



ENGINEERING GROWTH

ANNUAL REPORT 2012-13

FORWARD-LOOKING STATEMENT

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements – written and oral – that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes' and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward-looking statements will be realised, although we believe, we have been prudent in our assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

Contents

- 02.** About Us
- 04.** Chairman's Letter
- 05.** Corporate Information
- 06.** Board of Directors
- 08.** In conversation with the MD & CEO
- 10.** Engineering Growth
- 17.** Financial Highlights
- 19.** Directors' Report
- 26.** Management Discussion & Analysis
- 42.** Corporate Governance
- 59.** Financial Statements
- 94.** Information on Subsidiary Companies
- 99.** Consolidated Financial Statements



Greaves Technology Centre, Aurangabad, Maharashtra



Greaves Cotton is one of India's foremost engineering companies with core competencies in engines, gensets and infrastructure equipment.



Engineering is a science that delivers to purpose. Growth is our purpose and engineering the organisation and its activities to deliver high growth is what we did this year. Our focus included people, products, markets and geography. Realigning these factors is our way of **Engineering Growth**.



ABOUT US

ENGINES



AUTOMOTIVE ENGINES BUSINESS - TECHNOLOGY IN MOTION

Greaves Cotton is India's largest independent single cylinder engine manufacturer.

Market Leader in last mile transportation.

It is the preferred choice for major OEMs.

Did you know? Every 4 out of 5 diesel run 3 wheelers plying Indian roads are powered by Greaves engines.



FARM EQUIPMENT BUSINESS - MULTIPLYING FARM PRODUCTIVITY

Greaves Cotton is transforming the lives of small and marginal farmers through technology driven wide range of contemporary agricultural equipment.

The extensive reach of technical experts operating from a nation-wide network of offices and service points, reach out to customers in the hinterland.

Did you know? Greaves Cotton was the first to introduce lightweight and portable pumpsets in India.

INDUSTRIAL ENGINES BUSINESS - CUSTOMISED FOR YOU

Greaves Cotton provides engines up to 700HP for diverse industrial applications.

Did you know? A Greaves engine also goes into the Fire Fighting and Marine applications.



AUXILIARY POWER BUSINESS - 24x7x365

Greaves Cotton manufactures a range of fuel efficient, rugged and reliable Gensets conforming to latest emission norms.

Greaves Gensets power commercial & residential complexes, hotels, hospitals, retail outlets and marine applications.

Did you know? In 1982, a Greaves Power Generator accompanied India's first mission to Antarctica and was a dependable source of energy at sub zero temperature during the expedition.

INFRASTRUCTURE



CONSTRUCTION EQUIPMENT BUSINESS - CONTRIBUTING TO THE DYNAMIC GROWTH OF THE NATION

Greaves Cotton has a wide range of Construction & Road Equipment under one roof.

World class products backed by pan India presence provides reach.

Ultimately, the business provides a platform of - Technology to Build Better and Build Faster.

Did you know? Greaves Cotton forayed into construction way back in 1920's when Greaves machinery was deployed to build canals and dams in the erstwhile states of Punjab and Sindh.



NUMBERS THAT DEFINE US

2

CORE BUSINESS SEGMENTS

Engines
Infrastructure Equipment

5

BUSINESSES

Automotive Engines
Auxiliary Power
Farm Equipment
Industrial Engines
Construction Equipment

11

MANUFACTURING PLANTS

OVER
5,00,000
engines
manufactured p.a.

₹1,873.3 CRORE

FY13 TURNOVER

₹138 CRORE

FY13 PAT (after
exceptional items)

3

OVERSEAS OFFICES -
UK, UAE & CHINA

25

Distributors in
international markets

~1,500

DEALERS IN INDIA



Greaves engines ready for despatch



CHAIRMAN'S LETTER



Dear Shareholders,

Growth is a challenge in any competitive market, but becomes even more daunting when the economy takes a downturn. Global growth during the year under review plummeted into the negative zone from 1.4% in the previous year. The Eurozone continued to be plagued with problems, though the US reported marginal growth and avoided the fiscal cliff.

Besides the fragile global economy, India was confronted with problems related to rising inflation and high interest rates. This, coupled with years of fiscal profligacy, saw India slip from its growth path. India recorded the lowest growth in the decade of 5% in the financial year 2012-13 (FY13). One of the major contributors to this slowdown was the infrastructure sector which faced regulatory bottlenecks. Industry was weighed down with various problems which virtually led to stagnation of growth. All of these factors resulted in faltering investor confidence.

The only ray of hope within this otherwise dismal scenario was the feeble recovery

witnessed in the last two quarters of FY13. The Government initiated reform measures on introducing structural changes and these might well provide momentum to reverse the downward spiral of growth. The forecast for growth in the coming financial year is indicated at 5.7% to 6%, a welcome sign that bodes well for a Company like yours.

In spite of the challenging scenario, your Company remained performance-driven and customer-centric. The gradual recovery of the economy towards the end of the year and the revival of overall business helped your Company record a topline growth of 7%. The revenues touched ₹1,873.3 Crore during FY13 as against ₹1,753 Crore in the previous year. The Profit After Tax for the year was ₹138 Crore as against ₹185 Crore in FY12. While there appears to be an apparent decrease in profitability, the figures cannot be strictly compared as last financial year's figures benefited from exceptional items, and this year was disadvantaged by exceptional items.

During the year, we engineered a multi-dimensional strategic roadmap in a bid to keep our growth momentum going. These initiatives will also result in the expansion and upgradation of our product portfolio, while increasing our access to local, national and international markets. We are already a multi-product Company with presence across India and overseas. The multi-product segment has enabled us to spread the risks of cyclicity across diverse industries. I am confident that an expanding product basket and a well established diversified geographic presence will insulate us

from the challenges emanating from any single industry, geography or market. The strong emphasis on cost optimisation through well defined internal programmes and initiatives will further strengthen profitability and contribute to creating shareholder value.

As a part of the strategic initiatives, your Company also took a series of steps aimed at strengthening the leadership capabilities to take on future challenges and Engineer Growth.

While we do believe the economy will perform better, our preparedness ensures that we will emerge more competitive, efficient and flexible, so as to quickly capture emerging growth opportunities. With our long heritage, established corporate culture of innovation and our drive to increase efficiency, we are confident that we will add stakeholder value.

I am certain that with the support of the board and the team at Greaves Cotton, we will continue to **Engineer Growth**.

I take this opportunity to thank our customers, investors and partners for their continued trust and patronage. I welcome you to participate in this journey of Engineering Growth in the coming future.

Yours truly,

Karan Thapar
Chairman



CORPORATE INFORMATION

BOARD OF DIRECTORS

Karan Thapar
Chairman

Sunil Pahilajani
Managing Director & CEO

Vijay Rai

Suresh N. Talwar

Vikram Tandon

Sukh Dev Nayyar

Dr. Clive Hickman

COMPANY SECRETARY

Monica Chopra

AUDITORS

Walker, Chandio & Co.

COST AUDITORS

Dhananjay V. Joshi & Associates

INTERNAL AUDITORS

Aneja Associates

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 – 400 025

REGISTRAR & SHARE TRANSFER AGENT

Sharepro Services (India) Private Limited

EXECUTIVE BOARD

Sunil Pahilajani
Managing Director & CEO

Ashok Kumar Sonthalia
Chief Financial Officer

Anil Gole
Chief Human Resource Officer

Sastabhavan Jyotindran Kutty
Chief Technology Officer & Head - Strategy

Monica Chopra
Company Secretary & Executive Vice President - Legal

Sanjiv Kumar
Chief Executive Officer, Automotive Engines Business

C. M. Ashok Muni
Chief Executive Officer, Farm Equipment Business

Ramachandran Nandagopal
Chief Executive Officer, Construction Equipment Business

Prakash Bhalekar
*Chief Executive Officer, Industrial Engines Business,
Auxiliary Power Business, Engine Component Technologies*

Vinay Khanolkar
Chief Executive Officer, Aftermarket Business

Sachin Parab
Chief Executive Officer, International Business

WORKS

Maharashtra
Chinchwad, Pune
Chakan, Pune
Chikalthana, Aurangabad
Shendra, Aurangabad

Tamil Nadu
Gummidipoondi
Ranipet



BOARD OF DIRECTORS



Karan Thapar

Mr. Karan Thapar, Chairman of the Board of Directors of the Company is a qualified Chartered Accountant who has held eminent leadership positions in his illustrious career spanning over 30 years. With extensive knowledge and expertise in managing public and private enterprises across diversified industries, he brings to the Company his vision, innovative thinking and ability to steer the enterprise to higher growth.



Sunil Pahilajani

Mr. Sunil Pahilajani, Managing Director and CEO of the Company is a Bachelor of Technology in Mechanical Engineering from the reputed Indian Institute of Technology, Roorkee. During his 27-year career, he built formidable competencies across multiple disciplines and served in top management positions in engineering, manufacturing and technology businesses. His career included leadership stints in blue chip organisations. He possesses extensive experience across myriad functions such as sales, marketing, business development, techno-commercial evaluation and production. He brings to Greaves Cotton strategic leadership that enables him to deliver robust growth through organic and inorganic routes.



Vijay Rai

Mr. Vijay Rai, Independent Director of the Company is a Bachelor of Technology in Mechanical Engineering from the renowned Indian Institute of Technology, Kharagpur. With an illustrious career spanning over 44 years, he has specialised in manufacturing and agro inputs marketing. His vast experience and knowledge about the business and industry provides valuable guidance to Greaves Cotton.



Suresh N. Talwar

Mr. Suresh N. Talwar, Independent Director of the Company possesses a Bachelor of Commerce and Bachelor of Law degree. A solicitor of international repute, he has an in-depth knowledge of legal matters including corporate law, taxation, commercial documentation, project finance and international securities offerings. A trusted legal counsel and a director on the board of several eminent Indian companies, multinational corporations and foreign banks, he brings to Greaves Cotton his sharp legal vision and acumen in corporate matters.



Vikram Tandon

Mr. Vikram Tandon, Independent Director of the Company is a Bachelor of Technology with Honours from the prestigious Indian Institute of Technology, Delhi. In his distinguished career spanning 37 years with illustrious multinationals, he gained rich exposure and valuable insight into several functions ranging from manufacturing, corporate development to corporate strategy in the Indian and international arena. He brings to Greaves Cotton his extensive experiences and knowledge of various businesses.



Sukh Dev Nayyar

Mr. Sukh Dev Nayyar, Independent Director of the Company is a Master of Science with Honours in Physics. He started his professional career in the banking industry and worked in different leadership capacities for over three decades. He brings to Greaves Cotton an extensive knowledge of banking and finance.



Dr. Clive Hickman

Dr. Clive Hickman, Independent Director of the Company possesses stellar academic qualifications including B.Sc, MBA, PhD, DSc, FIMechE. He has held a variety of leadership positions across automotive and research and development companies. He brings to Greaves Cotton his vast engineering skills and management bandwidth.



IN CONVERSATION WITH THE MANAGING DIRECTOR & CEO



Sunil Pahilajani, Managing Director and CEO, shares his thoughts on the Company's strategies, the year under review and the roadmap moving forward

How would you describe the performance of the year by gone for Greaves Cotton? Was it in line with your expectations?

The focus during FY13 was on strengthening the leadership talent, improving efficiencies, and expanding the product portfolio with a clear aim to increase our market share. We also looked at rebuilding the distribution network, consolidating the Aftermarket Business and developing the International Business.

The challenging economic and business scenario created impediments for the major portion of the year. However, with marginal upturn in the economy, which showed signs of recovery, the overall business health revived, which helped us record an improved performance.

FY13 would be best described as a year

that set the stage to provide accelerated momentum to growth in time to come.

Was the margin performance in line with your expectations?

For FY13, EBIDTA increased by 2% to ₹242 Crore and EBITDA margin decreased by 0.6% from 13.5% in FY12 to 12.9% in FY13 – this was mainly on account of investment in capability building and employee cost. There was improvement in management of the raw material cost. However, some of the gains were offset by exceptional items and one-time costs and change in product mix. Looking at the trend, the measures undertaken during the year should yield improved results in future.

Does the Engineering Growth strategy foresee any change in the revenue mix?

Automotive Engines is our largest business, contributing a majority of our

total revenues, and we don't foresee that changing for now. However, we do expect the other businesses to grow more rapidly and expand their share in the revenues.

Power Gensets is already doing well, given the shortage and unreliability of grid power in many geographies.

Our Construction Equipment Business holds immense potential and an improved revival of the sector will usher manifold opportunities.

Globally, the business environment is expected to be more challenging than in India. Could you take us through the rationale of renewed focus on International Business?

Our aim in promoting the International Business is to reduce the sensitivity of



“In its endeavour to provide increased shareholder value, Greaves Cotton has embarked on a journey of Engineering Growth. The robust business model focusses on growing products, widening markets and expanding geographies, which in turn will help tide over the challenging environment and define our approach towards business”

our performance to fluctuation or impact of one sector on another, one country on another. We want to de-risk our business further with applications across industry verticals and countries.

Opportunity potential is high in South East Asia, Middle East and Africa. Greaves Cotton would like to expand business there. We will expand slowly and gradually and plans are on the anvil to export our products to certain markets like the Middle East, North Africa and South East Asia.

Exports account for a small portion of our total revenues and we plan to steadily expand its share in the years to come.

Coming to the overall business, what do you see as a differentiator for Greaves Cotton?

Though Greaves Cotton is a core

engineering company in the realm of B2B (business to business), service is a key aspect of our business. I believe that our focus on delivering high levels of service and transforming ourselves into a service provider, through our dedicated Aftermarket team differentiates us and the way we conduct our business. To ensure minimum engine downtime is our prime focus and our Aftermarket team is well equipped with trained technicians and service personnel who work 24 x 7 to ensure efficient and quick response.

Do you expect the overall scenario to improve in India, given the slowdown, inflation and reforms?

At least for a year, we do not see the prevailing challenges disappear. We hope for some improvements next year (FY14),

thanks to certain initiatives taken by the Government.

What is your message to the shareholders?

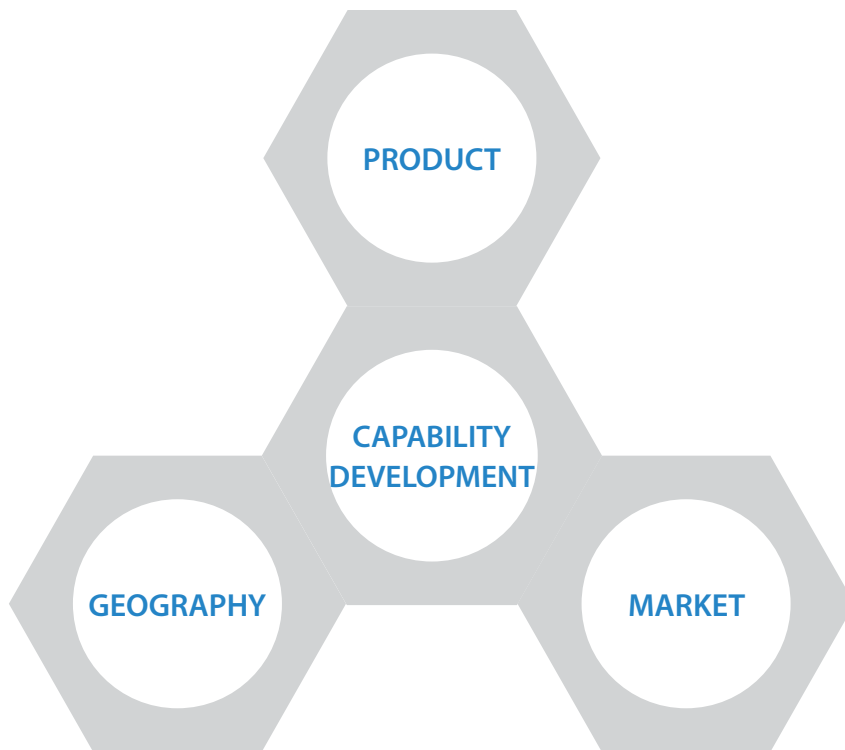
In its endeavour to provide increased shareholder value, Greaves Cotton has embarked on a journey of Engineering Growth. The robust business model focuses on growing products, widening markets and expanding geographies, which in turn will help tide over the challenging environment and define our approach towards business. And as we aspire to move forward, we are confident that our strategic measures are in the right direction and we solicit the continued trust of all stakeholders.



ENGINEERING GROWTH

Engineering Growth begins with an agenda.

At Greaves Cotton, this agenda revolves around strengthening our leadership ranks, improving our organisational capabilities and executing our three-pronged strategy, focussed on capability development and based on the three parameters of product, market and geography.



That was the beginning. From thereon, we decided to move to a higher orbit of growth.

We drafted a product - market development strategy for holistic implementation, while simultaneously improving our capabilities.

We improved our operational excellence, chalked out our strategic intent to

expand and upgrade our product portfolio and reinforced our market development plans, across functions.

We unleashed a drive to promote cost savings and optimise efficiencies.

These synergistic and cohesive steps enabled us to register growth despite tough economic conditions across both domestic and global markets.

And going forward, we believe these will help us connect even better with our customers, to deliver greater value to them across markets and geographies.

It is this ability to deliver incremental growth, even amid contrary indicators, and moving against the trend in the industry and the economy, that, for us, defines Engineering Growth.

ENGINEERING GROWTH - EXPANDING PRODUCT PORTFOLIO

For growth to be productive and beneficial, it needs to encompass innovative initiatives at every step of the organisational journey. Aligning ourselves to this belief, we continued to invest in our innovative R&D efforts during the year to further expand our product portfolio to better serve the market. The year under review, saw us launch some new products and initiate the process of development of some others.

Greaves Cotton's Automotive Engines Business continued its R&D efforts to develop higher capacity engines and expand its engine portfolio for compatibility with alternate fuels.

In the Farm Equipment Business, Greaves Cotton has chalked out a clear roadmap to:

- expand into electrical pumpsets
- develop portfolio of own manufactured Light Agri Equipment

- leverage existing and develop new network to penetrate mini tractor customer segment

In the Industrial Engines and Auxiliary Power Businesses too, our R&D efforts were focussed around expanding the product offering.

We also continued with our initiatives to expand the Construction Equipment Business.

The technology transfer agreement with Samil Industries Ltd., Korea enabled the Construction Equipment Business upgrade and launch new products during the year. FY13 saw Greaves Cotton launch the 60CBM Batching Plant and on the anvil is the launch of new variants of Concrete Pump & Boom Pump through Samil partnership, introduction of 20CBM Batching Plant and also expansion of the product range for road equipment.



Way Ahead

Going forward, we plan to accelerate product development thrust to new levels, with the induction of a team of dedicated product development specialists. We will also continue to invest in technology partnerships in the engine and end products in farm, construction and genset space to accelerate new product development.



Engine Assembly at Shop Floor



ENGINEERING GROWTH - BUILDING LEADERSHIP TALENT

Inspiring. Influencing. Motivating. Building. Engineering Tomorrow.

Engineering Growth requires a dynamic and inspiring leadership.

It is widely accepted that an organisation's success is a reflection of its competitive-edge and organisational capabilities. Our focus on Engineering Growth has resulted in building of dedicated leadership teams driving each of our five businesses.



Sunil Pahilajani - *Managing Director & CEO*

Mr. Sunil Pahilajani is a Bachelor of Technology in Mechanical Engineering from the reputed Indian Institute of Technology, Roorkee. During his 27-year career, he built formidable competencies across multiple disciplines and served in top management positions in engineering, manufacturing and technology businesses. His career included leadership stints in blue chip organisations such as Maruti Udyog Ltd., Mahindra Navistar Engines and Caparo India. In his last engagement prior to joining Greaves Cotton, he was Group CEO of Continental Engines with the responsibility of overall management of Automotive Engines and Auto Component units. He possesses extensive experience across myriad functions such as sales, marketing, business development, techno-commercial evaluation and production.

He brings to Greaves Cotton, strategic leadership that enables him to deliver robust growth through organic and inorganic routes.



Ashok Kumar Sonthalia - *Chief Financial Officer*

Mr. Ashok Kumar Sonthalia is a Chartered Accountant with over 21 years of experience in large organisations. Before joining Greaves Cotton Ltd., he was working with Tata Chemicals Ltd. as the General Manager (Strategic Finance & Treasury). In addition to numbers, Mr. Sonthalia's interest includes management. He underwent the one year Management programme from XLRI, Jamshedpur and also completed the General Management programme at European Centre for Executive Development (CEDEP), INSEAD, France.

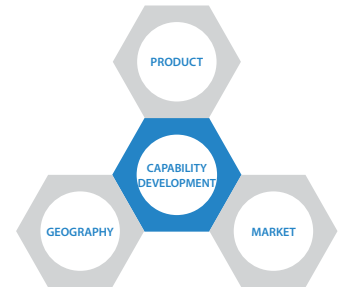
He brings to Greaves Cotton, his keen financial acumen and years of experience of successfully handling various strategic financial matters.



