Year of ₹ 10/- each)	**25,00,00,000**	5,00,00,000	**50.00**	50.00
			75.00	75.00
ISSUED, SUBSCRIBED AND PAID UP:				
Equity Shares of ₹ 2/- each (Previous Year ₹ 10/- each) fully paid	**24,42,06,795**	4,88,41,359	**48.84**	48.84
			48.84	48.84
NOTES:				
Of the above, equity shares of ₹ 2/- each (Previous Year ₹ 10/- each)				
(a) allotted as fully paid-up pursuant to a contract without payment being received in cash,	**2,50,000**	50,000		
(b) allotted as fully paid-up bonus shares by capitalisation of General Reserve and Securities Premium Account,	**11,62,62,730**	2,32,52,546		
(c) allotted as fully paid up pursuant to Schemes of Amalgamation,	**1,31,99,175**	26,39,835		
(d) allotted on conversion of 12.5% Secured Fully Convertible Debentures.	**1,92,90,145**	38,58,029		

	As at 31.03.2011		As at 30.06.2010
	₹ Crore	₹ Crore	₹ Crore
SCHEDULE B:			
RESERVES & SURPLUS :			
Capital Reserve:			
As per last Balance Sheet		**1.34**	1.34
Securities Premium Account:			
As per last Balance Sheet		**34.59**	34.59
Capital Reserve on consolidation:			
As per last Balance Sheet		**0.14**	0.14
Revaluation Reserve:			
As per last Balance Sheet	**4.21**		4.28
Less: Transferred to Profit and Loss Account	**0.05**		0.07
		4.16	4.21
Statutory Reserve:			
As per last Balance Sheet	**3.01**		2.63
Add: Transferred from Profit and Loss Account	**0.36**		0.38
		3.37	3.01
General Reserve:			
As per last Balance Sheet	**216.97**		191.97
Add: Transferred from Profit and Loss Account	**25.00**		25.00
		241.97	216.97
Foreign Currency Translation Reserve:			
As per last Balance Sheet	**0.03**		(0.01)
Add: Addition / (Deduction) during the period / year	**(0.02)**		0.04
		0.01	0.03
Profit and Loss Account		**170.31**	111.99
		455.89	372.28

SCHEDULES TO CONSOLIDATED BALANCE SHEET : 31st March, 2011

	As at 31.03.2011 ₹ Crore	As at 30.06.2010 ₹ Crore
SCHEDULE C:		
SECURED LOANS:		
Term Loans from :		
Financial Institutions	-	0.37
Bank	0.03	-
Cash Credit / Short Term Finance from Banks	2.29	-
	2.32	0.37

	As at 31.03.2011 ₹ Crore	As at 30.06.2010 ₹ Crore
SCHEDULE D:		
UNSECURED LOANS:		
Bank Overdrafts	10.68	2.60
Term Loan from Bank	-	6.86
Interest-free Sales Tax Loans and Special Incentive Loan	3.22	4.79
	13.90	14.25

SCHEDULE TO CONSOLIDATED BALANCE SHEET : 31st March, 2011

SCHEDULE E:

FIXED ASSETS:

₹ Crore

ASSETS	GROSS BLOCK (at Cost)				DEPRECIATION				NET BLOCK	
	Opening as at 01.07.2010	Additions / adjustments	Deductions / adjustments	Closing as at 31.03.2011	Opening as at 01.07.2010	Deductions / adjustments	Nine months period ended 31.03.2011	Closing as at 31.03.2011	As at 31.03.2011	As at 30.06.2010
(A) TANGIBLE ASSETS										
Freehold Land	3.44	-	-	**3.44**	-	-	**-**	**-**	**3.44**	3.44
Leasehold Land	3.12	18.67	-	**21.79**	0.38	-	**0.08**	**0.46**	**21.33**	2.74
Freehold Buildings	78.44	5.97	0.20	**84.21**	14.08	0.10	**1.86**	**15.84**	**68.37**	64.36
Leasehold Buildings	0.29	-	-	**0.29**	0.28	-	**-**	**0.28**	**0.01**	0.01
Plant & Equipment	279.32	22.30	4.08	**297.54**	126.34	4.01	**16.69**	**139.02**	**158.52**	152.98
Furniture	21.67	0.52	2.47	**19.72**	12.44	2.38	**1.43**	**11.49**	**8.23**	9.23
Vehicles	4.29	0.87	0.41	**4.75**	1.75	0.31	**0.59**	**2.03**	**2.72**	2.54
Sub-total(A)	**390.57**	**48.33**	**7.16**	**431.74**	**155.27**	**6.80**	**20.65**	**169.12**	**262.62**	
As at 30.06.2010	377.80	16.55	3.78	390.57	131.52	2.83	26.58	155.27		235.30
(B) INTANGIBLE ASSETS										
Goodwill	14.14	0.37	-	**14.51**	5.04	-	**1.08**	**6.12**	**8.39**	9.10
Technical Know-how	4.73	0.24	-	**4.97**	4.73	-	**-**	**4.73**	**0.24**	-
Computer Software	13.82	0.16	-	**13.98**	5.92	-	**1.87**	**7.79**	**6.19**	7.90
Sub-total(B)	**32.69**	**0.77**	**-**	**33.46**	**15.69**	**-**	**2.95**	**18.64**	**14.82**	
As at 30.06.2010	31.13	1.74	0.18	32.69	11.69	-	4.00	15.69		17.00
TOTAL (A+B)	**423.26**	**49.10**	**7.16**	**465.20**	**170.96**	**6.80**	**23.60**	**187.76**	**277.44**	
As at 30.06.2010	408.93	18.29	3.96	423.26	143.21	2.83	30.58	170.96		252.30
Capital Work-in-Progress including advances									**23.30**	28.18
As at 31.03.2011									**300.74**	
As at 30.06.2010										280.48

NOTES : (I) Net Block of Freehold Land and Buildings includes ₹ 4.16 crore (Previous Year ₹ 4.21 crore) added on revaluation as on 31st May, 1987.

(II) Freehold Buildings include ₹ 6.54 crore (Previous Year ₹ 0.91 crore) cost of ownership flats in Co-operative Housing Societies including cost of 26 shares (Previous Year 50 shares) of ₹ 50/- each.

(III) Translation gain of ₹ 0.25 crore in (Previous Year ₹ 0.51 crore) arising on translation of value of Fixed Assets of foreign non-integral operations has been adjusted in additions/adjustments.

SCHEDULE TO CONSOLIDATED BALANCE SHEET : 31st March, 2011

	No. of shares	As at 31.03.2011		As at 30.06.2010
		₹ Crore	₹ Crore	₹ Crore
SCHEDULE F:				
INVESTMENTS:				
I. LONG TERM INVESTMENTS:				
A. In Preference Shares (Unquoted):				
Premium Transmission Limited 5% non cumulative redeemable preference shares of ₹100 each	**20,75,000**		**20.75**	20.75
Premium Transmission Limited 3.5% non cumulative redeemable preference shares of ₹100 each	**13,33,034**		**13.33**	13.33
B. TRADE INVESTMENTS :				
Fully paid equity shares - others (Quoted)		**0.01**		0.01
Fully paid preference shares (Unquoted)		**-**		-
(₹ Nil, Previous Year ₹ 40,000/-)			**0.01**	0.01
II. CURRENT INVESTMENTS:				
Mutual funds			**19.11**	64.21
			53.20	98.30

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SCHEDULE TO CONSOLIDATED BALANCE SHEET : 31st March, 2011

	As at 31.03.2011			As at 30.06.2010
	₹ Crore	₹ Crore	₹ Crore	₹ Crore
SCHEDULE G:				
CURRENT ASSETS, LOANS AND ADVANCES:				
a) Inventories: (at lower of cost or net realisable value)				
Stores, Spares and Packing Materials		3.67		2.99
Loose tools		4.26		3.19
Raw Materials		114.00		88.65
Work-in-progress		21.69		17.19
Finished Goods (Including Traded Goods)		53.43		47.42
			197.05	159.44
b) Sundry Debtors (unsecured):				
Debts outstanding for a period exceeding six months				
Considered good		8.89		14.00
Considered doubtful	3.42			4.19
Less: Provision for Doubtful Debts	3.42			4.19
		-		-
Other Debts, considered good		282.00		195.20
			290.89	209.20
c) Cash and Bank Balances:				
Cash on hand		0.10		0.11
Cheques on hand		20.29		12.63
Bank balance with:				
Scheduled Banks-				
In Current Accounts		9.41		7.63
In Fixed Deposit {under lien ₹ 1.37 crore, (Previous Year ₹ 1.37 crore)}		32.26		1.89
Non-Scheduled Banks-				
The National Westminster Bank p.l.c., Manchester		0.15		0.17
ING Bank, Netherland		0.07		0.10
Jyske Bank, Germany (Previous Year ₹ 34,987/-)		0.04		-
Invest Bank, UAE		0.06		-
Standard Chartered Bank, UAE		0.22		-
			62.60	22.53
d) Loans and Advances (unsecured):				
Interest Accrued on Fixed Deposits		0.40		0.06
Advances recoverable in cash or in kind or for value to be received:				
Considered good		34.73		30.51
Considered doubtful	3.00			3.00
Less: Provision for doubtful advances	3.00			3.00
		-		-
Balances with Customs, Port Trust, Central Excise etc.		10.79		11.19
Advance Tax (Net)		56.47		58.39
			102.39	100.15
			652.93	491.32