Anil Gole - *Chief Human Resource Officer*

By qualification, Mr. Anil Gole is a Bachelor of Science with a Masters Degree in Labour Studies from Mumbai University. He has a cumulative industry experience of 29 years and he has worked with distinguished companies including Forbes Gokak Ltd., Larsen & Toubro, Merrind Ltd. - a Tata Group Company, Otis India. Prior to joining Greaves Cotton Ltd., he was the Senior Vice President - HR & Admin with Voltas Ltd. During his professional career, Mr. Gole has attended several training programmes conducted by leading organisations and personalities which have enhanced his professional insight.

He brings to Greaves Cotton, his keen understanding of people and their dynamics as well as his administrative skillsets.



Sastabhavan Jyotindran Kutty - *Chief Technology Officer and Head-Strategy*

Mr. Sastabhavan Jyotindran Kutty is a Bachelor of Engineering (Metallurgy) and Bachelor of Law and has also done his Masters in Business Administration from London. He was selected to work with Tata Motors during campus recruitment and went on to work in various departments till he headed the post of Head of Strategic and Business Planning from 2003 till 2011 during which time, he worked closely on all aspects of product development.

He brings to Greaves Cotton, his valuable insights and keen knowledge of technology development to the business.



Monica Chopra - *Company Secretary and Executive Vice President-Legal*

Ms. Monica Chopra is a Company Secretary and a Bachelor of Law. She has 20 years of experience in the secretarial and legal fields at two of India's leading business enterprises - Jet Airways (India) Ltd. and Siemens Ltd. handling responsibilities related to complete secretarial & compliance requirements, share administration & investor relations, joint venture, merger & amalgamation activities of public listed and private companies.

She brings to Greaves Cotton her extensive expertise in secretarial, compliance and legal matters.



Sanjiv Kumar - *Chief Executive Officer, Automotive Engines Business*

Mr. Sanjiv Kumar is a Post Graduate from the prestigious Indian Institute of Management, Ahmedabad and a Bachelor of Technology from the reputed Indian Institute of Technology, Kanpur. He has had an illustrious career spanning nearly three decades in the areas of business strategy, operations, international markets, business turnarounds, sales and marketing. In his earlier stints, he has worked as the CEO with companies like TACO, ABC Bearings, Cosmo Films, Cosmo Ferrites and India Gypsum where he was the Managing Director. He served as President, Varroc Engineering Group, Aurangabad, prior to joining Greaves Cotton.

He is responsible for driving the Automotive Engines Business to achieve new levels of innovation and growth.



C. M. Ashok Muni - *Chief Executive Officer, Farm Equipment Business*

Mr. C.M. Ashok Muni is a Bachelor of Technology in Chemical Engineering from the eminent Indian Institute of Technology, Chennai which was followed by an Integrated Management course from XLRI, Jamshedpur. Mr. Muni has 23 years of experience in various organisations including Indian Aluminium, ICI India, ICI Europe, Monsanto, Atul. He has been holding leadership positions since the past 8 years. He has been extensively associated with the Agri Industry for the past 12 years and played a key role in expanding and growing the business of Nagarjuna Agrichem. Prior to joining Greaves Cotton, he was the CEO and Director at Sabero Organics Gujarat Ltd.

He is responsible for envisaging strategy and driving excellence for the Farm Equipment Business.



Ramachandran Nandagopal - *Chief Executive Officer, Construction Equipment Business*

Mr. Ramachandran Nandagopal is a Post Graduate in Social Work from the Madras University and has undertaken several professional training programmes including the Strategy for Growth from Kenan Flagler Business School, USA and Six Sigma. He brings with his role 28 years of valuable experience in diverse fields and organisations of repute. He was associated with Tube Products of India as Head - Employee Relations. He later worked with Gmmco Ltd., as Senior Vice President, where he headed the Engines and Machines Groups dealing with Power Generation, Marine, Petroleum and Gas, Construction and Mining sectors. He has been awarded the Best Manager for maintaining industrial harmony and he has won the Young Managers Award from Kerala Management Association in 1986. Prior to joining Greaves Cotton, he served as Vice President heading the new Business vertical of Equipment & Project Solutions at Tractor India Ltd.

He is responsible for the expansion and growth of the Construction Equipment Business.



Prakash Bhalekar - *Chief Executive Officer, Industrial Engines Business, Auxiliary Power Business, Engine Component Technologies*

Mr. Prakash Bhalekar is a Bachelor of Technology in Mechanical Engineering from the reputed Indian Institute of Technology, Mumbai and a Master of Business Administration from the Pennsylvania State University. He has over 22 years of rich experience with an exposure to both the Indian and International Markets. During his extensive career, he has worked with organisations like Schlumberger, Wireline and Testing, Multi-Tech Software Systems, Partsriver Technologies, Mahle Filter Systems India and Infinia Solar Private Ltd. in various capacities. He has also served on the Boards of Behr India, Spicer India and Arvin Exhaust India, Perfect Circle, Victor Gaskets and oversaw the Anand Group Aftermarket and R&D efforts. Prior to joining Greaves Cotton, Mr. Bhalekar headed Kohler Engines India (Lombardini India) as MD.

He is responsible for taking the Auxiliary Power Business and the Industrial Engines Business to its next level of growth.



Vinay Khanolkar - *Chief Executive Officer, Aftermarket Business*

Mr. Vinay Khanolkar is a Bachelor of Technology graduate and has a Post Graduate degree in Business Administration from the reputed S.P. Jain Institute of Management, Mumbai. He had a distinguished career with Mahindra & Mahindra where he served for 25 years. At the Mahindra Group, Mr. Khanolkar served as CEO for Mahindra Spares Business, wherein he was completely responsible for the Aftermarket segment during which he ensured it achieved an accelerated growth momentum.

He is responsible for the growth and expansion of the Aftermarket Business.



Sachin Parab - *Chief Executive Officer, International Business*

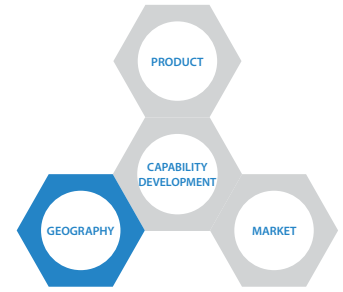
Mr. Sachin Parab is a Bachelor of Engineering (Mechanical) and holds a Post Graduate Diploma in International Trade. Mr. Parab has over two decades of rich global business experience, spanning four continents of America, Europe, Asia and Africa. This includes nearly 8 years at senior and leadership positions in US and India driving growth and opening new market avenues. In his earlier stints, he has worked with Tata Motors, Garware Wire Ropes, Mafatlal Industries and Mahindra & Mahindra in different capacities. Prior to joining Greaves Cotton, he served Escorts Ltd. (Escorts Agri Machinery) as Vice President & Head, International Business and President of Board for its subsidiary in Europe for almost 3 years.

He is responsible for engineering the strategic growth of the International Business.



ENGINEERING GROWTH - WITH A RENEWED FOCUS ON THE INTERNATIONAL MARKET

As we Engineered Growth, we reiterated our commitment to expanding our overseas presence and upgraded the Greaves Cotton's International Business as a separate business line for a more calibrated focus.



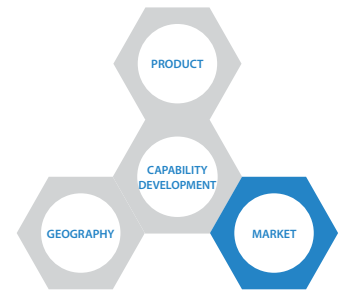
The focus during the year was on developing distribution channel in chosen countries. Besides the key target market of Middle East, SAARC, Greaves Cotton is also looking at establishing presence in the East African and South East Asian region in the future.



International Subsidiaries

- Greaves Cotton Netherlands B.V., Netherlands
- Greaves Farymann Diesel GmbH, Germany
- Ascot International FZC, United Arab Emirates

ENGINEERING GROWTH - THROUGH WIDENING MARKETS AND REACHING CLOSER TO CUSTOMERS THROUGH AFTERMARKET INITIATIVES



The focus during the year was to spread our presence formidably across the country. Expansion of dealerships and customer touch points gave brand Greaves increased presence and visibility.

In addition to this, the year saw us make all efforts in bringing Greaves closer to its customers. We believe that the challenge in this competitive environment is to

provide customers an experience of the product. Taking a closer look at various opportunities available in the market in the given economic scenario, Greaves Cotton consolidated its Aftermarket services, spread across five businesses, under one functional unit to infuse even higher efficiencies. With a focussed customer-centric

approach, the Aftermarket business reaches out to customers to provide higher levels of service and quicker response anytime, anywhere. A dedicated Customer Relationship Management (CRM) for the Aftermarket function is planned to be launched in the future to enable centralised servicing.

FINANCIAL HIGHLIGHTS

(₹ in crore)

Particulars	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	11-12 Apr-Mar 12 mths	12-13 Apr-Mar 12 mths
Net Revenue	637	652	834	1063	1150	1041	1347	1252	1753	1873
EBIDTA	87	102	141	175	168	126	213	206	243	258
EBIDTA (%)	14%	16%	17%	16%	15%	12%	16%	16%	14%	14%
Profit before Tax	33	102	132	144	138	80	173	184	251	200
Profit after Tax	22	62	85	122	110	56	118	127	185	138
ROCE (%)	26%	40%	52%	53%	39%	22%	39%	49%	34%	30%
Equity	44.64	45.64	48.84	48.83	48.84	48.84	48.84	48.84	48.84	48.84
Earnings Per Share (₹)	0.97	2.74	3.63	5.01	4.51	2.29	4.83	5.21	7.60	5.65
Net Worth	106	143	211	295	371	404	437	522	645	738
Debt	127	79	54	39	49	44	5	6	20	2
Capital Employed	240	226	271	340	434	478	471	558	700	779
Debt : Equity	1.19	0.55	0.26	0.13	0.13	0.11	0.01	0.01	0.03	0.01
No. of Shareholders	50,834	43,569	42,459	41,781	44,239	44,565	42,663	42,946	38,235	41,082
Dividend (%)	-	70	70	70	60	40	150 #	75	110 #	80

Includes special Dividend of 75% (FY 09-10) & 40% (FY 11-12)

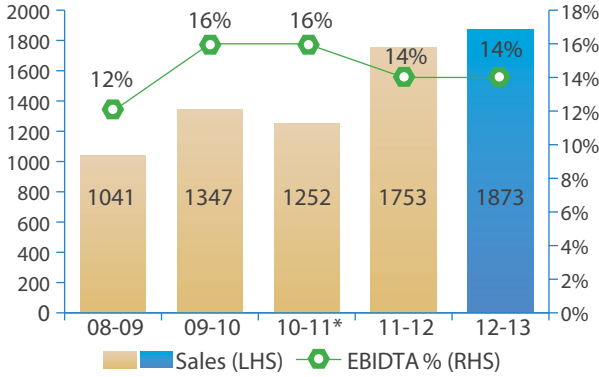
₹ 1 crore = 10 million



LOOKING CLOSELY

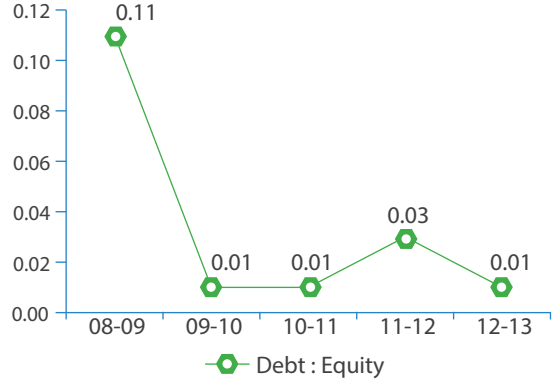
Sales & EBIDTA %

(₹ in crore)



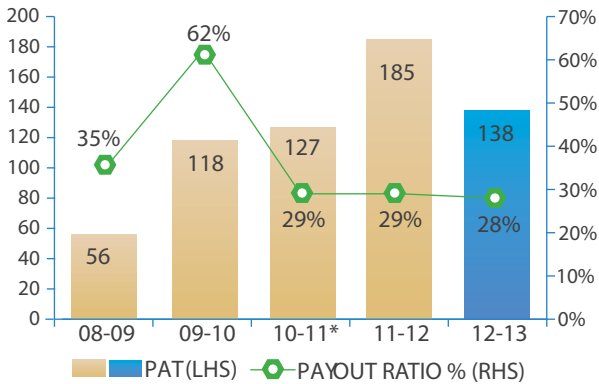
* FY 10-11 : Nine Months period

Debt : Equity



PAT & PAYOUT RATIO

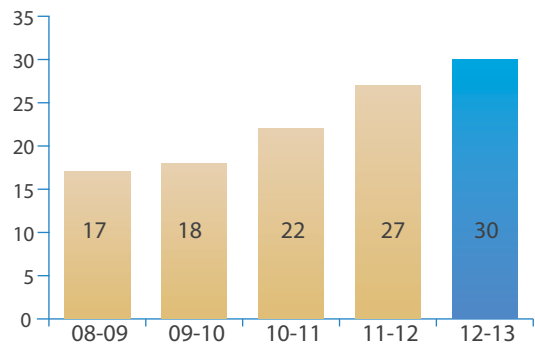
(₹ in crore)



Note: Payout Ratio of FY09-10 & FY11-12 includes special Dividend of 75% & 40% respectively.
* FY10-11 : Nine Months period

BOOK VALUE PER SHARE*

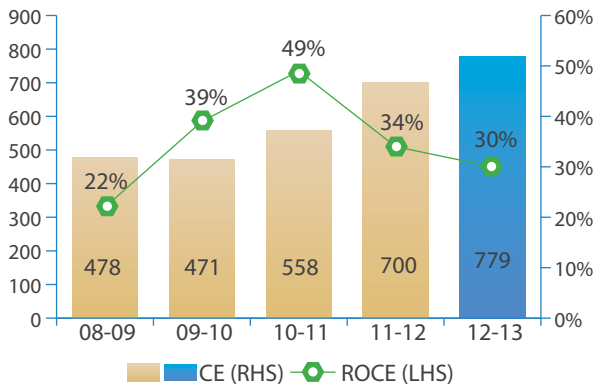
(₹ per share)



* On face value of ₹ 2 per share

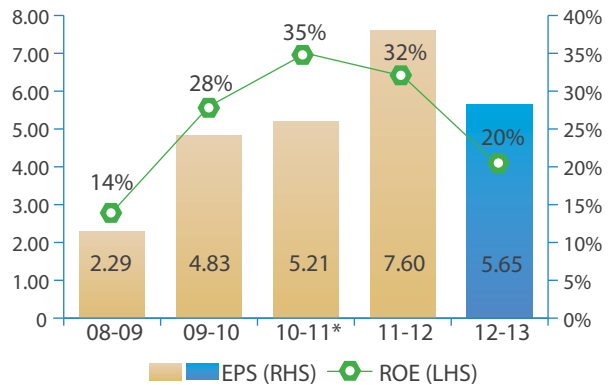
CAPITAL EMPLOYED & ROCE

(₹ in crore)



EPS & ROE

(₹ per share)



* EPS for FY 10-11 : Nine Months period

DIRECTORS' REPORT

The Members,

The Directors present the 94th Annual Report for the financial year ended 31st March, 2013.

Financial Highlights:

The financial highlights for the year under review, compared with the previous financial year, are given below:

	Year Ended 31 st March, 2013	Year Ended 31 st March, 2012
		(₹ In Crore)
Revenue (Net of Excise Duty)	1,888.84	1,759.42
Profit Before Tax and Exceptional items	217.76	207.29
Less: Provision for Tax	63.19	62.89
Profit After Tax before Exceptional items	154.57	144.40
Loss / (Gain) on Exceptional items (Net of Tax)	16.61	(41.09)
Profit after Tax including Exceptional items	137.96	185.49
Dividends (including proposed Final Dividend) and Dividend Distribution Tax	45.22	62.10
Transfer to General Reserve	25.00	25.00
Balance of the Profit carried forward	360.22	292.48

Review of Operations

The financial year under review began on a challenging tone. High inflation, low industrial output, high rates of interest plagued the country's economy which witnessed the lowest growth in the decade of 5% in the financial year 2012-13 (FY13). This affected the performance of almost all business segments in which the Company operates.

Weathering tough times, the Company registered Net Revenue from operations of ₹1,873.29 Crore in FY13 as against ₹1,753.44 Crore in 2011-12 (FY12), clocking a rise of 6.8%. FY13 saw the Engine Segment record a 7% increase in revenue while the Infrastructure Equipment Segment revenue grew by 3%.

Net Profit for the year was ₹137.96 Crore as against ₹185.49 Crore in FY12. The Company had an advantage of exceptional income of ₹41.09 Crore in FY12 and disadvantage of exceptional loss of ₹16.61 Crore in FY13.

During the year under review, due to the growth-oriented strategy of the Company which laid special emphasis on operational efficiency and cost optimisation, the Net Profit margin (excluding exceptional items) was marginally higher at 8.3% for FY13 as against 8.2% in FY12.

In its endeavour to engineer growth, the Company has been treading on a multi-dimensional growth strategy, which is reflected in the performance and highlights of its different businesses. The outlook of each business has been discussed in detail in the 'Management Discussion and Analysis' annexed to this Report.

Dividend

Three interim dividends aggregating to ₹1.10 per share of ₹2 were paid for FY13. The Directors have recommended a final dividend of ₹0.50 per share of ₹2, making in all ₹1.60 per share as dividend for FY13 as against ₹1.40 per share in FY12.



The total dividend payout is ₹39.07 Crore as against ₹53.72 Crore in the previous year. Dividend as a percentage of consolidated Net Profit after Tax is 28.32% as compared to 28.96 % in the previous year.

The Register of Members and the Share Transfer Books will remain closed from Tuesday, 23rd July, 2013 to Tuesday, 30th July, 2013 (both days inclusive) for determining the eligibility for final dividend, if declared at the ensuing Annual General Meeting scheduled to be held on 30th July, 2013.

Subsidiary Companies

1. Greaves Leasing Finance Limited (GLFL)

GLFL is a wholly owned subsidiary of the Company. GLFL is a non banking finance company engaged in leasing and finance activities confined only to the Greaves Group. It reported total Revenue of ₹4.48 Crore and Profit after Tax of ₹2.91 Crore for FY13. During the year under review, GLFL, with the approval of the Hon'ble Bombay High Court, reduced the Paid-up Preference Share Capital to the extent of ₹13.50 Crore, which was in excess of wants of the Company, by paying off / returning the same to the holders of the said Preference Shares.

2. Greaves Auto Limited (GAL)

GAL is a wholly owned subsidiary of the Company. GAL is yet to commence any business activity. GAL earned marginal profit on account of interest income, net of expenses.

3. Dee Greaves Limited (DGL)

DGL is a wholly owned subsidiary of GLFL. During FY13, it did not do any business. It earned a marginal profit representing interest income, net of expenses.

4. Greaves Cotton Netherlands B.V. (GCN), Netherlands

GCN is a wholly owned subsidiary of the Company functioning as its investment arm.

During the year under review, the Company invested in GCN a sum of € 22,000 in the Ordinary Share Capital and extended a credit facility of € 0.4 Million to help meet its operating cash flow requirements. As on 31st March, 2013, the Company has invested € 4.91 Million in GCN. For the year ended 31st March, 2013, GCN reported a loss of € 4.75 Million primarily on account of impairment of its investment in Greaves Farymann Diesel GmbH of € 4.71 Million. Correspondingly, the Company has impaired its investment in GCN to the extent of ₹28.36 Crore.

5. Greaves Farymann Diesel GmbH (GFD), Germany

GFD is a wholly owned subsidiary of GCN. GFD is engaged in manufacturing and marketing of single cylinder diesel engines and parts in Europe.

For the financial year ended 31st March, 2013, GFD reported with a total Income of € 4.80 Million and a Loss of € 0.72 Million. There was an impairment in the books of GCN in respect of GCN's investment in GFD to the extent of € 4.71 Million.

6. Ascot International FZC (Ascot), United Arab Emirates

Ascot is a subsidiary of GCN (90%) and the Company (10%).

Ascot offers aftersales services in the Middle East and North African Countries for various products of the Company and is of strategic importance for the Company's International Business. Ascot recorded a Revenue of AED 9.14 Million and incurred a Profit of AED 0.03 Million for the year ended 31st March, 2013.

All the above subsidiary companies are non-material, non-listed subsidiary companies as defined under Clause 49 of the Listing Agreement with the Stock Exchanges.

As per Section 212 of the Companies Act, 1956, the Company is required to attach the Directors' Report, Balance Sheet, Statement of Profit and Loss of the subsidiary companies. The Ministry of Corporate Affairs, Government of India, vide its Circular No. 2/2011 dated 8th February, 2011, has provided an exemption to companies from complying with the requirement of Section 212, provided such companies publish the audited consolidated financial statements in the Annual Report. Accordingly, the Annual Report 2012-13 does not contain the financial statements of the subsidiary companies. A summary of the financial performance of the subsidiary companies is given in this Annual Report. The Company will make available copies of the financial statements of the subsidiary companies and the related detailed information, free of cost to Members, on request. The same are also available for inspection at the Registered Office between 11 a.m. and 4 p.m. on any working day of the Company.

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 and the provisions of the Listing Agreement with the Stock Exchanges, forms part of this Annual Report. The Auditors' Report thereon is also attached. The same is unqualified.

Management Discussion and Analysis

As required by Clause 49 of the Listing Agreement with the Stock Exchanges, a detailed review by the Management of the operations, performance and future outlook of the Company and its business, is presented in a separate section - Management Discussion and Analysis and forms part of this Report.

Corporate Governance Report

The Company has complied with the requirements of Corporate Governance, as prescribed under Clause 49 of the Listing Agreement with the Stock Exchanges. A Report on Corporate Governance, along with a Certificate from the Statutory Auditors, confirming the compliance, forms part of this Report.

Compliance with the Code of Conduct

A declaration by the Managing Director affirming compliance with the Company's Code of Conduct by Directors and Senior Management for FY13, as required under Clause 49 of the Listing Agreement with Stock Exchanges is annexed and forms part of this Report.

Public Deposits

The Company discontinued its Fixed Deposit Scheme in April, 2005. As on 31st March, 2013, the unclaimed deposits stood at ₹0.02 Crore. Pursuant to the provisions of Section 205C of the Companies Act, 1956, all unpaid deposits and interest due thereon, have been transferred to the Investor Education and Protection Fund (IEPF), on the respective due dates. During the year, the Company has transferred ₹0.04 Crore to the IEPF.

Environment, Health and Safety (EHS)

The Company is committed to conduct business in a sustainable manner with adequate safety procedures in place at unit level. Measures have been implemented for stringent compliance with environmental, health and safety regulations across the Company.

EHS is a key management focus area. All our plants are governed by our 'Environment, Occupational Health and Safety Policy' and are certified to ISO 14000 and OHSAS 18000 standards.



All plants have a first aid facility including a room for recuperation, with doctors on call round the clock. Regular training is provided to all employees on EHS. Mock fire drills and emergency evacuation exercises are carried out at specified intervals. All employees must use Personal Protection Equipment (PPE) wherever mandated. We observe a system of regular internal and external audits to ensure compliance and continual improvement.

Waste generation is continually reduced through elimination, reuse and recycling. Most of our vendors deliver materials to us in returnable packaging. We despatch engines to our major customers in returnable pellets. Rainwater harvesting is being implemented at large plants. All waste water and sewage is treated in effluent treatment plants and used for gardening within the premises.

Human Resources

Your Directors place on record their appreciation for the exemplary contribution of the employees at all levels. Our industrial relations continue to be cordial.

During the year under review, 45 employees were retrenched and 33 employees opted for the Early Separation Scheme of the Company. The total number of permanent employees of the Company as on 31st March, 2013 was 2,248 (2,273 as on 31st March, 2012)

During the year under review, the Company continued to focus on talent acquisition and talent development.

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

Particulars, as prescribed by Section 217(1)(e) of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, in respect of conservation of energy, technology absorption and foreign exchange earnings and outgo, to the extent applicable to the Company, is annexed and forms a part of this Report.

Information in accordance with the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, forms part of this Report. However, as per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, this Report and Accounts are being sent to all the Members of the Company, excluding the Statement of Particulars of Employees under Section 217(2A) of the Companies Act, 1956. Members may inspect the said Statement at the Registered Office of the Company between 11 a.m. and 4 p.m. on any working day of the Company.

Directors

Mr. Vijay Rai, retires by rotation at the ensuing Annual General Meeting, and being eligible, offers himself for re-appointment. His profile forms part of the Notice convening the Annual General Meeting. The Board recommends the re-appointment of Mr. Vijay Rai at the ensuing Annual General Meeting.

Mr. Suresh N. Talwar, retires by rotation at the ensuing Annual General Meeting. However, he has expressed his desire not to be re-appointed. Accordingly, Mr. Talwar will cease to be a Director of the Company after the ensuing Annual General Meeting.

During his tenure of nearly 9 years as Director of the Company, Mr. Talwar has made valuable contribution to the Company. The Directors place on record their appreciation for the guidance and support rendered by Mr. Talwar.

Directors' Responsibility Statement

Pursuant to the provisions of Section 217(2AA) of the Companies Act, 1956, your Directors confirm that:

1. In the preparation of the financial statements, 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 31st March, 2013 and of the profits for the financial year ended 31st March, 2013.
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 financial statements have been prepared on a going concern basis.

Statutory Auditors

The Company's Auditors, Walker, Chandio & Co., Chartered Accountants, Mumbai and the Branch Auditors, Wrigley Partington, U.K., in respect of the Company's Branch in Cheshire, U.K., retire at the forthcoming Annual General Meeting and have confirmed their eligibility and willingness to accept office, if re-appointed. Their re-appointment as the Statutory Auditors and the Branch Auditors respectively for the financial year 2013-14, forms part of the Notice of the said Annual General Meeting and the Resolutions are recommended for your approval.

Cost Auditors

Pursuant to the provisions of Section 233 B of the Companies Act, 1956, audit of the cost accounts in respect of the Company's products, as applicable, is being regularly carried out by Dhananjay V. Joshi & Associates, Cost Auditors. The Directors have re-appointed Dhananjay V. Joshi & Associates as Cost Auditors of the Company for the financial year 2013-14.

The due date for filing the Cost Audit Report in XBRL for FY12 was 31st March, 2013. The Company has duly filed the Cost Audit Report on 2nd January, 2013 and the Cost Audit Compliance Report on 4th January, 2013 with the Ministry of Corporate Affairs.

Acknowledgement

The Board places on record its appreciation for the support and co-operation your Company has been receiving from its all stakeholders. The Company looks upon them as partners in its progress. It will always be the Company's endeavour to build and nurture strong relationship for mutual benefits.

For and on behalf of the Board of Directors

London
30th April, 2013

Karan Thapar
Chairman



ANNEXURE TO DIRECTORS' REPORT

Information 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

a. Energy conservation measures taken

Established linearity in manufacture, assembly and testing of engines resulting in all operations being run in a single shift.

Optimized use of air compressor by introducing coolant guns for component cleaning and using manual pneumatic valves to shut-off- unnecessary air flow.

Introduced engine cold testing to reduce engine testing cycle time hence saving in fuel.

Undertook energy audit by professional energy auditor and several measures were taken to reduce power losses.

Introduced idle time power saving and chip conveyor motor power saving.

Revamped entire central cooling tower by replacing independent mono-block recirculation cooling water pumps for each machine with a common grid for cooling water distribution.

Air circulation and shop lighting, fans, computers switched off when not required.

b. Additional investments and proposals, if any, being implemented for reduction of consumption of energy

Use of solar system for office lighting and heating water in plants.

Installation of energy meters and energy monitoring systems and take corrective action to prevent hidden energy loss.

Use of harmonic filters, portable compressors, replacing mould knock out oscillating conveyor with energy efficient vibrating conveyor and conventional heaters with infrared heaters.

c. Impact of a and b above

Energy saving and cost reduction.

B. Technology absorption

1. Research and development (R & D)

a. Specific areas in which R & D carried out by the Company

Upgradation / development of engines to comply with the emission norms.

Development of mini tractor as a new product segment under farm equipment.

Undertaking various product quality and efficiency improvement initiatives like introducing integrated throttle cover, modification of valve orientation, strengthening engine exhaust system, etc.

b. Benefits derived as a result of the above R&D:

Reduction of gaseous emissions leading to environment protection.

Improvement in engine power to weight ratio.

Simplification in operation resulting in better operational efficiencies by reducing the variety of product being manufactured.

Reduction in customer complaints and enhanced customer satisfaction.

c. Further Plan of Action:

Work on development of non-conventional and renewable fuels like biogas or sewer gas towards enhancement in environment conservation drive.

Work on emission upgrade strategies.

d. Expenditure on R&D for FY13:

a.	Capital	:	₹5.70 Crore
b.	Revenue	:	₹17.23 Crore
	Total	:	₹22.93 Crore

Total R&D expenditure as a percentage of total turnover : 1.2% (2011-12 : 1.0%)

2. Technology Absorption, Adaptation & Innovation**a. Efforts undertaken:**

Upgradation and development of engines for meeting emission norms.
 Development of Over Head Valve (OHV) Technology in place of Side Valve Technology.
 Use of alternate fuel like LPG in place of petrol / kerosene.
 Emission measuring equipment installation at R&D Centre.

b. Benefits derived from the above:

Development of fuel efficient and low emission engines.
 Preparedness to meet the latest emission norms / regulatory requirements.

c. Imported Technology:

Technology Imported	Year of Import	Whether the technology has been fully absorbed
Not applicable		

C. Foreign Exchange Earnings and Outgo**Initiatives taken:**

The Company continues to focus on new markets and new geographies overseas.

Foreign Exchange	FY 13
Used	₹92.24 Crore
Earned	₹59.69 Crore

On behalf of the Board of Directors
 Greaves Cotton Limited

Karan Thapar
 Chairman

London
 30th April, 2013



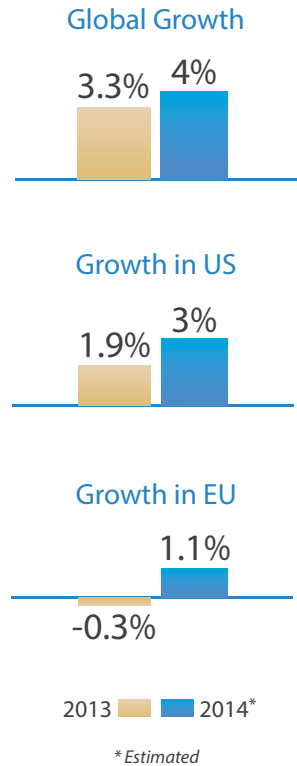
MANAGEMENT DISCUSSION & ANALYSIS

GLOBAL ECONOMY

During the year 2012, the slowdown of growth in advanced countries, especially the Euro-zone, continued from 2011. Growth declined from 1.4% in 2011 to reach the negative zone in 2012. This negative growth was, to some extent, offset by the marginal growth in the US, which managed to avert the fiscal cliff.

The US economy is expected to grow by 1.9% in 2013 and further strengthen to 3% in 2014. However, short-term risk is foreseen in the Euro-zone, with growth in the region forecast at -0.3% in 2013, and only 1.1% in 2014. Notwithstanding this scenario, the emerging markets and developing economies are expected to

grow by 5.3% in 2013. At the consolidated global level, it is expected that the positives will strengthen in the second half of 2013 and further into 2014. In its mid-April forecast, the International Monetary Fund projects global growth of 3.3% for the year 2013 and expects it to touch 4% in 2014.



INDIAN ECONOMY

India countered global as well as domestic challenges. India's GDP slipped to its lowest in recent years. Major internal concerns were centred on the limited push in reforms, slowdown in exports leading to a high trade deficit, and high interest rates. Low investor confidence reflected on project investments, with new investments barely trickling in.

However, the last quarter of the financial year 2012-13 (FY13) ushered in a ray of hope for revival. Economists predict that the worst is behind us and in the future, the country will again experience

better growth rates. The ability to tackle structural challenges will play an important role in shaping the growth of the coming year. Forecast for the GDP growth ranges between 5.7%-6% in FY14.

COMPANY OVERVIEW

The strategy of the Company during the year was to stay focussed on the strengths and combat the tough times, while executing initiatives to protect profitability and have gradual sustainable growth in some segments. The Company has already strengthened its





A view of the Shop Floor at Aurangabad, Maharashtra

leadership across all echelons and was committed to strengthen its operational excellence, to take on the future challenges and continue to engineer growth.

To achieve this, in addition to building organisational capabilities, the Company indexed a three-pronged growth strategy:

- Expanding and upgrading the product portfolio
- Strengthening market reach
- Widening geographic footprints

The Company believes this growth-oriented strategy will enable it:

- To drive operational efficiency and deliver cost optimisation
- To become more customer-centric with higher levels of customer service
- To be more responsive and agile in taking on the challenges prevailing in an uncertain environment

The Company continued to implement the engineered roadmap to growth with alacrity and this was visible in the

year's performance. Weathering tough times, for the financial year 2012-13 (FY13), the Company registered Net Sales of ₹1,873.3 Crore as against ₹1,753.4 Crore, clocking a rise of 6.8%.

Net Profit for FY13 was at ₹138.0 Crore as against ₹185.5 Crore for FY12. The Company had an advantage of exceptional income of ₹41.09 Crore in FY12. And this year, a disadvantage of exceptional loss of ₹16.61 Crore.

The growth-oriented strategy laid special emphasis on operational efficiency and cost optimisation and the Net Profit margin (excluding exceptional items) was marginally higher at 8.3% for FY13 as against 8.2% in FY12.

FY13 saw the Engine Segment record a 7% increase in revenue while the Infrastructure Equipment Segment revenue grew 3%.

THE COMPANY REGISTERED
NET SALES OF

₹1,873.3 CRORE

IN FY13 AS AGAINST

₹1,753.4 CRORE

IN FY12



ENGINE SEGMENT

AUTOMOTIVE ENGINES BUSINESS

Industry Overview

The Indian automobile industry recorded the decade's lowest growth rate on the back of factors such as shrinking demand, a sluggish economy, diffident sentiments and high interest rates. The buoyancy in the domestic Commercial Vehicle (CV) industry too has been on a wane after experiencing a volume growth of over 30% during FY 2009-10 and FY 2010-11. Slowing industrial activity, weakening investment sentiment and subdued freight rates continued to pose headwinds for fleet operators across the domestic CV industry resulting in shrinking numbers.

Segment-wise performance in the CV segment was characterised by a wide dispersion in growth rates. While growth slowed and even contracted in a few cases in the Small Commercial Vehicles (SCVs) segment, it was over the high base of the past three years.

The 3 wheeler diesel segment reported a 4% year-on-year volume growth in FY 2012-13, mainly led by a healthy 8% year-on-year growth in domestic passenger carriers. Sales of domestic 3 wheeler goods carrier continued to be impacted by high financing costs and weak retail sales resulting in sales contracting by 5%.

Not with standing the moderation in growth over a period in FY13, the

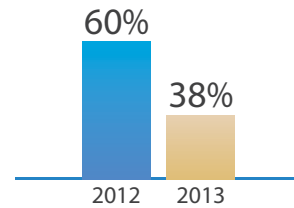
demand for LCVs is expected to remain buoyant over the medium term as it would need to match the extent of capacity added by Medium & Heavy Commercial Vehicles (M&HCVs) over the past few years. It is expected that the growth will be led by SCVs. The modest initial investment (sub one Lakh is the estimated equity contribution for entry level trucks) make these vehicles attractive, as payback is faster and it offers employment to First Time Users. Moreover, these vehicles are preferred due to stringent restrictions on entry of heavy-duty trucks and expanding city limits. These factors support the demand momentum for SCVs in future. Industry Research* forecasts a 13-14% CAGR over FYs 14-16. (*Source: ICRA April 2013)

Business Overview

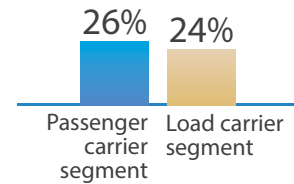
The Company's Automotive Engines Business has a wide portfolio of automotive engines and is amongst the largest independent manufacturers of single cylinder diesel engines. The market, over the years, has evolved in favour of 4 wheeler SCVs as they are the popular choice of the freight and logistics sector. In response to market demands, the Automotive Engines Business continued to

Sub 1 Ton 4 wheeler growth rate

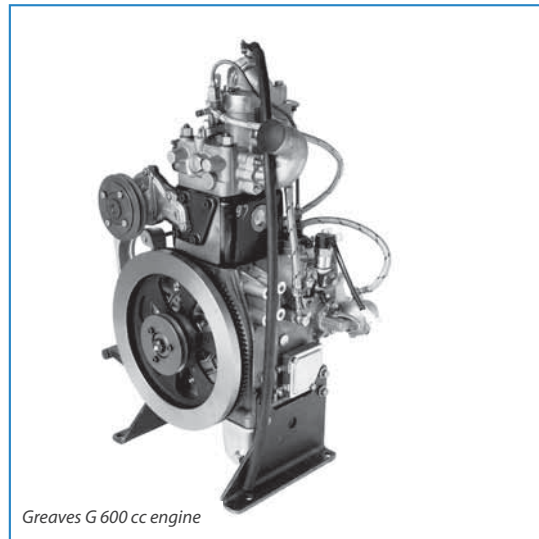
Sub 1 Ton 4 wheeler passenger segment



Sub 1 Ton 4 wheeler cargo segment



(Volumes)



Greaves G 600 cc engine

Excellence in Delivery Award from Tata Motors


focus on the growing 4 wheeler SCVs segment with technologically superior product offerings and a strong Aftermarket network.

During the year under consideration, the Automotive Engines Business was recognised for its Excellence in Delivery with an award from the reputed auto major, Tata Motors, at the Tata Motors Vendors' Meet 2012. By ramping up volumes to meet the demand for engines for the 4 wheeler SCVs, viz., Ace Zip and Magic Iris, the Automotive Engines Business responded efficiently to the requirements from Tata Motors. The award is a recognition of the Company's manufacturing prowess and competence in delivery, while adhering to stringent timelines.

The Automotive Engines Business entered into a 7-year, Long Term Supply Agreement with Atul Auto Limited for supply of diesel engines for their 3 wheeler diesel vehicles. Currently, Greaves engines power Atul Smart, Atul Shakti and Atul Gem vehicles plying across the country.

The Automotive Engines Business

continued its R&D efforts to develop higher capacity engines as well as engines that use alternative fuels. The Company continued to work towards achieving BS-IV emission compliance.

The entry into the Mini Tractor market reinforced our competitive position by developing applications beyond the 4 wheeler automobile sector. The single cylinder Greaves G 600 engine has been installed in 11 HP mini tractor and the market response has been positive.

Risks & Concerns

- **Dependence on limited number of customers** - Increase in spread of customers, has eliminated risks associated with depending on limited customers.
- **Slowdown** - Any further deepening of cyclical slowdown in Original Equipment Manufacturer (OEM) sales and sharp increase in commodity prices can impact the revenue and

**GREAVES COTTON'S
AUTOMOTIVE ENGINES
BUSINESS CONTINUED ITS
R&D EFFORTS TO DEVELOP
HIGHER CAPACITY ENGINES AS
WELL AS ENGINES THAT USE
ALTERNATIVE FUELS.**



margins. Sales of SCVs, especially the cargo segment, are dependent on the organised retail sectors seeking inroads into the hinterland.

- **Emission norms** - New emission norms to be introduced in FY15 require fresh R&D efforts and investments. The Company has commenced work on the R&D front to facilitate a smooth transition well in advance and is confident of early payback.

Outlook

While the performance of the Indian economy in the last quarter of FY13 has

evoked optimism, the Company remains cautious in its outlook and foresees cautious demand, due to high interest rates which directly impacts consumer sentiment. The Company's results for FY13 are an endorsement of the right strategic measures undertaken during the year. These measures will play a pivotal role in defining the long-term growth potential of the business. Moving forward, the business will continue to remain focussed on expanding the client base in the 4 wheeler SCV segment and the 3 wheeler segment, while enhancing the product portfolio.

AUXILIARY POWER BUSINESS

Industry Overview

Power shortage and power cuts remain the bane of India's economic and business progress.

The power capacity addition on an all India basis during FY13 stood at 20,620 MW (excluding renewal energy-based), of which 91% was coal-based. However, the overall power deficits remained significant across the country as is evident from the peak deficit of 9% in FY13 with some states, especially North and South, having significantly higher level of peak deficits between 10% and 25%. As against the energy demand growth at 6-8% per annum, power shortages have been continuing on account of factors such as shortfall in capacity addition, increasing fuel shortages affecting the energy availability, lack of adequate transmission capacity in southern region, as well as,

the financial constraints in obtaining costlier sources of power by many state-owned utilities.

Given the unreliability of grid power, Gensets have emerged as the viable option for people who seek stable and reliable alternative power. The economic slowdown, high interest rates, poor liquidity and diffident business and consumer sentiments created roadblocks to business growth through the year. The Auxiliary Power industry also continued to be challenged by the intense competition and resultant price wars to off-load stock and improve plant utilisation.