SCHEDULE TO CONSOLIDATED BALANCE SHEET : 31st March, 2011

	As at 31.03.2011		As at 30.06.2010
	₹ Crore	₹ Crore	₹ Crore
LIABILITIES :			
Sundry Creditors:			
Due to Micro, Small & Medium Enterprises		**29.64**	20.05
Others		**325.96**	250.93
Items covered by Investor Education and Protection Fund (see note below)			
Unclaimed Dividends	**1.53**		1.17
Unclaimed Matured Fixed Deposits	**0.08**		0.09
Interest accrued on Matured Fixed Deposits	**0.01**		0.01
		1.62	1.27
Interest accrued but not due on loans		**0.27**	1.64
Due to Directors		**1.75**	1.79
		359.24	275.68
PROVISIONS :			
Current Tax		**54.94**	56.74
Proposed Final Dividend		**17.09**	14.65
Proposed Special Dividend		**-**	36.63
Tax on Dividend		**2.77**	8.52
Gratuity		**3.93**	1.29
Leave Encashment		**6.47**	6.19
Warranty (See Schedule O, Note 11)		**15.08**	10.06
		100.28	134.08
		459.52	409.76

NOTE:

There are no amounts due and outstanding to be credited to Investor Education and Protection Fund as at 31st March, 2011 under Section 205C of the Companies Act, 1956.

SCHEDULES TO CONSOLIDATED PROFIT AND LOSS ACCOUNT : 31st March, 2011

	Nine Months Period Ended 31.03.2011		Year Ended 30.06.2010
	₹ Crore	₹ Crore	₹ Crore
SCHEDULE I:			
OTHER INCOME :			
Dividends from Long Term Investments		**1.50**	1.50
Interest -Others		**0.44**	0.86
Income from Current Investments		**0.06**	0.04
Duty Drawback		**0.37**	0.82
Profit on sale of Fixed Assets (net)		**7.56**	0.74
Profit on sale of Current Investments		**1.83**	0.65
Royalty		**1.33**	1.32
Scrap Sales		**0.83**	0.75
Miscellaneous Income		**1.08**	0.62
		15.00	7.30
SCHEDULE J:			
MATERIALS AND COMPONENTS CONSUMED :			
a) Raw Materials and Components Consumed :			
Opening Stock	**88.65**		84.89
Add : Purchases	**859.27**		911.75
	947.92		996.64
Less : Closing Stock	**114.00**		88.65
		833.92	907.99
b) (Increase)/Decrease in stocks:			
Closing Stock:			
Finished Goods	**31.18**		44.40
Work-In-Progress	**21.69**		17.19
	52.87		61.59
Opening Stock:			
Finished Goods	**44.40**		32.14
Work-In-Progress	**17.19**		26.95
	61.59		59.09
		8.72	(2.50)
c) Traded goods:			
Opening Stock	**3.02**		2.70
Add : Purchases	**59.67**		40.07
	62.69		42.77
Less : Closing Stock	**22.25**		3.02
		40.44	39.75
		883.08	945.24

SCHEDULES TO CONSOLIDATED PROFIT AND LOSS ACCOUNT : 31st March, 2011

	Nine Months Period Ended 31.03.2011		Year Ended 30.06.2010
	₹ Crore	₹ Crore	₹ Crore
SCHEDULE K:			
STAFF EXPENSES:			
Salaries, Wages and Bonus		**75.69**	94.79
Contribution to Provident, Gratuity, Superannuation and other Funds		**10.78**	13.68
Staff Welfare		**6.15**	7.69
		92.62	116.16
SCHEDULE L:			
OTHER OPERATING EXPENSES :			
Stores, Spares and Packing Materials Consumed		**8.43**	8.70
Excise Duty		**(0.32)**	(1.39)
Power, Fuel and Electricity		**12.15**	13.77
Repairs and Maintenance			
Building		**1.44**	1.18
Plant & Equipment		**4.16**	4.65
Others		**1.40**	2.08
Brokerage and Commission		**5.12**	8.52
Rent		**3.62**	3.69
Insurance		**0.78**	1.41
Bad Debts	**1.65**		0.06
Less: Provision for Doubtful Debts	**1.65**		0.06
		-	-
Provision for Doubtful Debts/Advances		**0.73**	3.87
Rates and Taxes		**0.82**	0.94
Advertising and Sales Promotion		**4.64**	4.52
Travelling		**7.81**	8.62
Carriage and Freight		**14.05**	15.70
Directors' Sitting Fees		**0.08**	0.09
Printing and Stationery		**1.03**	1.30
Postage,Telephone and Fax		**2.47**	3.33
Legal, Professional and Consultancy Charges		**6.00**	5.66
Miscellaneous Expenses		**27.86**	32.39
		102.27	119.03
SCHEDULE M:			
INTEREST AND FINANCE CHARGES:			
Fixed Loans		**-**	0.90
Others		**7.51**	12.73
		7.51	13.63

SCHEDULE TO CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT : 31st March, 2011

SCHEDULE N:

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES:

1 Basis of accounting and preparation of financial statements

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 including the Accounting Standards 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 accounted on receipt basis.

The preparation of financial statements in conformity with GAAP requires that the management of the Company make 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, provision for inventory obsolescence, 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.

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.

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 transactions and resulting unrealised gains/losses on intra-group transactions.

3 Inventories

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

a) Raw materials, stores, spares, packing materials, loose tools and traded goods at weighted average cost or net realisable value, whichever is lower.

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

c) Finished goods at lower of weighted average cost including conversion cost 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 on the revalued amount derived based on valuation carried out by independent valuers. The depreciation on revalued portion of the fixed asset is transferred from revaluation reserve to Profit and Loss Account.

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

iii) In the case of fixed assets where the technological progress and upgradation is faster the Company has provided accelerated depreciation at rates higher than the rates specified in schedule XIV to the Companies Act, 1956.

SCHEDULE N (Contd.) :

Accordingly, the useful life of such assets has been recomputed and depreciation has been provided at the following rates 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.

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

vi) Leasehold Building is depreciated at rates prescribed for buildings under Schedule XIV of the Companies Act, 1956 or rates derived based on lease term for the leasehold building, whichever is higher. Leasehold building improvements are written off over the period of lease or their estimated useful life, whichever is earlier, on a straight line basis.

b) Intangible assets:

i) a) Technical Know-how acquired prior to the year 2001 is amortised as per the rates applicable to plant and machinery prescribed under Schedule XIV to the Companies Act, 1956.

b) Technical Know-how acquired during and after the year 2001 is amortised over a period of five years.

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

iii) 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 expenditure in the profit and loss 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 products is recognised when all the significant risks and rewards 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 when services are performed in accordance with the terms of contract with customers.

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

7 Fixed assets (including Capital Work-in-Progress)

a) Tangible assets:

Tangible 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, based on valuation carried out by independent valuers, less accumulated depreciation. Own manufactured assets are capitalised at factory cost. Cost includes inward freight, taxes and expenses incidental to acquisition and installation, up to the point the asset is ready for its intended use. Certain project related direct expenses, incurred at site for the period upto the date of commencement of commercial production are capitalised. (Also refer to accounting policy on borrowing costs infra).

b) Intangible assets:

Intangible assets are stated at cost of acquisition less amortisation.

c) Capital Work-in-Progress:

Capital Advances in respect of Capital Work-in-Progress or towards procurement of fixed assets and assets acquired but not ready for use are classified as Capital Work-in-Progress.