Power capacity addition in FY13 excluding renewal energy-based

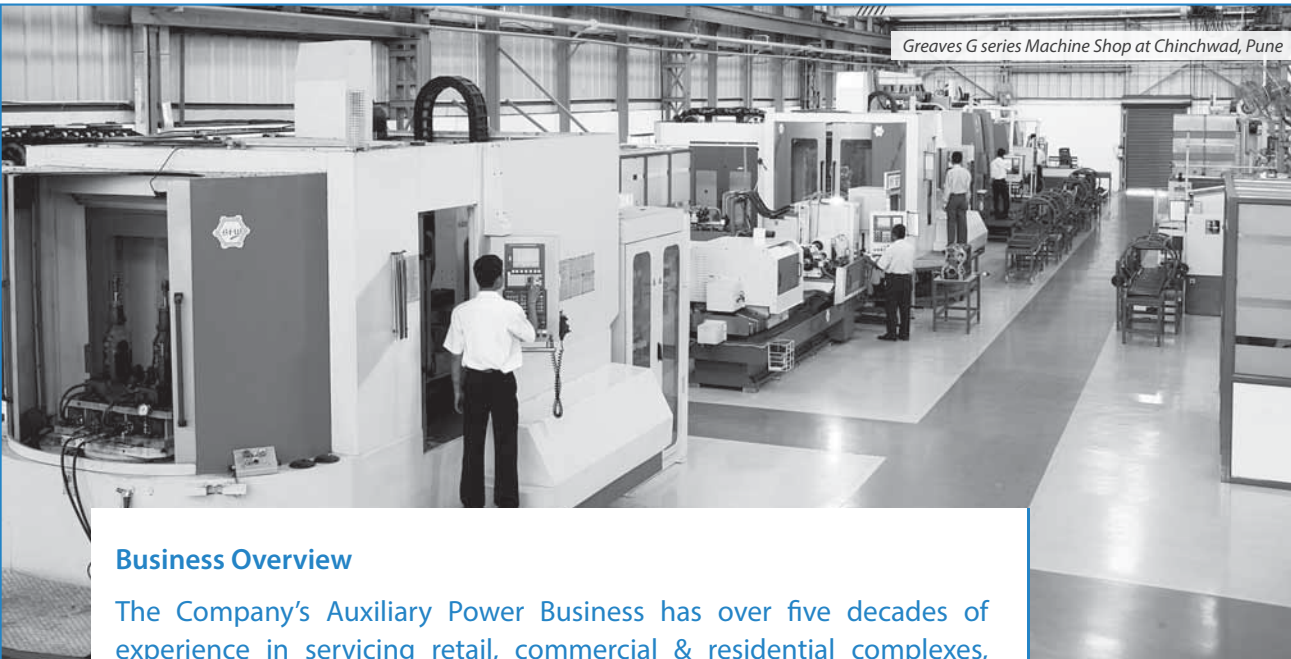
20,620 MW

Peak deficit (All India)

9%



Greaves G series Genset



Greaves G series Machine Shop at Chinchwad, Pune

Business Overview

The Company's Auxiliary Power Business has over five decades of experience in servicing retail, commercial & residential complexes, hotels, hospitals, industry and manufacturing enterprises, defence and railways. Notwithstanding the challenging market conditions, the Auxiliary Power Business has recorded a reasonable growth and improved its market share.

The Auxiliary Power Business continued to focus on enhancing the product portfolio and plans are on the anvil to introduce a range of CPCB (Central Pollution Control Board) compliant smaller Gensets. The deregulation of diesel prices will gradually change the way diesel power is used as customers will increasingly opt for hybridisation, alternate fuels and other cost reduction strategies.

Efforts continued to leverage Information Technology (IT) to further strengthen the supply chain, while concurrently strengthening the service backbone.

Risks & Concerns

- **Competition** - The unorganised sector of the industry continues to

aggressively compete in the diesel Gensets segment.

- **Sustainability** - The focus and growing awareness about sustainability will lead to the development, growth and acceptance of renewable energy sources like wind power and solar power. The Government's thrust on developing the nuclear power facilities may address the power deficit in the long run.

Outlook

The need for reliable power will continue to drive the business and, in the medium term, demand for diesel gensets is expected to continue coming in from sectors such as retail, hospitality, healthcare, real estate, among others. The slow and steady

THE AUXILIARY POWER BUSINESS FOCUSED ON FURTHER STRENGTHENING THE DISTRIBUTION NETWORK AND ENHANCING ITS PRODUCT PORTFOLIO, AS A STEP TOWARDS COUNTERING THE SLOWDOWN AND THE PREVAILING PRICE WAR.



revival in the economy, easing of interest rates and likely growth of infrastructure sector will act as a positive growth driver for the Auxiliary Power Business in the future. Going forward, with a focussed approach to

engineer growth, the momentum for the Auxiliary Power Business is expected to grow across targeted product segments and markets though margins remain under pressure due to tough competition.

FARM EQUIPMENT BUSINESS

Industry Overview

The farm sector accounts for about 15% of India's nearly \$2 trillion economy. The 11th Five Year Plan (2007-12) witnessed an average annual growth of 3.6% in the gross domestic product (GDP) from agriculture and allied sectors. The growth target for agriculture in the 12th Five Year Plan is estimated to be 4%. Indian agriculture is benefiting significantly from rising external demand and the sector's wider participation in the global economy.

To ease the labour shortage and higher cost woes of farmers, several state governments have launched campaigns to promote the use of mechanised equipment. Subsidy is being offered under the centrally-sponsored scheme Rashtriya Krishi Vikas Yojana (RKVY) to farmers.

Looking at the large-sized opportunity, many MNCs are foraying into the Farm Equipment Business in India through the import route. However, developing larger distribution networks to service the interiors remains a challenge and serves as an entry level barrier, favouring well established players like our Company.

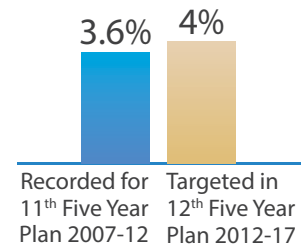
Business Overview

The Company's Farm Equipment Business is one of India's largest suppliers of petrol/kerosene engines and pumps for the farm sector. It is also the single source for farm mechanisation equipment covering every stage of agriculture.

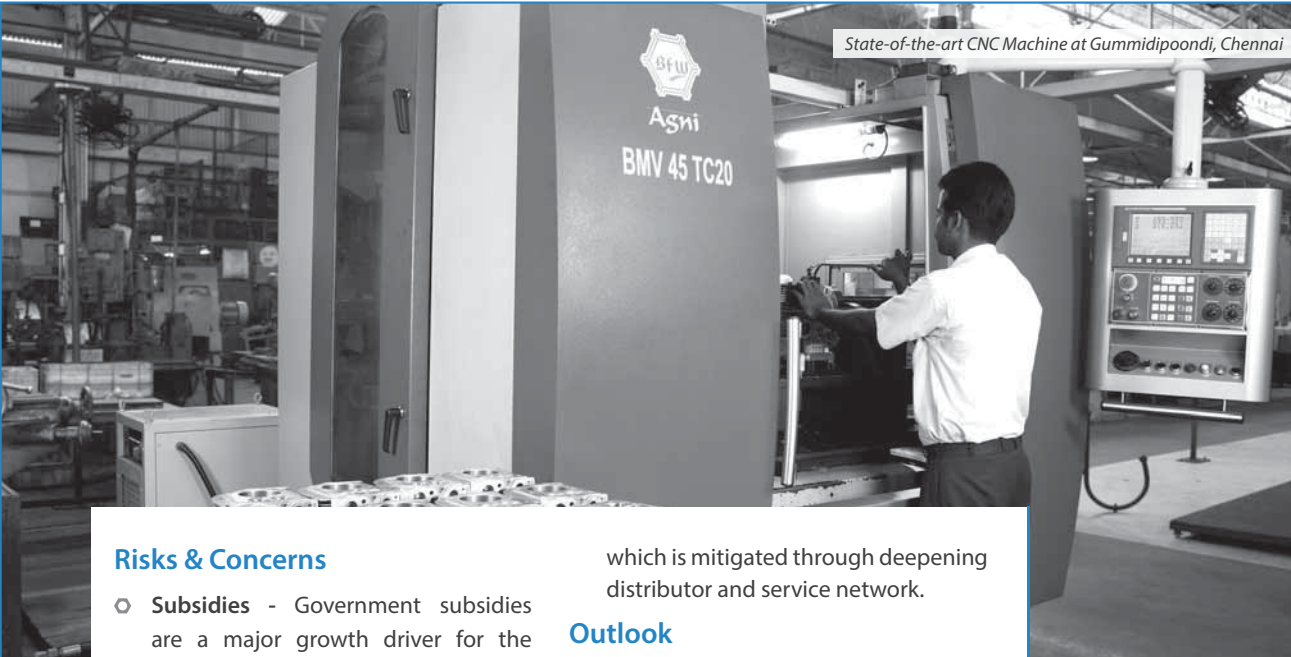
Growth in the Farm Equipment Business was impacted due to poor monsoon and delays in disbursal of subsidies. Weakening demand affected the overall industry business negatively. The Farm Equipment Business made marginal

progress and improved its market share, on the back of an expanded portfolio of products. While this progress is better than the industry trend, a discernible improvement from the demand slump situation is yet to be seen.

Contribution from agriculture and allied sector to GDP



Greaves Electric Pumpset



Risks & Concerns

- **Subsidies** - Government subsidies are a major growth driver for the agricultural market and any change in the subsidy could impact demand.
- **Interest rates** - As a majority of farm equipment are purchased with loans, the rising interest rates and growing Non Performing Assets (NPAs) due to increased lending to this priority sector can impede its growth.
- **Agro dependency** - The cyclical risk of poor monsoons, lower yield and realisation, as witnessed in FY12, can impact the demand growth for agricultural equipment.
- **Underground water** - Excessive usage of underground water has led to the depletion of the water table, which can adversely impact demand.
- **Forex** - Increased input prices or a fall in the value of the Rupee could have an impact on sales and profitability.
- **Competition** - Deeper penetration of the market by the competition is a risk

which is mitigated through deepening distributor and service network.

Outlook

Continued Government support and planned intervention, increasing labour costs and their shortage will play a vital role in sustaining industry demand. Growth in the segment will also be interlinked to the prevailing interest rate regime which continues to be a deterrent to demand.

The Farm Equipment Business believes products that enhance farm productivity, especially Diesel and Electrical Pumpsets, Mini Tractors and Light Agricultural Equipment, will attract demand as the trend for mechanisation takes further roots in the country, subject to a normal monsoon. In the short run, the forecasts of a good monsoon in FY14 will lead to a revival in the sector after deficient rainfall last year dented demand.

The Farm Equipment Business will continue to explore ways to expand its product offerings both through in-house initiatives and through relevant networks in the future.

TO STRENGTHEN THE PRODUCT PORTFOLIO IN THE DE-WEEDING SEGMENT, THE FARM EQUIPMENT BUSINESS LAUNCHED PETROL PADDY WEEDER AND 6/9 HP DIESEL WEEDER, WHICH RECEIVED GOOD RESPONSE.



The overall business strategy is to defend the Company's market share in the Farm Equipment Business, where it already has a reasonably good slice of the market.

The Farm Equipment Business remains cautiously optimistic about its performance in FY14 and also in the long run.

INDUSTRIAL ENGINES BUSINESS

Industry Overview

The industrial engine market is diverse as these engines are used in various different stationary and mobile equipments. Industrial engines are used in construction equipment for concreting and road making applications, earthmoving, mining equipment, agriculture equipment, marine, fire fighting pumps and other pumps, compressors and in railway applications, defence & power generation.

The slowdown in the economy, which challenged various industries led to businesses delaying their capital expenditure plans and also led to a

deceleration of demand in the Industrial Engines Business. High interest rates, as well as delays in clearances for projects, further impeded project implementation.

Business Overview

The Company's Industrial Engines Business develops specifically customised products for various industries, including construction, marine, fire control, mining, material handling, rail cars and power. The Company's engines have been well received in fire-fighting pumps and marine applications. As fire safety guidelines have come into increased prominence due to the stringent regulations and implementation by various statutory bodies, the business is expected to expand in the future. Despite the overall negative environment, the business, with its quality products and strong technical understanding, succeeded in recording a marginal growth in FY13. However, growth was moderate due to slowdown in capex cycle in the industry.

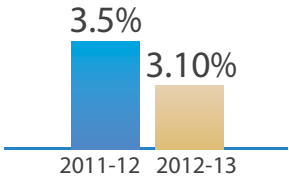
Risks & Concerns

- **Economy** - Slowdown in the economy, low capital expenditure and shrinking budgets across different industries for new product

development, pose a concern.

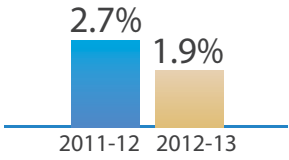
- **Competition** - Expanding competitive landscape may affect the revenues and also exert pressure on the margins.

Industrial Sector

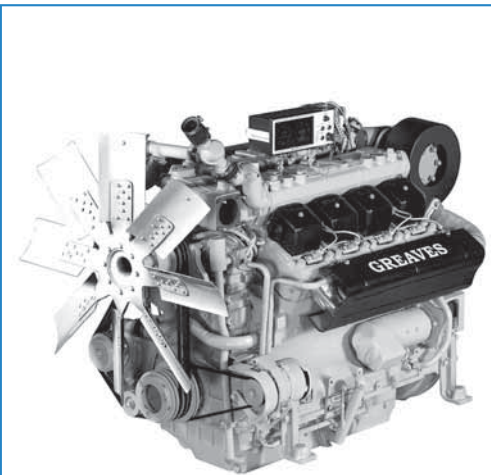


Growth in industrial sector comprising manufacturing, mining, electricity and construction sectors

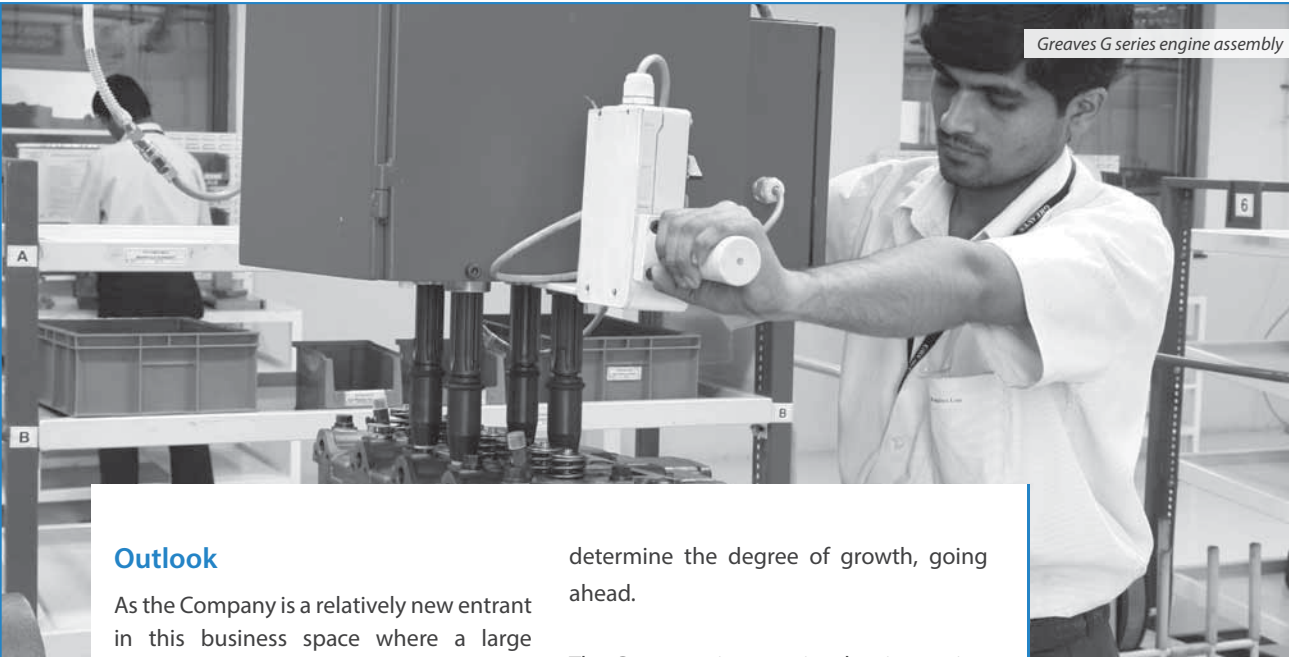
Manufacturing Sector



Source: Economic Survey 2012-13



Greaves D series engine



Greaves G series engine assembly

Outlook

As the Company is a relatively new entrant in this business space where a large potential exists, the Industrial Engines Business has a promising outlook, though the pace of revival of the economy will

determine the degree of growth, going ahead.

The Company is committed to increasing the R&D and marketing budgets to garner a bigger share of the pie.

INFRASTRUCTURE EQUIPMENT SEGMENT

CONSTRUCTION EQUIPMENT BUSINESS

Industry Overview

There is a direct correlation between the demand for construction equipment and growth in infrastructure development. The dampened economic scenario with higher interest rates and slowdown in key sectors impacted growth in the construction equipment space, including infrastructure development, mining, real estate. Other factors that led to slowdown in the progress of construction activity during the year included stringent monetary conditions, policy inertia and stagnant infrastructure activities.

THE CONSTRUCTION EQUIPMENT BUSINESS UNDERTOOK AN AGGRESSIVE AND FOCUSED BRAND BUILDING EXERCISE AND INTRODUCED A DISTINCT PRODUCT IDENTITY, "GREAVES INFRA", TO ENHANCE THE VISIBILITY AND PROMOTE AWARENESS OF THE WIDE RANGE OF PRODUCT OFFERINGS.



Business Overview

The Company is a major player in the Road and Concreting equipment and its revenues are largely derived from the real estate and infrastructure segments.

Though the Company's Construction Equipment Business continued to be challenged by prevailing difficult times, it eventually showed signs of recovery towards the latter part of FY13. The approach of expanding the product range by adding relevant products has been a key to this recovery. The technology transfer agreement with Samil Industries Ltd., Korea, enabled the Construction Equipment Business to upgrade and launch new products like the S-Valve Concrete Pump to address product gaps in concrete segment.

While the construction equipment market was impacted by a slowdown in the infrastructure segment, the Company's Construction Equipment Business gained market share in the second half of FY13 through aggressive marketing initiatives and the launch of new products. The Road Equipment business, in particular, witnessed marginal improvement in the last few months of FY13 and this momentum is likely to be sustained.

Risks & Concerns

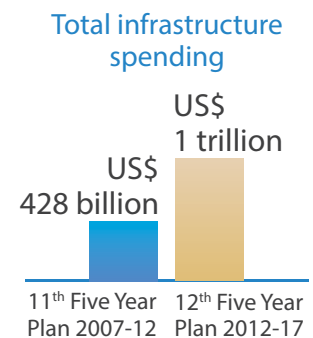
- **Slowdown** - The major portion of the Company's Infrastructure Equipment product range and its revenues is derived from companies in the real estate and infrastructure segments, which are closely linked to the overall sentiment in the economy, the growth momentum in the infrastructure sector and the prevailing interest rates.
- **Competition** - Growth expectations have aroused interest and precipitated participation from leading global players in the infrastructure industry. Cheaper imported equipment

from China may also pose a serious challenge in this cost sensitive sector. The availability of cheaper pre-owned and re-conditioned equipment may also pose a significant risk.

Outlook

India will need to invest over US\$ 1 trillion in infrastructure during the 12th Five Year Plan period (2012-17), according to the estimates of the Planning Commission. This is nearly double the sum invested during the 11th Plan. The initial phase of the 12th Plan period has seen several structural problems holding back the infrastructure sector which need to be resolved expeditiously. Specifically, quick corrective actions are required in the areas of power distribution, fuel linkages, land acquisition, regulatory clearance, among others. At the same time, the reform measures need to be supported by adequate credit growth and funding for long-term infrastructure projects. An upturn in the infrastructure cycle and favourable macroeconomic indicators will eventually push the demand for infrastructure equipment.

By ushering in best-in-class technology, the Company's endeavour is to build a robust contemporary product basket and emerge as a one-stop solution for infrastructure equipment. The initiatives undertaken on product portfolio development in Concrete Equipment space will enable the Construction Equipment Business to take advantage of the opportunities in future, even if the overall industry sentiment is not favourable. In the long run, the strong thrust provided by the Government to the construction and infrastructure sector will be the catalyst to growth.



Greaves Vibratory Soil Compactor



AFTERMARKET BUSINESS

Notwithstanding the prevailing economic uncertainties and transforming market conditions, the Aftermarket Business provides the Company an opportunity to move closer to the customers with timely availability of quality, original spares and services.

The Company's large talent pool, armed with the technical capability to provide prompt service, coupled with its pan India presence, lends the business a strong base. During the year, the Company consciously worked on consolidating the

Aftermarket Business in order to partner with its customers in co-creating demand. The renewed thrust and centralised focus on Aftermarket resulted in the business growing rapidly and adding to the top line growth.

INTERNATIONAL BUSINESS

The Company's International Business continued with its strategic focus on selected areas of the Middle East, Africa, South and South East Asian regions, deriving almost 60% of its revenue from exports to the Middle East and East Africa.

In line with the Company's strategic thrust, and like its other businesses, the International Business too was focussed on strengthening organisational

capabilities, refining and building systems and processes, as well as expanding the distribution network to service the international customers better.

AFTERMARKET BELIEVES IN HIGHER LEVELS OF CUSTOMER SERVICE AND PARTNERING WITH THE CUSTOMER THROUGHOUT THE LIFECYCLE OF THE PRODUCT – A VALUE PROPOSITION THAT HELPS IN CO-CREATING DEMAND.



The Company's 100%-owned subsidiary Ascot International FZC (earlier a large distributor for the Company in the Middle East) now has a full-fledged office in Sharjah. The operations at ASCOT have been streamlined and strengthened, a factor that will drive improved performance in the Middle East.

As a part of the focussed marketing efforts to accurately and cost-effectively widen its reach and foster profitable relationship through face-to-face interactions, the Company participated in the Middle East Electricity (MEE), Dubai, 2013 exhibition.

Risks & Concerns

○ **Competition** - The intensity of competition, especially from low-cost

players, limits the pricing power of the Company.

○ **Forex fluctuations** - Fluctuations in exchange rates and volatility in commodity prices could adversely impact the Company's profit margins.

Outlook

In addition to the United Arab Emirates and China, the Company plans to establish its presence in Tanzania and Indonesia during the forthcoming year. Moving forward, given the focussed initiatives, the Company is confident of building its capabilities and slowly and steadily expanding the volumes in the international business and thereby widening its geographical footprint.

Greaves international footprint



INTERNAL CONTROL FRAMEWORK

Your Company conducts its business with integrity and high standards of ethical behaviour and in compliance with the laws and regulations that govern its business.

Your Company has a well established framework of internal controls in operation, supported by standard operating procedures, policies and guidelines, including suitable monitoring procedures and self-assessment exercises. In addition to external audit, the financial and operating controls of your Company at various locations are reviewed by the Internal Auditors, who report significant findings to the Audit Committee. Compliance with laws and regulations is also monitored.

Your Company's Code of Conduct sets out the fundamental standards to be

followed by employees in their everyday actions. In accordance with the Code of Conduct and standards associated with the Code of Conduct, employees are required to become familiar with the legal requirements, policies and procedures applicable to their areas of operation, avoid conflicts of interest and are tasked with upward reporting of all unethical and illegal conduct. All employees are committed to the principle of performance with integrity and ensuring that activities comply with all applicable laws.

Additionally, employees are required





Greaves products on display

to certify on an annual basis whether there have been any transactions which are fraudulent, illegal or violative of the Code of Conduct. Strong

oversight and self monitoring policies and procedures demonstrate your Company's commitment to the highest standards of integrity.

HUMAN RESOURCES

Strongly cognizant of the importance of the HR function to its innovation-led business, the Company invested significantly in further building a value-led corporate culture during the year.

To this end, the Company reiterated the five core corporate values, aptly termed the Panchtatva, drawing inspiration from the five elements of nature (water, fire, earth, air and ether), to be nurtured as a way of life. With its 'five values, one way of life' focus, Greaves initiated several measures to evolve its Panchtatva concept (signifying the values of Integrity, Respect, Passion for Excellence, Transparency and Responsibility) into a brand which would become the DNA of its work culture. Launch of Panchtatva across offices, manufacturing locations and facilities was a key component of this campaign.

Other key initiatives

- Put together a strong leadership team to drive growth across its restructured business model
- Strengthened the R&D and marketing teams
- Engaged employees across different functions in training and competency development
- Organised several training programmes and knowledge sharing meets

COMPANY REITERATED THE FIVE CORE CORPORATE VALUES, APTLY TERMED THE PANCHTATVA, DRAWING INSPIRATION FROM THE FIVE ELEMENTS OF NATURE



- Set cultural committees to foster interactions and bonding, leading to individual and collective progress
 - Upgraded and expanded SAP & IT-enabled support which eased the people-related functions and made life simpler for its employees
- These initiatives and campaigns will contribute in a big way to developing a performance-driven work culture and ethos, founded on the concept of Panchtatva, to nurture the organisational core and infuse new vitality and vibrancy into the Company and play an important role in Engineering Growth.

INFORMATION TECHNOLOGY

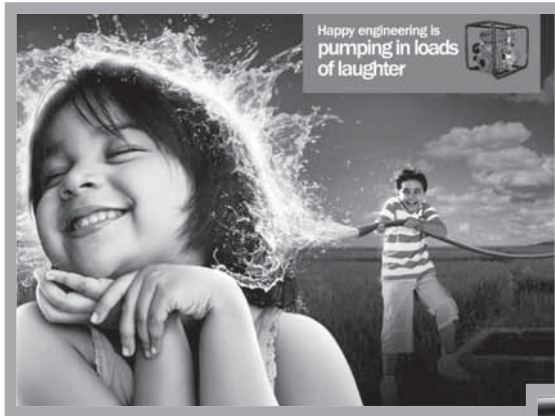
With Information Technology (IT) as a major component of its business strategy, the Company initiated several new measures during FY13 to further simplify and streamline systems and processes. HR-related functions, performances and processes also benefited immensely from the IT focus, as employee systems and payroll procedures were automated. Going ahead, the Company expects to further boost its operational excellence through greater technology-enabled and systemic automation across its businesses and functions.

- IT benefiting external audience & linking employees
- Launched a dealer portal helping the channel to migrate to a more cost-efficient, time-saving system of ordering products and services.
 - Strengthened the Intranet which has now evolved as a platform to share the best practices, as well as for knowledge sharing, discussions and idea generation.
 - Launched a vendor portal, providing an online system with extensive economies of time and money.
 - Linked all manufacturing facilities to the Intranet.

LAUNCHED A DEALER & VENDOR PORTAL TO INCREASE EFFICIENCY AND SAVE TIME.

CORPORATE SOCIAL RESPONSIBILITY

The Company, as a responsible corporate citizen, believes in contributing to the communities that it works within and education is its chosen arena of work for its CSR initiatives. The Company is particularly focussed on enabling the underprivileged to get access to quality education and employability skill sets, which is driven by several initiatives and positive interventions at its facilities. The Company will continue its efforts to contribute positively to communities by identifying other areas where support is required and fulfilling these unmet needs.





CORPORATE GOVERNANCE

1. Company's Philosophy on Corporate Governance

The Company is committed to the adoption of best governance practices and their adherence in true spirit at all times. The practice of good governance starts from the very top and resonates down to every level in the organisation. Adhering to good governance is deeply ingrained in the fabric of the organisation, its culture, the way we conduct our internal operations and manage our business with external parties. The Company always aims towards building trust and enhancing its stakeholders' values on a sustainable basis.

The Company has complied with the requirements as laid down in Clause 49 of the Listing Agreement with the Stock Exchanges (the Listing Agreement) as set out below:

2. Board of Directors

2.1 Composition of Board:

The Board is represented by senior professionals from diverse backgrounds. The Board consists of seven Directors of whom, five are Non-executive, Independent Directors, one is an Executive Director and the Chairman of the Board is a Promoter, Non-executive Director. Thus, 71% of the Board consists of Independent Directors, which more than meets the requirement stipulated in Clause 49 of the Listing Agreement. All the Directors, except the Managing Director & CEO, are liable to retire by rotation. The day-to-day management of the Company, under the superintendence and control of the Board, is vested with the Managing Director & CEO who is supported by a competent Management Team.

There is no relationship between the Directors inter se.

The composition of the Board as on date, the changes during the year under review and Directorship / Committee positions of the Directors in other companies, are as follows:

Name of Director	Position / Category	Other Directorship(s) ¹	Other Committee Memberships ²	
			Member	Chairman
Mr. Karan Thapar	Chairman / Non-Executive Director	3	1	-
Mr. Vijay Rai	Independent Director	5	3	2
Mr. Suresh Talwar	Independent Director	13	5	2
Mr. Vikram Tandon	Independent Director	1	1	1
Mr. Sukh Dev Nayyar	Independent Director	1	1	1
Dr. Clive Hickman	Independent Director	-	-	-
Mr. Sunil Pahilajani	Managing Director & CEO / Executive Director	2	1	-

Notes:

Based on the disclosures received from the Directors.

1. Excludes directorships in private companies, foreign companies and alternate directorships.
2. Includes only Audit Committee and Investors Grievance Committee of other Indian public limited companies.

2.2 Attendance at the Board Meetings and Annual General Meeting

During the financial year 2012-13, the Board met four times i.e. on 11th May, 2012, 30th July, 2012, 2nd November, 2012 and 30th January, 2013. The gap between any two Board Meetings did not exceed four months. Other than Mr. Vikram Tandon not being present at the Board Meeting held on 30th July, 2012, all the Directors attended all the Meetings.

The Annual General Meeting (AGM) for the year ended 31st March, 2012 was held on 30th July, 2012. All the Directors, except Mr. Vikram Tandon, attended the AGM.

2.3 Conduct of Board Meetings

The Board meets at least once in a calendar quarter to, inter alia, review the quarterly financial results, strategic business plan and annual budget. The annual calendar of Board Meetings is tentatively agreed upon at the beginning of each year. Additionally, Board Meetings are convened to transact special business, as and when necessary.

Agenda papers, containing all necessary information including information as specified in Annexure IA to Clause 49 of the Listing Agreement, are made available to the Board well in advance to enable the Board to discharge its responsibilities effectively and take informed decisions. Presentations are also made to the Board by Business and Function Heads on operations and various issues concerning the Company. The Directors also have independent access to the Senior Management at all times.

3. Committees

As mandated by Clause 49 of the Listing Agreement, the Company has constituted an Audit Committee and an Investors' Grievances and Share Transfer Committee. In addition, the Company has complied with the non-mandatory requirement of setting up a Remuneration Committee. The Company has also constituted a Risk Review and Strategy Committee. The functioning of each of these Committees is regulated by the specific terms of reference, roles and responsibilities and powers detailed in their respective Charters.

The Company Secretary acts as the Secretary to all these Committees.

The Minutes of the meetings of all these Committees are placed before the Board for discussions / noting. None of the Directors are Members of more than ten committees or Chairman of more than five committees across all companies in which they are Directors. Necessary disclosures regarding Committee positions in other public companies as on 31st March, 2013 have been received from the Directors.

3.1 Audit Committee

The objective of Audit Committee (the Committee) is to monitor and provide effective supervision of the Management's financial reporting process with a view to ensure accurate, timely and proper disclosures and the transparency, integrity and quality of financial reporting.

I. Terms of reference

The primary role of the Committee is that of assisting the Board of Directors (the Board) of the Company in overseeing the:

- a) Company's financial reporting process
- b) integrity of the Company's financial statements
- c) Statutory Auditors' qualification and independence
- d) performance of the Company's Internal Auditors and Statutory Auditors
- e) adequacy and reliability of the internal control system
- f) Company's compliance with listing and other legal requirements relating to financial statements
- g) adequacy and effectiveness of the Company's legal compliance and control system
- h) functioning of the Whistle Blower mechanism

The Committee reviews the following information:

- Management Discussion and Analysis of financial condition and results of operations
- Statement of significant related party transactions
- Management letters / letters of internal control weaknesses issued by the Statutory Auditors.

The Committee also acts as a link between Statutory and Internal Auditors and Board of Directors of the Company.



II. Composition

The Committee comprises three qualified and Independent Directors. The composition of the Committee is in accordance with Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement, as given below:

Name	Designation	Category
Mr. Sukh Dev Nayyar	Chairman	Independent Director
Mr. Vijay Rai	Member	Independent Director
Mr. Suresh Talwar	Member	Independent Director

The Managing Director and the Chief Financial Officer of the Company, the Statutory Auditors and the Internal Auditors are permanent invitees at the Audit Committee Meetings. The Cost Auditors are invited to attend the Audit Committee Meetings, as and when required.

III. Meetings and attendance

During the financial year 2012-13, the Committee met four times i.e. on 10th May, 2012, 27th July, 2012, 2nd November, 2012 and 29th January, 2013. The gap between any two Meetings did not exceed four months. All three Members were present at these Meetings.

The Chairman of the Audit Committee was present at the Annual General Meeting held on 30th July, 2012.

3.2 Remuneration Committee

The objective of the Remuneration Committee is to ensure that the Company's remuneration and incentive policies, practices and performance indicators are aligned with the Board's vision, values and overall business objectives and are appropriately designed to motivate the Chief Executive Officers and the Senior Management to pursue the long-term growth and success of the Company.

I. Terms of reference

- (i) To review and approve the Managing Director's / Executive Directors' remuneration on behalf of the Board of Directors, subject to the approval of the Shareholders, as follows:
 - (a) elements of the remuneration package that is salary, perquisites, retirement benefits, pension, separation compensation and the structure of the remuneration package viz., the proportion of fixed and variable component;
 - (b) remuneration amount, annual / mid-term increments, merit rewards, special payments, etc.
 - (c) changes in the remuneration package, terms of appointment, notice period, severance fees, recruitment, retention and termination policies and procedures;
 - (d) details of Stock Options and period over which the options are exercisable;
 - (e) Key Performance Indicators, the actual performance vis-à-vis the Key Performance Indicators and amount of the annual Performance Linked Incentive;
- (ii) To review the policies and practices governing employment of the Executive Officers (CEOs and other direct reportees of the Managing Director) with a view to attract and retain suitable talent.
- (iii) To investigate any senior level employee grievance or complaints that may have arisen.

II. Composition

The Remuneration Committee comprises of three Non-executive Directors as follows:

Name	Designation	Category
Mr. Vijay Rai	Chairman ¹	Independent Director
Mr. Karan Thapar	Member	Non-executive Director
Mr. Vikram Tandon (with effect from 11 th May, 2012)	Member	Independent Director
Mr. Suresh Talwar (ceased to be Chairman and Member with effect from 11 th May, 2012)	Member	Independent Director

¹ Nominated as Chairman with effect from 11th May, 2012

III. Meetings and attendance

During the financial year 2012-13, the Remuneration Committee met twice on i.e. 11th May, 2012 and 30th January, 2013, when all the Members of the Committee were present.

The Chairman of the Remuneration Committee was present at the Annual General Meeting held on 30th July, 2012.

IV. Remuneration Policy

The remuneration policy of the Company is performance driven and is structured to attract and retain talent, motivate employees, recognise their merits and achievements and promote excellence in their performance.

1. For the Whole-time Directors

The remuneration of the Managing Director & CEO is determined by the Remuneration Committee, subject to the approval of the Members and if required, of the Central Government. The Committee takes into account the experience, qualification and prevailing industry practices while deciding the remuneration.

At the Annual General Meeting held on 30th July, 2012, the Members had approved the appointment and the remuneration of Mr. Sunil Pahilajani as the Managing Director & CEO for a period of five years with effect from 5th November, 2011.

The remuneration paid to Mr. Sunil Pahilajani comprises of Salary and Allowances, Perquisites, Retirement Benefits and Performance Linked Incentive. Details of remuneration paid to Mr. Sunil Pahilajani, for the financial year 2012-13 are as follows:

		₹ in Lakhs
Salary and Allowances	:	156.56
Perquisites	:	24.25
Retirement Benefits	:	9.59
Total	:	190.40

No severance fees are payable to the Directors on termination of employment. The Company does not have a scheme for stock options of its Shares either for the Directors or the employees.

2. For the Non-executive Directors

The Non-executive Directors are uniformly paid by way of fixed remuneration in the form of Sitting Fees and Commission on the profits, if any, made by the Company.



Sitting Fees

The Non-executive Directors are entitled to Sitting Fees for attending the Board and Committee Meetings, as per the details given below:

Meetings	Fees for each Meeting (₹)
Board of Directors	20,000
Audit Committee, Remuneration Committee, Risk Review and Strategy Committee	20,000
Investors' Grievances and Share Transfer Committee, Managing Committee	5,000

The aforesaid Sitting Fees are within the limits prescribed under the Companies Act, 1956.

Commission

In terms of the Members' approval given at the Annual General Meeting held on 30th July, 2012, Commission is payable at a rate not exceeding 1% per annum of the Net Profits of the Company computed in the manner referred to in Section 309 of the Companies Act, 1956. The actual amount of Commission payable to each Non-executive Director is decided by the Board on the following criteria:

1. Number of Meetings attended
2. Role and contribution as Chairman / Member of the Board
3. Role and contribution as Chairman / Member of the Committee
4. Overall contribution and time devoted outside the Meetings

Remuneration paid / payable to the Non-executive Directors for the financial year 2012-13

(₹ in Lakhs)

Name	Sitting Fees	Commission*	Total
Mr. Karan Thapar	1.60	159.75	161.35
Mr. Vijay Rai	2.15	7.45	9.60
Mr. Suresh Talwar	2.40	5.32	7.72
Mr. Vikram Tandon	1.40	12.78	14.18
Mr. Sukh Dev Nayyar	1.60	10.65	12.25
Dr. Clive Hickman	1.20	17.04	18.24

* Subject to approval of the Annual Accounts for the financial year 2012-13 by the Members at the forthcoming Annual General Meeting to be held on 30th July, 2013.

Please refer to the disclosure on related party transactions in the Notes to the financial statements for details of transactions in which Mr. Karan Thapar is concerned or interested.

None of the other Non-executive Directors has any other pecuniary interest in the Company.

Shareholding of the Non-executive Directors in the Company

Name	Number of Shares of ₹2 each held	% of Total Paid-up Equity Capital
Mr. Karan Thapar	1,000	0.0004
Mr. Vijay Rai	18,150	0.0074
Mr. Suresh Talwar	84,980	0.0348
Mr. Vikram Tandon	500	0.0002
Mr. Sukh Dev Nayyar	500	0.0002
Dr. Clive Hickman	–	–

3.3 Investors' Grievances and Share Transfer Committee

During the year ended 31st March, 2012, the Company had an Investors' Grievances Committee to address and redress investors' requests and complaints. In addition, the Company had a Share Transfer Committee to manage and approve all matters related to shares. In order to provide better service to investors by expediting the process for approval of transfer, transmission, etc. of shares, the Board, at its Meeting held on 2nd November, 2012 delegated the authority to approve all transfers / transmissions related matters to Ms. Monica Chopra, Company Secretary & Executive Vice President - Legal and Mr. Bhavesh Shah, Associate General Manager - Legal & Secretarial.

Consequent to the delegation of the authority to approve share related work to the Officers of the Company as above, the Share Transfer Committee had become redundant. Accordingly, the Investors' Grievances Committee was renamed as "Investors' Grievances and Share Transfer Committee". The share related work, as approved by the authorised Officers, is noted by this Committee.

The Investors' Grievances and Share Transfer Committee (the Committee) specifically focusses on the redressal of the Shareholders' / Investors' complaints and grievances.

I. Terms of reference

The brief terms of reference of the Committee are as follows:

- To receive the report of the Registrar and Share Transfer Agent about investors' complaints and grievances and follow-up for necessary action taken for redressal thereof.
- To review the existing "Investor Redressal System" and suggest measures for improvement in investor relations.
- To note the transfer / transmission / transposition / rematerialisation / dematerialisation of shares and consolidation / splitting of folios as approved by the persons duly authorised by the Board of Directors in this regard and the issue of share certificates in exchange for sub-divided, consolidated, defaced, torn, etc.
- To appoint and remove the Registrar and Share Transfer Agent, decide the terms and conditions, remuneration, service charge / fees and review their performance.
- To decide the frequency of audit of the Registrar and Share Transfer Agent and to consider the Auditor's Report thereon.

II. Composition

The Committee comprises of three Directors as follows:

Name	Designation	Category
Mr. Vijay Rai	Chairman	Independent Director
Mr. Suresh Talwar (appointed with effect from 30 th January, 2013)	Member	Independent Director
Mr. Sunil Pahilajani	Member	Managing Director & CEO
Mr. Karan Thapar (ceased with effect from 30 th January, 2013)	Member	Non-executive Director

III. Meetings and attendance

During the financial year 2012-13, the Committee met three times i.e. on 11th May, 2012, 30th July, 2012 and 30th January, 2013, when all the Members of the Committee were present.

IV. Name and designation of Compliance Officer

Ms. Monica Chopra, Company Secretary & Executive Vice President - Legal, has been appointed as the Compliance Officer under Clause 47 of the Listing Agreement.