SCHEDULE TO CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT : 31st March, 2011

SCHEDULE N (Contd.) :

8 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 of the Company or its subsidiaries using the exchange rates prevailing 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 rate of exchange prevailing on the date of the Balance Sheet.

d) Exchange differences on settlement/conversion are included in the Profit and Loss Account in the period in which they arise.

e) Foreign exchange differences arising on marking forward contracts to market rates are recognised in the Profit and Loss Account 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 recorded as under:

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

ii) Revenue items are translated at the average rate for the period.

iii) All differences arising on translation of foreign currency balances are included in the Profit and Loss Account.

g) In respect of subsidiaries, which are consolidated as integral operations, monetary assets and liabilities are converted at the rate of exchange prevailing on the date of the Balance Sheet. Revenue items are converted at the average of the exchange rates prevailing during the period. Fixed Assets and Investments are converted at the exchange rate on the date of the transaction. The exchange differences arising on consolidation of integral operations is recognised in the Profit and Loss Account.

h) In respect of subsidiaries, which are consolidated as non integral operations, assets and liabilities, both monetary and non monetary are converted at the rate of exchange prevailing on the date of the Balance Sheet. Revenue items are converted at the average of the exchange rates prevailing during the period. The exchange differences arising on consolidation of non integral operations is accumulated in a foreign currency translation reserve until the disposal of the net investment.

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, expected cost of bonus, ex-gratia etc. are recognised on undiscounted basis 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 based on a fixed percentage of the eligible employees' salary is recognised during the period in which the employee renders the related service. The Company has no further obligation beyond these contributions.

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 the Profit and Loss Account.

SCHEDULE N (Contd.) :

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 long term 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 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 and reporting

a) Segment accounting and reporting which is done in accordance with the accounting policies of the Company and the guidelines prescribed by Accounting Standard 17, Segment Reporting, as specified in the Companies (Accounting Standards) Rules, 2006 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 relate 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 represent 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 the basis of transfer price agreed between the segments.

13 Leases

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

14 Taxes on income

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

Deferred tax is recognised on timing differences between the accounting income and the taxable income for the period and quantified using the tax rates and laws enacted or substantively enacted on the balance sheet date. Deferred tax assets which arise on account of unabsorbed business losses 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 assets can be realised. Other deferred tax assets are recognised only to the extent there is a reasonable certainty of realisation in future. Such assets are reviewed at each Balance Sheet date to reassess realisation.

SCHEDULE TO CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT : 31st March, 2011

SCHEDULE N (Contd.) :

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 or a cash generating unit exceeds its recoverable amount. The recoverable amount is the higher of the asset's net selling price and value in use determined based on the present value of estimated future cash flows. All impairment losses are recognised in the Profit and Loss Account.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

A previously recognised impairment loss is increased or reversed depending on changes in circumstances. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

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 liability 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 and updated as appropriate.

SCHEDULE TO CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT : 31st March, 2011

SCHEDULE O

NOTES ON ACCOUNTS :

1 The notes and significant policies to the CFS are intended to serve as a guide for better understanding of the Group's financial position and results of operations for the period. In this respect, the Company's management has disclosed such notes and policies, which represent the relevant disclosure. Reference in these notes to "the Company" shall mean Greaves Cotton Limited and the Company and its subsidiaries are referred to as "the Group".

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 31st March, 2011
Greaves Leasing Finance Limited	India	100%
Dee Greaves Limited (wholly owned subsidiary of Greaves Leasing Finance Limited)	India	100%
Greaves Cotton Netherlands B.V.	Netherlands	100%
Greaves Farymann Diesel GmbH (wholly owned subsidiary of Greaves Cotton Netherlands B.V.)	Germany	100%
Greaves Auto Limited	India	100%
Ascot International FZC	Sharjah, UAE	100% *

(*10% held by Greaves Cotton Limited and 90% held by Greaves Cotton Netherlands B.V.)

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 ₹ 1.03 crore (Previous Year ₹ 1.36 crore).

3 CONTINGENT LIABILITIES :

		2010-2011	2009-2010
		₹ Crore	₹ Crore
a)	Sales Tax liability that may arise in respect of matters in appeal	**8.54**	8.45
b)	Excise Duty liability that may arise in respect of matters in appeal	**0.90**	0.90
c)	Income Tax liability that may arise in respect of matters in appeal	**2.84**	2.84
d)	Claims against the Group, not acknowledged as debts	**13.98**	14.52
e)	Wage demand not acknowledged by the Company in respect of matter in appeal	**3.37**	2.89
f)	Bonds executed in favour of Collector of Customs / Central Excise	**9.13**	8.98

Notes:

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

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

		2010-2011	2009-2010
4	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	**37.21**	12.53

SCHEDULE TO CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT : 31st March, 2011

SCHEDULE O (Contd.) :

5 Foreign Currency Exposures

a) The period / 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:

Particulars	2010-2011		2009-2010	
	Fx	**₹ Crore**	Fx	₹ Crore
Export of goods and services	**$17,20,908**	**7.81**	$14,54,687	6.79
	€ 2,42,773	**1.50**	€ 1,21,566	0.77

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

Particulars	2010-2011		2009-2010	
	Fx	**₹ Crore**	Fx	₹ Crore
Import of goods and services	**$26,62,367**	**11.97**	$29,08,799	13.73

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 provides 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 Company as at period / year end.:

2010-2011			2009-2010		
No. of Contracts	**Fx**	**₹ Crore Equivalent**	No. of Contracts	Fx	₹ Crore Equivalent
7	**$32,18,324**	**14.99**	5	$10,45,599	4.77
14	**€ 16,95,313**	**10.61**	13	€ 9,82,246	5.96
7	**JPY 48,89,73,369**	**28.15**	3	JPY 4,54,22,800	2.32

c) The Group has not entered into any derivative contracts contemplated in Accounting Standard (AS) -30 'Financial Instruments: Recognition and Measurement'. Hence, no disclosures have been made.

SCHEDULE O (Contd.) :

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

1 **Defined Contribution Plans:**

The amount recognised as an expense during the nine months period ended 31st March, 2011 towards Provident Fund contribution and Superannuation is ₹ 3.88 crore (Previous Year ₹ 4.75 crore) and ₹ 1.45 crore (Previous Year ₹ 2.02 crore) respectively.

2 **Defined Benefit Plans:**

Gratuity :

The Company has a defined benefit plan (the Gratuity Plan), managed by trusts. 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	**2010-2011 ₹ Crore Wholly Funded**	2009-2010 ₹ Crore Wholly Funded
a)	Amounts recognised in Balance Sheet:			
	i)	Present Value of Defined Benefits obligations	**24.14**	20.48
		Less: Fair value of Plan Assets	**20.21**	19.19
		Amount to be recognised as Liability or (Assets)	**3.93**	1.29
	ii)	Amounts reflected in the Balance Sheet		
		Liabilities	**3.93**	1.29
		Net Liabilities/(Assets)	**3.93**	1.29
b)	Amounts recognised in Profit and Loss Account:			
	i)	Current Service Cost	**0.77**	0.91
	ii)	Past service cost	**-**	0.88
	iii)	Interest Cost	**1.26**	1.47
	iv)	Expected (Return) on Plan Assets	**(1.15)**	(1.50)
	v)	Actuarial losses/(gains)	**3.17**	0.76
		Total Expense	**4.05**	2.52
c)	Actual Return on Plan Assets		**1.01**	1.53
d)	The changes in the present value of Defined Benefits Obligations representing reconciliation of opening and closing balances threreof are as follows:			
	i)	Opening balance of the present value of Defined Benefits Obligations	**20.48**	18.48
	ii)	Add: Current Service Cost	**0.77**	0.91
	iii)	Add: Past Service Cost	**-**	0.88
	iv)	Add: Interest Cost	**1.26**	1.47
	v)	Add: Actuarial (Gain)/Losses	**3.07**	0.80
	vi)	(Less:) Benefits Paid during the period / year	**(1.44)**	(2.06)
	vii)	Closing balance of the present value of Defined Benefits Obligations	**24.14**	20.48

SCHEDULE TO CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT : 31st March, 2011

SCHEDULE O (Contd.) :

Particulars			2010-2011 ₹ Crore Wholly Funded	2009-2010 ₹ Crore Wholly Funded
e)	Changes in the fair value of plan assets representing reconciliation of the opening and closing balances thereof are as follows:			
	i)	Opening balance of the fair value of Plan Assets	**19.19**	19.71
	ii)	Add: Expected Return on Plan Assets	**1.15**	1.50
	iii)	Add: Actuarial Gain/(Losses)	**(0.10)**	0.04
	iv)	Add: Contribution by the employer	**1.41**	-
	v)	Less: Benefits paid during the period / year	**(1.44)**	(2.06)
	vi)	Closing balance of Plan Assets	**20.21**	19.19
f)	The major categories of plan assets as a percentage of total plan assets are as follows:			
	i)	Bank Deposits	**0.64%**	0.19%
	ii)	Government Securities	**1.01%**	1.20%
	iii)	Group Gratuity Scheme of Insurance Companies	**98.24%**	98.34%
	iv)	Others	**0.11%**	0.27%
g)	Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):			
	i)	Discount rate per annum	**8.30%**	8.50%
	ii)	Expected rate of Return on Plan Assets	**8.00%**	8.00%
	iii)	Expected salary increase per annum	**4% to 6%**	4% to 6%
	iv)	Average past service of employees	**14 Years**	17 Years
	v)	Mortality rate	**LIC (1994-96) Published table of Mortality rate**	LIC (1994-96) Published table of Mortality rate

3 **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 period is ₹ 0.28 crore (Previous Year ₹ 0.66 crore).