V. Details of Shareholders' complaints / queries

The details of Shareholders' complaints during the financial year 2012-13 are as follows:

Status of Complaints	Number of Complaints
Pending as of 1 st April, 2012	NIL
Received	5
Disposed	5
Pending as of 31 st March, 2013	NIL

In keeping with the Company's focus on promptly resolving investors' complaints, the Registrar and Share Transfer Agent, Sharepro Services (India) Private Limited, strives to attend to all investor complaints within 48 hours of receipt.

The Company has a separate email ID investors@greavescotton.com to which investors may address their grievances. They may contact the Investor Relations Officer, Mr. Bhavesh Shah, Associate General Manager - Legal & Secretarial, at the Registered Office of the Company or on Telephone : +91 22 2439 7575.

Pursuant to Clause 49 of the Listing Agreement, the details of Directors seeking appointment / re-appointment at the ensuing Annual General Meeting (AGM) are provided in the Notice convening the AGM.

As an investor relations initiative, the Company maintains a web-based service [Investor Assist](#) to enable Members to view the information relating to their shareholding, dividend entitlements, current status of their requests made for transfer / transmission of shares, change of address, complaints, if any, etc. Members can access this service free of cost. Complete details of the past unpaid / unclaimed dividends and fixed deposits lying with the Company have been uploaded on the Company's website www.greavescotton.com under the head Investor Relations. Members are urged to visit the website and claim their unpaid / unclaimed dividend and fixed deposits before the amount gets transferred to the Investor Education and Protection Fund of the Government.

3.4 Risk Review and Strategy Committee

The Risk Review and Strategy Committee periodically reviews the Company's risk profile and the Management's plans to mitigate potential risks.

I. Composition

The Risk Review and Strategy Committee comprises of four Directors as follows:

Name	Designation	Category
Mr. Vikram Tandon	Chairman	Independent Director
Mr. Sunil Pahilajani	Member	Managing Director & CEO
Dr. Clive Hickman	Member	Independent Director
Mr. Karan Thapar (appointed with effect from 30 th January, 2013)	Member	Non-executive Director
Mr. Suresh Talwar (ceased with effect from 30 th January, 2013)	Member	Independent Director

II. Meetings and attendance

During the financial year 2012-13, the Risk Review and Strategy Committee met thrice on i.e. 10th May, 2012, 1st November, 2012 and 29th January, 2013, when all the Members of the Committee were present.

4. General Body Meetings

i. Location and time of the last three Annual General Meetings:

Date of AGM	Time	Venue	Special Resolution, if any
30 th July, 2012	3.30 p.m.	Hall of Culture, Nehru Centre Worli Mumbai - 400 018	1. Payment of Commission to Non-executive Directors 2. Alteration of Articles of Association of the Company
27 th July, 2011	3.30 p.m.	Hall of Culture, Nehru Centre Worli Mumbai - 400 018	None
19 th October, 2010	3.30 p.m.	Amar Gian Grover Auditorium Lala Lajpatrai Marg, Haji Ali Mumbai - 400 034	Alteration of Articles of Association of the Company

ii. Special Resolutions passed through Postal Ballot:

No Special Resolution was passed through Postal Ballot during the financial year 2012-13. However, an Ordinary Resolution under Section 293(1)(a) of the Companies Act, 1956 was passed through Postal Ballot during the financial year 2012-13. None of the businesses proposed to be transacted in the ensuing Annual General Meeting require passing a special resolution through Postal Ballot. Resolutions, if required, shall be passed by postal ballot during the year ending on 31st March, 2014, in accordance with the prescribed procedure.

5. Disclosures

i. Basis of Related Party Transactions

Details of related party transactions as per the requirement of Accounting Standard 18, are disclosed in Notes to the financial statements. A statement of these transactions is also placed before the Audit Committee, from time to time. None of the transactions with any of the related parties was in conflict with the interest of the Company. All transactions with related parties are negotiated on an arms' length basis and are intended to further the interests of the Company's business. The Register of Contracts containing the transactions in which Directors are interested, is placed before the Board regularly for its noting / approval.

ii. Disclosure of Accounting treatment

The Company has, in preparation of the financial statements, followed the applicable Accounting Standards.

iii. Compliance by the Company

There were no instances of non-compliance of any requirement of the Stock Exchanges, SEBI or other statutory authorities on any matter relating to capital markets during the last three years.

iv. Policy for reporting illegal or unethical behaviour (Whistle Blower Policy)

In line with its commitment to develop a system where employees can voice their genuine concerns about any unethical or unacceptable business practice or any event of misconduct, the Whistle Blower Policy ("Policy") has been formulated. It provides a mechanism for the employees of the Company to approach the Compliance Officer or the Chairman of the Audit Committee. The purpose of this Policy is to provide a framework to promote responsible and secure whistle blowing. The Policy neither releases employees from their duty of confidentiality in the course of their work nor is it a route for taking up a grievance about a personal situation. The Company ensures that genuine Whistle Blowers are accorded complete protection from any kind of unfair treatment.



v. Code of Conduct for Prevention of Insider Trading

The Company has adopted a Code of Conduct for Prevention of Insider Trading as well as a Code of Corporate Disclosure Practices, as prescribed by the SEBI (Prohibition of Insider Trading) Regulations, 1992. The Compliance Officer is responsible for monitoring adherence to the rules for the preservation of price sensitive information, pre-clearance of trades, monitoring of trades and implementation of the Code of Conduct for trading in Company's securities, under the overall supervision of the Board. All Directors and employees in the Grade of Vice President and above and other designated employees who could be privy to unpublished price sensitive information of the Company are governed by this Code.

Ms. Monica Chopra, Company Secretary & Executive Vice President - Legal has been appointed as the Compliance Officer under the Whistle Blower Policy and the Code of Conduct for Prevention of Insider Trading.

vi. Code of Conduct

The Board is responsible for ensuring that rules are in place to avoid conflicts of interest by the Board Members. The Company has adopted a Code of Conduct ('Code') for the Members of the Board and Senior Management personnel as required under Clause 49 of the Listing Agreement. The Code is posted on the Company's website www.greavescotton.com. All the Members of the Board and the Senior Management personnel have affirmed their compliance with the said Code. A declaration to this effect, signed by the Managing Director & CEO, is contained in this Annual Report.

Disclosures have also been received from the Senior Management personnel relating to the financial and commercial transactions in which they or their relatives may have a personal interest. However, no transactions have been reported that could have a potential conflict with the interests of the Company at large.

vii. CEO/CFO Certification

The Managing Director & CEO and the Chief Financial Officer of the Company 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 annexed herewith.

viii. Subsidiary Companies

The Company does not have a material, non-listed Indian subsidiary as defined under Clause 49 of the Listing Agreement.

The Company monitors the performance of its subsidiary companies, inter alia, by the following means:

- The financial statements, in particular, the investments made by the unlisted subsidiary companies, are reviewed by the Audit Committee.
- The Minutes of Board Meetings of the subsidiary companies are placed at the Board Meetings of the Company.
- Details of significant transactions and arrangements entered into by the subsidiary companies are noted by the Board, as and when applicable.

ix. Auditors' Certificate on Corporate Governance

Auditors' Certificate on compliance with the conditions of Corporate Governance, as stipulated in Clause 49 of the Listing Agreement, is annexed herewith.

6. Means of Communication

- Newspapers: The Company publishes the statement of financial results (quarterly / half yearly / annual) in prominent newspapers like Business Standard and Navshakti / Sakal.

- Press Releases: The Company issues press releases highlighting significant performance and operational milestones. The press releases are sent to, and are displayed by, the Stock Exchanges, where the Shares of the Company are listed.
- Analysts and Investors' Meet / Call: The Company regularly conducts meetings / calls with Analysts and Investors to brief them of the financial and operational performance.
- Website: The financial results are also simultaneously posted on the Company's website www.greavescotton.com.

7. General Shareholder Information

- i. Annual General Meeting** : Tuesday, 30th July, 2013 at 4.30 p.m. at Hall of Culture, Ground Floor, Nehru Centre, Worli, Mumbai - 400 018
- Date, time and venue**
- ii. Financial Year** : 1st April, 2012 to 31st March, 2013

Financial Calendar (tentative)

The Company expects to announce the results for the financial year 2013-14, as per the following schedule:

- 1st quarter ending 30th June, 2013 : On or before 14th August, 2013
- 2nd quarter ending 30th September, 2013 : On or before 14th November, 2013
- 3rd quarter ending 31st December, 2013 : On or before 14th February, 2014
- 4th quarter and audited financial year ending 31st March, 2014 : On or before 30th May, 2014
- 95th Annual General Meeting : On or before 30th September, 2014
- iii. Dates of Book Closure** : 23rd July, 2013 to 30th July, 2013 (both days inclusive) for the purpose of determining the eligibility for final dividend, if declared by the Members at the ensuing Annual General Meeting.
- iv. Dividend Payment Date** 9th August, 2013
- v. Listing on the Stock Exchanges**

The Company's Equity Shares are listed on the following Stock Exchanges having nation-wide trading terminals:

BSE Limited (BSE)	National Stock Exchange of India Limited (NSE)
P. J. Towers Dalal Street, Fort Mumbai - 400 001	"Exchange Plaza" Bandra-Kurla Complex, Bandra (East) Mumbai - 400 051

The Company's Equity Shares form part of Group "B" / BSE 500 Index of BSE.

The Listing Fee for the financial year 2013-14 has been paid to both the above Stock Exchanges.

The Annual Custodial Fee has been paid for the financial year 2013-14 to both the Depositories.

vi. Stock Code

Name	Code	Symbol
BSE Limited	501455	GREAVE
National Stock Exchange of India Limited	-	GREAVESCOT EQ
International Securities Identification Number (ISIN)	INE224A01026	

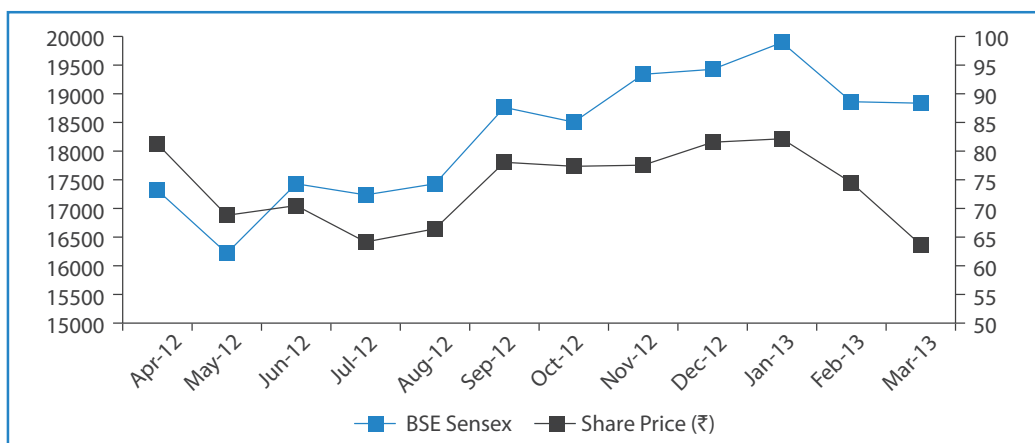


vii. Market price data (high, low during each month in the financial year 2012-13)

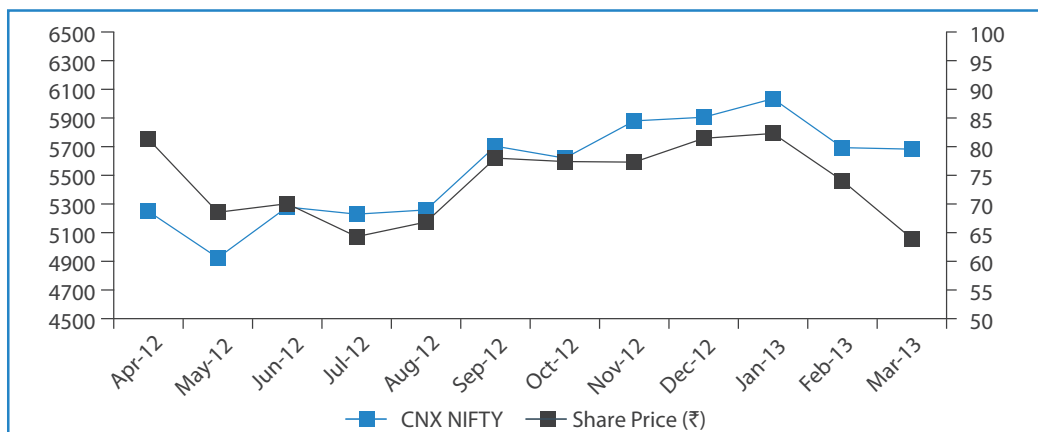
Month	BSE				NSE			
	Prices in ₹		Sensex		Prices in ₹		CNX Nifty	
	High	Low	High	Low	High	Low	High	Low
April, 2012	87.65	77.25	17,664.10	17,010.16	88.10	80.70	5378.75	5154.30
May, 2012	84.20	67.55	17,432.33	15,809.71	88.90	60.15	5279.60	4788.95
June, 2012	72.20	66.65	17,448.48	15,748.98	72.00	65.55	5286.25	4770.35
July, 2012	71.65	60.00	17,631.19	16,598.48	71.10	59.80	5348.55	5032.40
August, 2012	69.60	64.15	17,972.54	17,026.97	69.70	64.15	5448.60	5164.65
September, 2012	78.80	65.30	18,869.94	17,250.80	79.00	65.10	5735.15	5215.70
October, 2012	87.55	76.50	19,137.29	18,393.42	87.50	75.50	5815.35	4888.20
November, 2012	81.50	71.10	19,372.70	18,255.69	81.60	71.25	5885.25	5548.35
December, 2012	82.25	74.00	19,612.18	19,149.03	84.80	74.15	5965.15	5823.15
January, 2013	86.35	76.55	20,203.66	19,508.93	86.10	76.85	6111.80	5935.20
February, 2013	86.50	74.00	19,966.69	18,793.97	86.95	72.25	6052.95	5671.90
March, 2013	74.00	62.50	19,754.66	18,568.43	74.85	62.50	5971.20	5604.85

viii. Performance of Share Price in comparison to the BSE and NSE Indices

(a) Performance of the Company's Share price in comparison with the BSE Index



(b) Performance of the Company's Share price in comparison with the NSE Index

**ix. Registrar and Transfer Agent**

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

Website : www.shareproservices.com

Contact person Mr. Abraham George

x. Share Transfer System

98.28% of the Equity Shares of the Company are held in the dematerialized form. Transfers of these Shares take place electronically through the Depositories with no involvement of the Company or the Company's Registrar and Share Transfer Agent, Sharepro Services (India) Private Limited. All requests for dematerialisation of securities are processed and confirmation is given to the Depositories within 15 days.

As regards transfer of Shares held in physical form, the transfer documents can be lodged with Sharepro Services (India) Private Limited, the Company's Registrar and Transfer Agent at the above mentioned address or at the Registered Office of the Company. Transfers of Shares in physical form are approved by the authorised Officials of the Company and the Share Certificates are dispatched within an average period of 12 days from the date of receipt of request, provided the relevant documents are complete in all respects.

xi. Distribution Shareholding as on 31st March, 2013

Category From -To	Shares		Shareholders	
	Number	% of total	Number	% of total
Upto 5,000	40,246	97.96	1,31,84,206	5.40
5,001 to 10,000	480	1.17	33,74,609	1.38
10,001 to 20,000	163	0.40	22,30,800	0.91
20,001 to 30,000	50	0.12	11,91,511	0.49
30,001 to 40,000	17	0.04	5,73,826	0.23
40,001 to 50,000	19	0.05	8,75,594	0.36
50,001 to 1,00,000	40	0.10	29,91,349	1.23
1,00,001 & above	67	0.16	21,97,84,900	90.00
Total	41,082	100.00	24,42,06,795	100.00



xii. Shareholding Pattern as on 31st March, 2013

CATEGORY	Number of Shares of ₹2 each held	% Shareholding
Promoters	12,59,21,566	51.57
Mutual Funds and Unit Trust of India	3,68,85,278	15.10
Banks, Financial Institutions		
Insurance Companies (Central/State Govt. Institutions/Non Government Institutions)	2,90,24,695	11.89
Corporate Bodies	79,39,852	3.25
Non-Resident Indians / Overseas Corporate Bodies / Foreign Institutional Investors	2,33,56,136	9.56
Resident Individuals	2,10,79,268	8.63
Total	24,42,06,795	100.00

xiii. Dematerialisation of Shares and Liquidity

The Equity Shares of the Company can be traded on the Stock Exchanges only in dematerialised form. As on 31st March, 2013, 98.28% of the total Equity Shares was held in dematerialised form.

The details of Equity Shares held in dematerialised and in physical form as on 31st March, 2013, are given hereunder:

Particulars of Equity Shares	Equity Shares of ₹2 each		Shareholders	
	Number	% of total	Number	% of total
Dematerialised form				
NSDL	22,15,00,675	90.70	20,471	49.83
CDSL	1,85,21,850	7.58	5,814	14.15
Sub-total		98.28		63.98
Physical form	41,84,270	1.72	14,797	36.02
Total	24,42,06,795	100.00	41,082	100.00

The Shares of the Company are frequently traded on the Stock Exchanges.

xiv. Outstanding GDRs / ADRs / Warrants or any convertible instruments

The Company has not issued any GDRs / ADRs / Warrants.

xv. Shares in the Suspense Account

At the time of the split in the face value of the Shares from ₹ 10 each to ₹ 2 each in 2010, there were instances where the new Shares allotted could not be credited to the demat accounts of the allottees due to various reasons, for e.g. invalid demat account, incorrect DP ID / Client ID, etc.

As required by Clause 5A of the Listing Agreement, a demat account for holding these unclaimed Shares has been opened with Axis Bank Limited in the name and style of "Greaves Cotton Limited – Unclaimed Shares Suspense Account".

The details of the Shares held in the aforesaid demat account are as follows:

Type of Security	As on 1 st April, 2012		Shares transferred in favour of the concerned shareholders during the year		Balance as on 31 st March, 2013	
	Number of		Number of		Number of	
	Cases	Shares	Cases	Shares	Cases	Shares
Equity Shares	5,135	6,70,735	21	15,070	5,114	6,55,665

The voting rights on these Shares shall remain frozen till the rightful owners of such Shares claim them.

xvi. Reconciliation of Share Capital Audit

A Reconciliation of Share Capital Audit is conducted every quarter to reconcile the total admitted capital with NSDL and CDSL and total issued and listed capital of the Company. The Audit Reports for all the quarters of the financial year ended 31st March, 2013, confirm that the total Issued / Paid-up Capital of the Company is in agreement with the total number of Equity Shares in physical form and the total number of Equity Shares in dematerialised form held with the Depositories.

xvii. Transfer of unclaimed amounts to Investor Education and Protection Fund

Pursuant to Section 205C of the Companies Act, 1956 read with the Investor Education and Protection Fund (Awareness and Protection of Investors) Rules, 2001, the Company has credited to the Investor Education and Protection Fund (IEPF), the following amounts lying unclaimed for a period of seven years:

Particulars of Unclaimed Amount	Date of Transfer	Amount of Transfer (₹)
Final Dividend 2004-05	23 rd October, 2012	12,17,861
1 st Interim Dividend 2005-06	12 th December, 2012	8,59,276
2 nd Interim Dividend 2005-06	7 th March, 2013	8,17,729
Fixed Deposits	3 rd October, 2012	1,51,000
Fixed Deposits	23 rd October, 2012	2,60,000

The amount of unclaimed dividends for the financial year 2005-06 and thereafter and fixed deposits is still lying with the Company. Unpaid dividend and fixed deposit amounts remaining unclaimed for a period of seven years is required to be transferred to the IEPF. Accordingly, the due dates for transfer of the unclaimed dividends and fixed deposits to IEPF are as follows:

Particulars of Unclaimed Amount	Due Date of Transfer	Amount of Transfer (₹)
Final Dividend 2005-06	6 th November, 2013	2,85,393
1 st Interim Dividend 2006-07	18 th November, 2013	5,18,456
2 nd Interim Dividend 2006-07	22 nd February, 2014	5,74,234
3 rd Interim Dividend 2006-07	30 th March, 2014	5,57,266
Unclaimed Fixed Deposits	3 rd July, 2013	10,000
Unclaimed Fixed Deposits	21 st August, 2013	32,000
Unclaimed Fixed Deposits	13 th October, 2013	10,000
Unclaimed Fixed Deposits	10 th March, 2014	10,000
Unclaimed Fixed Deposits	13 th March, 2014	10,000

Please note that no claim shall lie against the Company or the Central Government, once the amounts are transferred to the IEPF. Members who have not yet encashed their dividend warrant(s) / fixed deposits are requested to make their claims without any delay to the Company's Registrar and Share Transfer Agent, Sharepro Services (India) Private Limited.