4 **Retirement Pension Scheme :**

For UK branch employees, based on actuarial valuation, the Company had recognised liability of ₹ 4.36 crore (equivalent GBP 5,92,000) in the previous year, towards present value of post retirement pension. The same is now funded appropriately.

Note:

The estimates of future increase in salary, considered in the actuarial valuation, have been derived based on expected inflation, seniority changes, promotion and other relevant factors such as demand in the employment market.

SCHEDULE TO CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT : 31st March, 2011

SCHEDULE O (Contd.) :

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

PRIMARY SEGMENTS (Business segments): ₹ Crore

Particulars	Engines		Infrastructure Equipment		Others		Total	
	2010-2011	2009-2010	**2010-2011**	2009-2010	**2010-2011**	2009-2010	**2010-2011**	2009-2010
External revenue (excluding excise duty)	**1,071.63**	1,189.15	**156.36**	146.88	**50.87**	56.26	**1,278.86**	1,392.29
Total revenue	**1,071.63**	1,189.15	**156.36**	146.88	**50.87**	56.26	**1,278.86**	1,392.29
Result:								
Segment Result	**211.33**	236.73	**0.79**	(6.67)	**13.78**	14.94	**225.90**	245.00
Add: Unallocable Income / (Expenditure) (Net)							**(35.31)**	(58.14)
Operating Profit							**190.59**	186.86
Less: Interest expense							**(7.51)**	(13.63)
Profit before Tax							**183.08**	173.23
Less: Provision for tax (Net)							**(54.96)**	(56.75)
Add: Deferred tax (charge) / credit							**(1.80)**	0.99
Profit / (Loss) after tax							**126.32**	117.47
Other Information:								
Segment assets	**608.10**	511.97	**159.70**	118.18	**18.19**	13.84	**785.99**	643.99
Unallocable corporate assets							**220.88**	226.11
Total assets							**1,006.87**	870.10
Segment liabilities	**273.29**	223.58	**72.52**	37.50	**19.93**	17.14	**365.74**	278.22
Unallocable corporate liabilities							**136.40**	170.76
Total liabilities							**502.14**	448.98
Capital expenditure	**34.63**	16.76	**1.31**	2.69	**0.06**	-		
Depreciation / amortisation	**17.56**	22.64	**1.44**	2.05	**₹ 40,190/-**	-		
Non-cash expenses other than depreciation / amortisation	**-**	-	**-**	-	**-**	-		

SECONDARY SEGMENTS (Geographical segments) ₹ Crore

Particulars	Domestic		Overseas		Total	
	2010-2011	2009-2010	**2010-2011**	2009-2010	**2010-2011**	2009-2010
External revenue by location of customers	**1,219.81**	1,317.06	**59.05**	75.23	**1,278.86**	1,392.29
Carrying amount of segment assets by location of assets	**761.37**	624.89	**24.62**	19.10	**785.99**	643.99
Cost incurred on acquisition of tangible and intangible fixed assets	**35.93**	19.41	**0.07**	0.03	**36.00**	19.44

SCHEDULE TO CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT : 31st March, 2011

SCHEDULE O (Contd.) :

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 Equipment comprises of equipment used in road construction, bridges, dams, mining, etc.
3. Others includes Power Tillers and it's spares.

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 balances, advance tax and unallocable liabilities mainly include loan funds, tax provisions and provisions for employee retirement benefits.