**xviii. Unit Locations**

Unit	Address	Unit	Address
Diesel Engine Unit - I	Bombay Poona Road Chinchwad, Pune - 411 019	Genset Unit	Gat No.357/17/1, 357/16/2 & 357/16/3 Kharabwadi, Chakan Dist., Khed, Pune
Light Engines Unit -I	J-2, MIDC Industrial Area Chikalthana Aurangabad - 431 210	Petrol Engines Unit	F62 & 63, Sipcot Industrial Complex 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, Chennai - 601 201
Light Engines Unit -IV	J-2A, MIDC Industrial Area Chikalthana Aurangabad - 431 210	Heavy Engineering Unit IV	A-12 (a), Sipcot Industrial Complex Gummidipoondi, Chennai - 601 201
Light Engine Unit -V	A-1/3, Shendra Five Star Industrial Area, Shendra Aurangabad - 431 001		

xix. 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@greaves cotton.com
Website: www.greaves cotton.com

xx. Adoption of Non-mandatory requirements under the Listing Agreement

The Company has complied with all the mandatory requirements of Clause 49 of the Listing Agreement. The Company has complied with the following non-mandatory requirements:

- I. Remuneration Committee: The Company has constituted a Remuneration Committee comprising Non-executive Directors. The details of the Committee have been mentioned earlier in this Report.
- II. Shareholder Rights: The quarterly, half-yearly and annual statement of financial results of the Company are published in newspapers on an all India basis and are also posted on the Company's website. Significant events and milestones are also posted on the Company's website.
- III. Audit Qualifications: There are no audit qualifications in the financial statements.
- IV. Whistle Blower Policy: The details with regard to functioning of the Whistle Blower Policy have been mentioned earlier in this Report.

Adoption of other non-mandatory requirements will be considered by the Company.

Note: The information given hereinabove is as at 31st March, 2013, unless otherwise stated.

Declaration by the Managing Director & CEO on compliance with the Code of Conduct

As required under Clause 49 I (D) (ii) of the Listing Agreement with the Stock Exchanges, the Board Members and the Senior Management personnel of the Company have confirmed compliance with the Code of Conduct of the Company for the financial year ended 31st March, 2013.

Mumbai
29th April, 2013

Sunil Pahilajani
Managing Director & CEO

Certification by CEO and CFO with regard to the financial statements

As required under Clause 49 V of the Listing Agreement with the Stock Exchanges, we, Sunil Pahilajani, Managing Director & CEO and Ashok Kumar Sonthalia, Chief Financial Officer of the Company, hereby certify to the Board of Directors that:

1. We have reviewed financial statements and the cash flow statement for the quarter and year ended as on 31st March, 2013 and that to the best of our knowledge and belief :
 - (a) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (b) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the period which are fraudulent, illegal or in violation of the Company's Code of Conduct.
3. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
4. We have indicated to the auditors and the Audit Committee that :
 - (a) There are no significant changes in internal control over financial reporting during the year;
 - (b) There are no significant changes in accounting policies carried out during the year; and
 - (c) There were no instances of significant fraud of which we have become aware and there are no instances of involvement of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Sunil Pahilajani
Managing Director & CEO

Ashok Kumar Sonthalia
Chief Financial Officer

Mumbai
29th April, 2013



Auditor's Certificate on compliance with the conditions of Corporate Governance

To
The Members of Greaves Cotton Limited

We have examined the compliance with the conditions of Corporate Governance by Greaves Cotton Limited (the 'Company') for the year ended 31st March, 2013, as stipulated in Clause 49 of the Listing Agreements entered into by the Company with stock exchanges in India.

The compliance with 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 with 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 and Co
Chartered Accountants
Firm Registration No: 001076 N

Khushroo B. Panthaky
Partner
Membership No. F-42423

Mumbai
30th April, 2013

INDEPENDENT AUDITORS' REPORT

To the Members of Greaves Cotton Limited

Report on the Financial Statements

1. We have audited the accompanying financial statements of Greaves Cotton Limited, ("the Company"), which comprise the Balance Sheet as at 31 March 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. Management is responsible for the preparation of these financial statements, that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures

that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.
6. In our opinion and to the best of our information and according to the explanations given to us, the financial statements 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:
 - i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March 2013;
 - ii) in the case of Statement of Profit and Loss, of the profit for the year ended on that date; and
 - iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date

Report on Other Legal and Regulatory Requirements

7. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
8. As required by Section 227(3) of the Act, 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 purpose of our audit;
 - b. in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from branches not visited by us;



- c. we have received the report on the accounts of the branch office audited under section 228 by other auditor and have appropriately dealt with these while forming our audit opinion.
- d. the financial statements dealt with by this report are in agreement with the books of account and with the returns received from the branches not visited by us;
- e. in our opinion, the financial statements comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Act; and
- f. on the basis of written representations received from the directors, as at 31 March 2013 and taken on record

by the Board of Directors, none of the directors is disqualified as at 31 March 2013 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act.

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

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

Mumbai
30 April 2013

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

of even date to the members of Greaves Cotton Limited, on the financial statements for the year ended 31 March 2013

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 program of physical verification of its fixed assets under which fixed assets are verified in a phased manner over a period of three years, which, in our opinion, 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 year.
- (ii)
 - (a) The management has conducted physical verification of inventory at reasonable intervals during the year.
 - (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 between physical inventory and book records 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 4(iii)(d) of the Order are not applicable.
 - (e) 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 internal control system in respect of these areas.
- (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 year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) In our opinion, the Company has complied with the directives issued by the Reserve Bank of India, the provisions of Sections 58A and 58AA and other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 1975, as applicable, with regard to the deposits accepted from the public. According to the information and explanations given to us, 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 for the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act in respect of Company's products/services 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 cost records with a view to determine whether they are accurate or complete.
- (ix)
 - (a) The Company is regular in depositing 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 year-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	0.64	2008-09 2009-10 2010-11 2011-12 2012-13	Supreme Court
		0.54	2001-02 2002-03	High Court
		0.34	2001-02 2003-04 2004-05	Revision Board
		0.97	1994-95 1998-99 1999-00 2000-01 2001-02 2002-03 2003-04 2004-05	Appellate Tribunal (VAT)
		2.77	1991-92 1999-00 2003-04 2005-06 2006-07 2007-08 2008-09 2009-10	Joint Commissioner of Sales Tax (Appeals)
Octroi Rules, 2001	Demand based on rate difference	0.12	1999-00	Civil Judge-Senior Division-Pune (District Court)
Central Excise Act, 1944	Disallowance of input credit and penalty	0.91	1998-99 2005-06 2006-07 2007-08	Appellate Tribunal
		0.15	2007-08 2008-09 2009-10 2010-11	Commissioner (Appeals)
		0.32	2006-07 2007-08 2008-09 2009-10 2010-11 2011-12	Additional Commissioner (Appeals)
		0.06	2011-12 2012-13	Deputy Commissioner
Central Excise Act, 1944	Disallowance of input credit and penalty	0.25	1991-92 1997-98	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 and the immediately preceding financial year.
- (xi) The Company has not defaulted in repayment of dues to any bank or financial institution during the year. The Company did not have any outstanding debentures during the year.
- (xii) 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, provisions of clause 4(xiii) of the Order are not applicable.
- (xiv) In our opinion, the Company is not dealing 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 these loans were obtained.
- (xvii) In our opinion, no funds raised on short-term basis have been used for long-term investment by the Company.
- (xviii) During the year, 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 year. 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 year. 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

Mumbai
30 April 2013



BALANCE SHEET

	Note No.	As at 31.03.2013		As at 31.03.2012
		₹ Crore	₹ Crore	₹ Crore
I. EQUITY AND LIABILITIES:				
1. SHAREHOLDERS' FUNDS:				
(a) Share Capital	3	48.84		48.84
(b) Reserves & Surplus	4	693.20		600.53
			742.04	649.37
2. NON CURRENT LIABILITIES:				
(a) Long-Term Borrowings	5	0.04		0.17
(b) Deferred Tax Liabilities (Net)	6	34.72		29.96
(c) Other Long-Term Liabilities	7	3.78		3.05
(d) Long-Term Provisions	8	13.17		10.48
			51.71	43.66
3. CURRENT LIABILITIES:				
(a) Short-Term Borrowings	9	2.20		20.00
(b) Trade Payables	10	232.92		193.16
(c) Other Current Liabilities	11	63.05		80.97
(d) Short-Term Provisions	12	88.34		105.85
			386.51	399.98
TOTAL			1,180.26	1,093.01
II. ASSETS:				
1. NON-CURRENT ASSETS:				
(a) Fixed Assets:	13			
(i) Tangible Assets		360.29		320.94
(ii) Intangible Assets		7.75		5.01
(iii) Capital Work-in-progress		5.33		16.78
(iv) Intangible assets under development		2.69		3.56
		376.06		346.29
(b) Non-Current Investments	14	25.35		52.88
(c) Long-Term Loans and Advances	15	21.15		23.15
(d) Other Non-Current Assets	16	1.41		1.37
			423.97	423.69
2. CURRENT ASSETS :				
(a) Current Investments	17	68.54		58.54
(b) Inventories	18	160.99		169.97
(c) Trade Receivables	19	375.08		257.29
(d) Cash and Cash Equivalents	20	41.35		70.25
(e) Short -Term Loans and Advances	21	110.10		112.78
(f) Other Current Assets	22	0.23		0.49
			756.29	669.32
TOTAL			1,180.26	1,093.01
The Notes are an integral part of these financial statements 1 to 51				

As per our report of even date attached
For **Walker, Chandio & Co**
Chartered Accountants

Khushroo B. Panthaky
Partner

Mumbai
30th April, 2013

Ashok Kumar Sonthalia
Chief Financial Officer

Monica Chopra
Company Secretary &
Executive Vice President-Legal

For and on behalf of the Board
Sukh Dev Nayyar
Director

Sunil Pahilajani
Managing Director & CEO

Mumbai
30th April, 2013

STATEMENT OF PROFIT AND LOSS

	Note No.	Year Ended 31.03.2013		Year Ended 31.03.2012
		₹ Crore	₹ Crore	₹ Crore
INCOME				
Revenue from Operations (Gross)	26		2,096.33	1,926.32
Less: Excise duty			223.04	172.88
Revenue from Operations (Net)			1,873.29	1,753.44
Other Income	27		15.55	5.98
TOTAL REVENUE			1,888.84	1,759.42
EXPENDITURE				
Cost of Materials Consumed	28		1,260.80	1,200.87
Purchase of Stock-in-Trade	29		38.91	46.98
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	30		13.18	(15.17)
Employee Benefits Expense	31		147.92	127.51
Finance Costs	32		1.12	3.48
Depreciation and Amortisation Expense	33	39.03		31.80
Less: Transferred from Revaluation Reserve		0.07		0.07
			38.96	31.73
Other Expenses	34		170.19	156.73
			1,671.08	1,552.13
Profit Before Exceptional Items and Tax			217.76	207.29
Less / (Add): Exceptional Items	35		17.61	(43.29)
Profit Before Tax			200.15	250.58
Tax Expense:				
Current Tax		58.50		61.49
Tax Adjustment in respect of earlier years		(1.07)		-
Deferred Tax		4.76		3.60
			62.19	65.09
Profit for the year			137.96	185.49
Earnings per share (Face Value of ₹ 2/- per share)	49			
(i) Basic			5.65	7.60
(ii) Diluted			5.65	7.60
The Notes are an integral part of these financial statements	1 to 51			

As per our report of even date attached
For **Walker, Chandio & Co**
Chartered Accountants

Khushroo B. Panthaky
Partner

Ashok Kumar Sonthalia
Chief Financial Officer

Monica Chopra
Company Secretary &
Executive Vice President-Legal

Mumbai
30th April, 2013

For and on behalf of the Board
Sukh Dev Nayyar
Director

Sunil Pahilajani
Managing Director & CEO

Mumbai
30th April, 2013



CASH FLOW STATEMENT

	Year Ended 31.03.2013	Year Ended 31.03.2012
	₹ Crore	₹ Crore
A CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	200.15	250.58
Adjustment for:		
Depreciation / Amortisation	38.96	31.73
(Profit) / loss on sale of land and building	-	(77.77)
(Profit) / loss on sale of investments	(0.01)	(0.76)
Provision for diminution in value of investment	14.18	14.18
Interest income	(0.92)	(0.30)
Finance costs	1.12	3.48
(Profit) / loss on sale of fixed assets (net)	(4.24)	(0.55)
Dividend from non-current investments	(1.71)	(2.09)
Dividend from current investments	(4.91)	(1.02)
Unrealised (gain)/ loss on exchange fluctuation	(0.49)	(0.32)
Operating profit before working capital changes	242.13	217.16
Adjustment for:		
(Increase) / decrease in inventory	8.98	16.87
(Increase) / decrease in trade receivables	(117.87)	2.49
(Increase) / decrease in other receivables	(1.37)	(11.69)
Increase / (decrease) in trade payables / provisions	32.34	(49.76)
Cash from operating activities	164.21	175.07
Direct taxes refunded / (paid) (net)	(59.59)	(64.94)
Net cash from operating activities	104.62	110.13
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(71.05)	(101.58)
Sale of fixed assets	4.89	80.95
Investment in subsidiaries	(0.15)	(0.22)
Purchase of current investments	(10.00)	(41.54)
Sale of investments	0.01	0.76
Redemption of investments	13.50	-
Dividend from non-current investments	1.79	2.51
Dividend from current investments	4.91	1.02
Interest received	1.02	0.45
Net cash used in investing activities	(55.08)	(57.65)
C CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of long term borrowings	(0.20)	(2.84)
Increase / (decrease) in short term borrowings (net)	(17.85)	17.69
Finance Costs	(1.12)	(3.76)
Dividend (including dividend tax) paid	(59.27)	(53.50)
Net cash used in financing activities	(78.44)	(42.41)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(28.90)	10.07
Cash and cash equivalents as at the beginning of the year	70.25	60.18
Cash and cash equivalents as at the end of the year	41.35	70.25

CASH FLOW STATEMENT

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 year.
- 3 Cash and cash equivalents represent cash and cash equivalents as per Note 20.
- 4 Figures for the previous year have been regrouped / reclassified, wherever necessary.

As per our report of even date attached

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

Khushroo B. Panthaky
Partner

Mumbai
30th April, 2013

Ashok Kumar Sonthalia
Chief Financial Officer

Monica Chopra
Company Secretary &
Executive Vice President-Legal

For and on behalf of the Board

Sukh Dev Nayyar
Director

Sunil Pahilajani
Managing Director & CEO

Mumbai
30th April, 2013



NOTES TO THE FINANCIAL STATEMENTS

31st March 2013

1 General Information:

Greaves Cotton Limited (the 'Company') is engaged in manufacturing of engines and construction equipment and trading of power tillers, motor graders etc. The Company has manufacturing facilities in the states of Maharashtra and Tamil Nadu. The products are mainly sold in India with some export to Middle East, Africa & South East Asia Region. The Company has four direct and two indirect subsidiaries having operations in India, Netherlands, Germany and Sharjah.

2 Summary of Significant Accounting Policies:

2.1 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. 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, impairment of investments, etc. Difference, if any, between the actual results and estimates is recognised in the period in which the results are known.

All assets and liabilities have been classified as current and non-current as per normal operating cycle of the Company and other criteria set out in the Revised Schedule VI to the Companies Act, 1956. Based on nature of products / services, the Company has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities.

2.2 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.

2.3 Depreciation Amortisation

- a) Tangible assets:
 - i) Depreciation on revalued fixed assets is provided on the re-valued amount derived based on valuation carried out by independent valuers. The depreciation on re-valued portion of the fixed assets is transferred from revaluation reserve to the Statement of profit and loss.
 - 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:

NOTES TO THE FINANCIAL STATEMENTS

31st March 2013

	(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 equipment 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.

2.4 Research and Development

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

2.5 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 but exclude Value Added Tax (VAT) and Service Tax.
- c) Revenue from royalty is accrued and recognised, when the specified goods of the supplier are sold by the Company's dealers in accordance with the terms of agreement.

2.6 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 re-valued 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.



NOTES TO THE FINANCIAL STATEMENTS

31st March 2013

- c) Capital work in progress:
Capital work in progress includes cost of equipments and other expenses incidental to its acquisition which are not yet ready for use.

2.7 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 Statement of profit and loss in the period in which they arise.
- e) Foreign exchange differences arising on marking forward contracts to market rates are recognised in the Statement of profit and loss 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:
- Monetary assets and Monetary liabilities are converted at period-end rates as applicable.
 - Revenue items are translated at the average rate for the period.
 - All differences arising on translation of foreign currency balances are included in the Statement of profit and loss.

2.8 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.

2.9 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:
- 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.
 - 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 Statement of profit and loss. 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.

NOTES TO THE FINANCIAL STATEMENTS

31st March 2013

- 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.

2.10 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.

2.11 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 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.

2.12 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 Statement of profit and loss on a straight line basis.

2.13 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.

2.14 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.



NOTES TO THE FINANCIAL STATEMENTS

31st March 2013

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 statement of profit and loss.

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.

2.15 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 / recognised as appropriate.

	As at 31.03.2013		As at 31.03.2012
	₹ Crore	₹ Crore	₹ Crore
3. Share Capital:			
a) Authorised Share Capital:			
25,00,00,000 Equity Shares of ₹ 2/- each (Previous Year 25,00,00,000 Equity Shares of ₹ 2/- each)		50.00	50.00
25,00,000 Redeemable Preference Shares of ₹ 100/- each (Previous Year 25,00,000 of ₹ 100/- each)		25.00	25.00
		75.00	75.00
b) Issued, Subscribed and Paid up:			
24,42,06,795 Equity Shares of ₹ 2/- each (Previous Year 24,42,06,795 Equity Shares of ₹ 2/- each) fully paid		48.84	48.84
		48.84	48.84

NOTES TO THE FINANCIAL STATEMENTS

31st March 2013

c) Shares in the Company held by each shareholder holding more than 5% shares

Name of the shareholder	As at 31.03.2013		As at 31.03.2012	
	Number of shares held in the Company	Percentage of shares held (%)	Number of shares held in the Company	Percentage of shares held (%)
DBH International Private Limited	9,85,37,502	40.35	9,85,37,502	40.35
Reliance Capital Trustee Company Limited	1,43,76,342	5.89	1,48,15,042	6.07
Bharat Starch Products Limited	1,37,75,865	5.64	1,37,75,865	5.64
Karun Carpets Private Limited	1,36,07,199	5.57	1,36,57,899	5.59

	As at 31.03.2013		As at 31.03.2012
	₹ Crore	₹ Crore	₹ Crore
4. 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	4.09		4.16
Less: Transferred to Statement of profit and loss	0.07		0.07
		4.02	4.09
General Reserve:			
As per last Balance Sheet	268.03		243.03
Add: Transferred from Surplus in Statement of profit and loss	25.00		25.00
		293.03	268.03
Surplus in Statement of profit and loss:			
As per last Balance Sheet	292.48		194.09
Profit for the period	137.96		185.49
Less: Appropriations			
Interim Dividend	26.86		48.84
Proposed Final Dividend	12.21		4.88
Tax on Dividend	6.15		8.38
Transfer to General Reserve	25.00		25.00
		360.22	292.48
		693.20	600.53



NOTES TO THE FINANCIAL STATEMENTS

31st March 2013

	As at 31.03.2013		As at 31.03.2012
	₹ Crore	₹ Crore	₹ Crore
5. Long-Term Borrowings:			
Unsecured:			
Interest-free Sales Tax Loan and Special Incentive Loan		0.04	0.17
		0.04	0.17
Unsecured Borrowings	Terms of Repayment		
Interest-free Sales Tax Loan, Maharashtra- Deferment of five years sales tax liability from May 1995 to May 2000.	Repayable after ten years in five yearly installments, starting from 2005-06 with last installment in May 2014		
6. Deferred Tax Liabilities (Net):			
Deferred Tax Liabilities:			
Depreciation		41.25	35.09
Deferred Tax Assets:			
Provision for Doubtful Debts	2.72		2.28
Provision for Compensated Absence	2.82		2.24
Others	0.99		0.61
		6.53	5.13
		34.72	29.96
7. Other Long-Term Liabilities:			
Deposits received from Dealers		3.78	3.05
		3.78	3.05
8. Long-Term Provisions:			
Compensated Absence		7.07	6.15
Gratuity		6.10	4.33
		13.17	10.48
9. Short-Term Borrowings:			
Secured:			
Cash Credit / Short Term Finance from Banks *		2.20	-
Unsecured:			
Short Term Loan from Others (Representing Commercial Papers)		-	20.00
		2.20	20.00

* 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 ₹ 44.87 crore (Previous Year ₹ 27.85 crore) and ₹ 5.04 crore (Previous Year ₹ 4.21 crore) respectively.