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

I Relationships with Related Party:

A) Key Management Personnel :

Mr. Prabhakar Dev - Managing Director and CEO

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

Key Management Personnel and their Relatives :

Mr. Prabhakar Dev- Managing Director and CEO

Other Related Parties :

1. Premium Transmission Limited (Associate company)
2. Mr. Karan Thapar (Chairman)

SCHEDULE TO CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT : 31st March, 2011

SCHEDULE O (Contd.) :

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

₹ Crore

Sr. No.	Particulars	2010-2011	2009-2010
1	**Sale of goods and contract revenue**		
	Premium Transmission Limited	**0.60**	0.29
2	**Rendering of Services**		
	Premium Transmission Limited	**0.92**	1.97
3	**Receiving of Services**		
	Premium Transmission Limited	**-**	₹ 49,559/-
4	**Lease Rent received**		
	Premium Transmission Limited	**-**	0.01
5	**Commission and Sitting Fees**		
	Mr. Karan Thapar	**1.50**	1.54
6	**Dividend Received**		
	Premium Transmission Limited	**1.50**	1.50
III	**Amount Due to / from related parties**		
1	**Trade Payables**		
	Premium Transmission Limited	**0.08**	0.09
2	**Trade Receivables**		
	Premium Transmission Limited	**0.32**	0.67

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

IV Key Management Personnel and their Relatives :

Remuneration to Key Management Personnel of ₹ 0.81 crore (Previous Year ₹ 1.04 crore).

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

Particulars		2010-2011	2009-2010
Basic EPS			
Weighted average number of shares issued of ₹ 2/- each	(A)	**24,42,06,795**	24,42,06,795
Profit / (Loss) for the period / year after tax (₹ crore)	(B)	**126.32**	117.47
Basic EPS (₹)	(B / A)	**5.17**	4.81
Diluted EPS			
Weighted average number of shares issued of ₹ 2/- each	(C)	**24,42,06,795**	2,44,206,795
Diluted EPS (₹)	(B / C)	**5.17**	4.81

SCHEDULE TO CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT : 31st March, 2011

SCHEDULE O (Contd.) :

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

Particulars	Deferred tax Liability/(Assets) at 1st July, 2010	Current period / year charge / (credit)	Deferred tax Liability/(Assets) at 31st March, 2011
	₹ Crore	₹ Crore	₹ Crore
Deferred Tax Liabilities			
Difference between book and tax depreciation	30.33	**0.84**	**31.17**
Deferred Tax Assets			
Provision for doubtful debts	(2.30)	**0.35**	**(1.95)**
Provision for Leave Encashment	(2.06)	**(0.04)**	**(2.10)**
Others	(1.37)	**0.65**	**(0.72)**
Total	(5.73)	**0.96**	**(4.77)**
Net Deferred Tax Liabilities / (Asset)	24.60	**1.80**	**26.40**

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

Movement of Provisions:

Warranties	2010-2011 ₹ Crore	2009-2010 ₹ Crore
Carrying amount at the beginning of the period/year	**10.06**	7.36
Additional provision made during the period/year	**9.43**	12.34
Amounts used during the period/year	**4.41**	9.64
Carrying amount at the close of the period/year	**15.08**	10.06

The Company gives warranties for its products by undertaking to repair or replace the items that fail to perform satisfactorily during the warranty period. Provisions made at the period / year end represent 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.

12 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 recognised 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 3 (e) also)

13 a) The provision for Current Tax includes Wealth Tax ₹ 0.06 crore (Previous Year ₹ 0.05 crore) and is net of minimum alternate tax of ₹ Nil (Previous Year ₹ 0.49 crore).

b) The tax year of the Company is year ending 31st March. The Company has changed its financial year from July-June to April-March with effect from 1st July, 2010. Thus Company has closed its accounts for nine month period ended 31st March, 2011. The accounts reflect provision for taxation for the said period. The ultimate tax liability will be determined on the basis of the figures for the period 1st April, 2010 to 31st March, 2011.

SCHEDULE TO CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT : 31st March, 2011

SCHEDULE O (Contd.) :

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

15 The financial statements of the Company for the year ended 30th June, 2010 were audited and reported by another firm of Chartered Accountants. The Company has changed its Financial Year from July-June to April – March with effect from 1st July, 2010. Accordingly, the figures for the nine months period ended 31st March, 2011 are not comparable with those presented as comparative figures for twelve months period ended 30th June 2010. Figures for the previous year have been regrouped / reclassified, wherever necessary.

Signatures to the Schedules 'A' to 'O'

As per our report of even date attached

For **Walker, Chandiok & Co**
Chartered Accountants

For and on behalf of the Board

Karan Thapar Chairman

S. N. Talwar Director

Khushroo B. Panthaky
Partner

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

K. K. Saraf
Executive Vice President &
Company Secretary

Prabhakar Dev Managing Director & CEO

Mumbai, 29th April, 2011

Mumbai, 29th April, 2011

GREAVES
SINCE 1859

Greaves Cotton Limited