NOTES TO THE FINANCIAL STATEMENTS

31st March 2013

	As at 31.03.2013		As at 31.03.2012
	₹ Crore	₹ Crore	₹ Crore
10. Trade Payables:			
Sundry Creditors (Refer Note No. 47)		232.92	193.16
		232.92	193.16
11. Other Current Liabilities:			
Current Maturities of Long Term Borrowings		0.13	0.20
Unpaid Dividends *		1.60	1.56
Unclaimed Matured Fixed Deposits *		0.02	0.07
Interest Accrued on Matured Fixed Deposits *		0.01	0.01
Advance from Customers		6.63	15.11
Employee Benefits Payable		4.75	4.28
Statutory Dues Including Provident Fund and Tax Deducted at Source		9.79	17.02
Capital Creditors		4.30	11.16
Others			
Provision for Expenses		35.42	31.56
Forward Contract Liabilities and Miscellaneous Deposits		0.40	-
		63.05	80.97

* There are no amounts due and outstanding to be credited to Investor Education and Protection Fund as at 31st March 2013 under section 205C of the Companies Act, 1956.

12. Short-Term Provisions:

Provision for Employee Benefits:			
Compensated Absence		1.23	0.76
Others - Provision for Bonus, Commission etc.		5.11	5.36
Other Provisions :			
Warranty		9.34	9.99
Provision for Tax (Current Year)		58.50	61.49
Proposed Dividend		12.21	4.88
Provision for Special Interim Dividend		-	19.54
Provision for Tax on Dividend		1.95	3.83
		88.34	105.85

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

Movement of Provision: Warranty

Balance as at the beginning of the year	9.99	15.01
Additional provision made during the year	8.78	3.35
Amount used during the year	9.43	8.37
Balance as at the end of the year	9.34	9.99

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



NOTES TO THE FINANCIAL STATEMENTS

31st March 2013

₹ Crore

	GROSS BLOCK			DEPRECIATION			NET BLOCK			
	1st April 2012	Additions	Disposals / Adjustments	31st March 2013	1st April 2012	For the year	Disposals / Adjustments	31st March 2013	31st March 2012	
TANGIBLE ASSETS										
Freehold Land	3.44	0.11	-	3.55	-	-	(0.04)	0.04	3.51	3.44
Leasehold Land	21.78	-	-	21.78	0.69	0.24	-	0.93	20.85	21.09
Freehold Building	108.52	13.99	-	122.51	17.69	3.62	-	21.31	101.20	90.83
Leasehold Building	0.29	-	0.04	0.25	0.28	-	0.04	0.24	0.01	0.01
Plant & Equipment	347.17	57.69	13.65	391.21	151.63	30.08	13.08	168.63	222.58	195.54
Office Equipments	3.64	1.24	0.01	4.87	1.59	0.70	0.04	2.25	2.62	2.05
Furniture and Fixtures	16.48	3.40	0.10	19.78	8.67	1.76	0.03	10.40	9.38	7.81
Vehicles	1.18	0.04	0.34	0.88	1.01	0.07	0.34	0.74	0.14	0.17
Total	A 502.50	76.47	14.14	564.83	181.56	36.47	13.49	204.54	360.29	-
31st March 2012	417.36	95.07	9.93	502.50	159.21	29.66	7.31	181.56	-	320.94
Capital work-in-progress									5.33	16.78
INTANGIBLE ASSETS										
Technical Know-how	4.97	3.13	-	8.10	4.75	0.10	-	4.85	3.25	0.22
Computer software	14.35	2.17	-	16.52	9.56	2.46	-	12.02	4.50	4.79
Total	B 19.32	5.30	-	24.62	14.31	2.56	-	16.87	7.75	-
31st March 2012	18.15	1.17	-	19.32	12.17	2.14	-	14.31	-	5.01
Intangible Assets Under Development									2.69	3.56
TOTAL including Capital work-in-progress & Intangible Assets Under Development	C 521.82	81.77	14.14	589.45	195.87	39.03	13.49	221.41	376.06	-
31st March 2012	435.51	96.24	9.93	521.82	171.38	31.80	7.31	195.87	-	346.29

NOTES: (I) Net block of Freehold Land and Building includes ₹ 4.02 crore (Previous Year ₹ 4.09 crore) added on revaluation as on 31st May 1987.

(II) Freehold Building includes ₹ 9.20 crore (Previous Year ₹ 6.54 crore) towards cost of ownership flats in Co-operative Housing Societies and cost of 25 shares (Previous Year 20 shares) of ₹ 50/- each.

NOTES TO THE FINANCIAL STATEMENTS

31st March 2013

	As at 31.03.2013		As at 31.03.2012
	₹ Crore	₹ Crore	₹ Crore
14. Non-Current Investments: (Long Term)			
Trade Investments (unquoted): (at Cost)			
1) Fully Paid Equity Shares in Subsidiaries			
17,85,545 Shares (Previous Year 17,85,545) of ₹ 10/- each of Greaves Leasing Finance Limited		8.62	8.62
50,000 Shares (Previous Year 50,000) of ₹ 10/- each of Greaves Auto Limited		0.05	0.05
49,05,000 Shares (Previous Year 48,83,000) of Euro 1/- each of Greaves Cotton Netherland B. V.	29.94		29.79
Less: Provision for diminution in value of investment {Refer Note No. 35(a)}	(28.36)		(14.18)
		1.58	15.61
10 Shares (Previous Year 10) of AED 1,500/- each of Ascot International FZC		0.02	0.02
2) Fully Paid Preference Shares in Subsidiary			
1,50,82,689 - 6% Cumulative Redeemable Preference Shares (Previous Year 2,08,92,350) of ₹ 10/- each of Greaves Leasing Finance Limited		15.08	20.89
{During the year, Greaves Leasing Finance Limited redeemed 58,09,661- 6% Cumulative Redeemable Preference Shares at ₹ 10 each (Previous Year Nil)}			
Nil - 2% Non Cumulative Redeemable Preference Shares (Previous Year 7,69,034) of ₹ 100/- each of Greaves Leasing Finance Limited		-	7.69
{During the year, Greaves Leasing Finance Limited redeemed 7,69,034 - 2% Non Cumulative Redeemable Preference Shares at ₹ 10 each (Previous Year Nil)}			
Other Investment (unquoted): at Cost			
Fully Paid Preference Shares (Unquoted)			
1,058- 14.5% Cumulative Redeemable Preference Shares (Previous Year 1,058) of ₹ 100/- each of Swadeshi Cotton Mills Company Limited		-	-
(Net of Permanent Diminution)			
		25.35	52.88
Aggregate amount of unquoted investments		25.35	52.88
Aggregate provision for diminution in value of unquoted investments		28.36	14.18



NOTES TO THE FINANCIAL STATEMENTS

31st March 2013

	As at 31.03.2013		As at 31.03.2012
	₹ Crore	₹ Crore	₹ Crore
15. Long-Term Loans and Advances:			
Unsecured, considered good (unless otherwise stated):			
Capital Advances		6.56	11.82
Security Deposits		6.00	5.81
Advance Income Tax {Net of Provisions of ₹ 238.38 crore (Previous Year ₹ 177.01 crore)}		4.53	1.67
Advances recoverable in cash or in kind or for value to be received			
Considered good		4.06	3.85
Considered doubtful	3.19		3.19
Less: Provision for doubtful advances	3.19		3.19
		-	-
		21.15	23.15
16. Other Non-Current Assets:			
Margin Money Deposits with banks		1.41	1.37
		1.41	1.37
17. Current Investments:			
Mutual Funds (unquoted): At cost or market value, whichever is less			
5,018 Units (Previous Year 1,11,184) of ₹ 1,000/- each, Axis Liquid Fund - Daily Dividend Reinvestment		0.50	11.12
20,028 Units (Previous Year Nil) of ₹ 1,000/- each, Baroda Pioneer Liquid Fund Plan A- Daily Dividend Reinvestment		2.00	-
7,22,055 Units (Previous Year 12,11,835) of ₹ 100/- each, BIRLA Sunlife Cash Plus - Daily Dividend - Regular Plan		7.23	12.14
48,62,678 Units (Previous Year Nil) of ₹ 10/- each, BIRLA Sunlife Dynamic Bond Fund- Retail Plan- Monthly Dividend- Regular		5.14	-
1,60,973 Units (Previous Year Nil) of ₹ 10/- each, DWS Cash Opportunities Fund- Regular Plan- Daily Dividend		0.16	-
3,22,820 Units (Previous Year 1,14,23,444) of ₹ 10/- each, HDFC Cash Management Fund Saving Plan - Daily Dividend Reinvestment		0.34	12.15
18,949 Units (Previous Year 12,00,083) of ₹100/- each, ICICI Prudential Liquid- Regular Plan- Daily Dividend		0.19	12.00
30,06,054 Units (Previous Year Nil) of ₹10/- each, IDFC Ultra Short Term Fund- Daily Dividend- Direct Plan		3.01	-
79,66,244 Units (Previous Year Nil) of ₹10/- each, JP Morgan India Liquid Fund Super Inst Fund- Daily Dividend Reinvestment		7.97	-
1,11,107 Units (Previous Year Nil) of ₹10/- each, Kotak Floater Long Term Fund- Daily Dividend		0.11	-
1,02,821 Units (Previous Year Nil) of ₹1,000/- each, Kotak Floater Short Term Fund- Daily Dividend		10.40	-

NOTES TO THE FINANCIAL STATEMENTS

31st March 2013

	As at 31.03.2013		As at 31.03.2012
	₹ Crore	₹ Crore	₹ Crore
29,525 Units (Previous Year Nil) of ₹1,000/- each, Reliance Liquid Fund Treasury Plan- Daily Dividend Option- Dividend Reinvestment		4.52	
1,08,376 Units (Previous Year Nil) of ₹10/- each, Reliance Medium Term Fund- Daily Dividend Plan- Dividend Reinvestment		0.19	-
1,04,42,722 Units (Previous Year Nil) of ₹10/- each, Religare Credit Opportunities Fund- Daily Dividend		10.45	-
40,106 Units (Previous Year Nil) of ₹1,000/- each, Religare Ultra Short Term Fund- Daily Dividend- Direct Plan		4.02	-
29,829 Units (Previous Year Nil) of ₹1,000/- each, SBI Magnum Insta Cash Fund- Liquid Floater- Direct Plan Daily Dividend		3.01	-
2,525 Units (Previous Year 1,11,150) of ₹1,000/- each, Templeton India Treasury Management Account Super Institutional Plan- Daily Dividend Reinvestment		0.25	11.13
48,35,825 Units (Previous Year Nil) of ₹10/- each, Templeton India Low Duration Fund- Monthly Dividend Reinvestment		5.03	-
37,312 Units (Previous Year Nil) of ₹1,000/- each, UTI Floating Rate Fund STP- Regular Plan- Direct Plan- Daily Dividend Reinvestment		4.02	-
		68.54	58.54
Aggregate amount of unquoted investments		68.54	58.54
18. Inventories:			
Stores and Spares		3.53	3.51
Loose Tools		4.34	3.75
Raw & Packing Materials {Including In-Transit ₹ 1.27 crore, (Previous Year ₹ 1.16 crore)}		83.77	80.18
Work-in-Progress		12.97	18.37
Finished Goods		49.65	48.46
Stock- in-Trade {Including In-Transit ₹ Nil, (Previous Year ₹ 1.12 crore)}		6.73	15.70
		160.99	169.97
Details of Inventory:			
a) Work-In-Progress:			
Engines and Gensets, Spares		5.70	6.03
Vibratory Compactors, Rollers, High Pressure Pumps, Transit Mixers and Spares		6.71	12.27
Power Tillers		0.56	0.07
		12.97	18.37
b) Finished Goods:			
Engines and Gensets, Spares		39.08	26.26
Vibratory Compactors, Rollers, High Pressure Pumps, Transit Mixers and Spares		10.30	14.15
Power Tillers		0.27	1.12
Others		-	6.93
		49.65	48.46
c) Stock-in-Trade:			
Power Tillers		0.72	4.31
Motor Graders, Milling Machines and Pavers		5.69	11.28
Lub Oil		0.32	0.11
		6.73	15.70



NOTES TO THE FINANCIAL STATEMENTS

31st March 2013

	As at 31.03.2013		As at 31.03.2012
	₹ Crore	₹ Crore	₹ Crore
19. Trade Receivables: (unsecured)			
Outstanding for a period exceeding six months from the date they became due			
Considered good		15.36	9.58
Considered doubtful	4.82		4.02
Less: Provision for Doubtful Debts	4.82		4.02
		-	-
Others		359.72	247.71
		375.08	257.29
20. Cash and Cash Equivalents:			
Cash on hand		0.04	0.05
Cheques on hand		11.16	23.10
Bank balance :			
In Current Accounts		13.54	22.49
In Fixed Deposits		15.01	23.05
In Unpaid Dividend Accounts		1.60	1.56
		41.35	70.25
21. Short Term Loans and Advances: (Unsecured, Considered good)			
Loans and Advances to Related Parties		23.55	21.89
Other Loans and Advances			
Advance Income Tax (Current Year)		60.97	64.66
Prepaid Expenses		1.39	1.09
Others		9.61	12.92
Balances with Customs, Port Trust, Central Excise etc.		14.58	12.22
		110.10	112.78
22. Other Current Assets:			
Unsecured Considered Good:			
Interest Accrued on Deposits		0.15	0.25
Unamortised Expense:			
Unamortised Premium on Forward Contract		0.08	0.24
		0.23	0.49
23. Contingent Liabilities:			
a) Sales Tax liability that may arise in respect of matters in appeal		6.45	6.41
b) Excise Duty liability that may arise in respect of matters in appeal		1.71	2.31
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		15.09	14.80
e) Bonds executed in favour of Collector of Customs/Central Excise		11.98	8.89
f) Guarantees given on behalf of a subsidiary company		14.05	13.91

Notes:

- The Company does not expect any reimbursement in respect of the above contingent liabilities.
- It is not practical to estimate the timing of cash outflows, if any, in respect of matters (a) to (d) above, pending resolution of the appellate proceedings.

NOTES TO THE FINANCIAL STATEMENTS

31st March 2013

	As at 31.03.2013		As at 31.03.2012
	₹ Crore	₹ Crore	₹ Crore
24. Capital Commitments:			
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances).		25.01	40.26
25. Proposed Dividend:			
The Proposed Final Dividend for the year 25% (Previous Year 10%) on Equity Shares of ₹ 2 each			
Amount of Dividend Proposed		12.21	4.88
Dividend Per Equity Share		₹ 0.50	₹ 0.20

Note: The total dividend for the year ended 31st March 2013 amounts to ₹ 1.60 per share, including three interim dividends totalling to ₹ 1.10 per share (Previous Year total dividend ₹ 2.20 per share).

	Year Ended 31.03.2013		Year Ended 31.03.2012
	₹ Crore	₹ Crore	₹ Crore
26. Revenue from Operations:			
Sale of Products			
Finished Goods		2,022.72	1,844.96
Service Income		1.12	1.07
Stock-in-Trade		67.06	76.83
Other Operating Income			
Direct Sales Compensation		-	0.43
Royalty		1.23	2.12
Duty Drawback		0.70	0.91
Others		3.50	-
		2,096.33	1,926.32
Details of Sales: (Finished Goods)			
Engines and Gensets, Spares		1,823.11	1,667.25
Vibratory Compactors, Rollers, High Pressure Pumps, Transit Mixers and Spares		172.06	162.12
Power Tillers		27.55	15.59
		2,022.72	1,844.96
Details of Sales: (Stock-in-Trade)			
Power Tillers		40.44	47.59
Motor Graders, Milling Machines and Pavers		6.30	8.65
Lub Oil		9.17	8.40
Others		11.15	12.19
		67.06	76.83
27. Other Income:			
Dividend- Non Current Investments - Subsidiary Company		1.71	2.09
Dividend- Current Investments		4.91	1.02
Interest -Others		0.92	0.30
Profit on Sale of Fixed Assets (net)		4.24	0.55
Profit on Sale of Current Investments		0.01	0.76
Scrap Sales		2.11	1.05
Miscellaneous Income		1.65	0.21
		15.55	5.98



NOTES TO THE FINANCIAL STATEMENTS

31st March 2013

	Year Ended 31.03.2013		Year Ended 31.03.2012
	₹ Crore	₹ Crore	₹ Crore
28. Cost of Materials Consumed:			
Raw & Packing Materials and Components Consumed: (Refer Note No. 41)			
Opening Inventory	80.18		111.55
Add : Purchases	1,264.39		1,169.50
	1,344.57		1,281.05
Less : Closing Inventory	83.77		80.18
		1,260.80	1,200.87
29. Purchase of Stock-in-Trade:			
Power Tillers		22.89	32.20
Motor Graders, Milling Machines and Pavers		0.65	(0.06)
Lube Oil		5.30	4.58
Others		10.07	10.26
		38.91	46.98
30. Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade: (Increase) / Decrease in Inventory			
Closing Inventory			
Work-In-Progress	12.97		18.37
Finished Goods	49.65		48.46
Stock-in-Trade	6.73		15.70
	69.35		82.53
Opening Inventory			
Work-In-Progress	18.37		16.93
Finished Goods	48.46		29.98
Stock-in-Trade	15.70		20.45
	82.53		67.36
		13.18	(15.17)
31. Employee Benefits Expense:			
Salaries, Wages and Bonus		118.85	103.67
Contribution to Provident, Gratuity, Superannuation and other Funds		17.67	13.73
Staff Welfare		11.40	10.11
		147.92	127.51

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

1. Defined Contribution Plans:

The amount recognised as an expense during the year ended 31st March 2013 towards Provident Fund (including admin charges), ESIC contribution and Superannuation is ₹ 7.93 crore (Previous Year ₹ 6.11 crore), ₹ 0.60 crore (Previous Year ₹ 0.82 crore) and ₹ 3.03 crore (Previous Year ₹ 2.42 crore) respectively.

2. Defined Benefit Plans:

A) 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.

NOTES TO THE FINANCIAL STATEMENTS

31st March 2013

	Year Ended 31.03.2013		Year Ended 31.03.2012
	₹ Crore Wholly Funded	₹ Crore Wholly Funded	₹ Crore Wholly Funded
a) Amounts recognised in Balance Sheet:			
i) Present Value of Defined Benefits obligations		29.79	27.81
Less: Fair value of Plan Assets		23.69	23.48
Amount to be recognised as Liability / (Assets)		6.10	4.33
ii) Amounts reflected in the Balance Sheet			
Liabilities		6.10	4.33
Net Liabilities / (Assets)		6.10	4.33
b) Amounts recognised in Statement of profit and loss			
i) Current Service Cost		1.36	1.21
ii) Past Service Cost		-	1.64
iii) Interest Cost		2.10	1.89
iv) Expected (Return) on Plan Assets		(1.89)	(1.67)
v) Actuarial losses/(gains)		4.53	1.31
Total Expense		6.10	4.38
c) Actual Return on Plan Assets		2.58	1.99
d) The changes in the present value of Defined Benefits Obligations representing reconciliation of opening and closing balances thereof are as follows:			
i) Opening balance of the present value of Defined Benefits Obligations		27.81	24.15
ii) Add: Current Service Cost		1.36	1.21
iii) Add: Past Service Cost		-	1.64
iv) Add: Interest Cost		2.10	1.89
v) Add: Actuarial (Gain)/Losses		5.24	1.61
vi) (Less): Benefits paid during the year		(6.72)	(2.69)
vii) Closing balance of the present value of Defined Benefits Obligations		29.79	27.81
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		23.48	20.21
ii) Add: Expected Return on Plan Assets		1.89	1.67
iii) Add: Actuarial Gain/(Losses)		0.71	0.30
iv) Add: Contribution by the employer		4.33	3.99
v) (Less): Benefits paid during the year		(6.72)	(2.69)
vi) Closing balance of Plan Assets		23.69	23.48
f) The major categories of plan assets as a percentage of total plan assets are as follows:			
i) Bank Deposits		0.45%	0.15%
ii) Government Securities		0.86%	0.87%
iii) Group Gratuity Scheme of Insurance Companies		98.65%	98.91%
iv) Others		0.04%	0.07%
g) Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):			
i) Discount rate per annum		7.90%	8.60%
ii) Expected rate of Return on Plan Assets		8.50%	8.50%
iii) Expected salary increase per annum		5% to 7%	4% to 6%
iv) Average past service of employees		14 Years	15 Years
v) Mortality rate		Indian Assured Lives Mortality (2006-08) ULT	LIC (1994-96) Published table of Mortality rate



NOTES TO THE FINANCIAL STATEMENTS

31st March 2013

B. Compensated Absence:

The obligation for compensated absences is recognised in the same manner as gratuity and net charge to the Statement of profit and loss for the year is ₹ 1.39 crore (Previous Year ₹ 0.45 crore).

C. Retirement Pension Scheme:

For UK branch employees, based on actuarial valuation, the Company has recognised a charge of ₹ 1.36 crore, equivalent to GBP 1,57,350 (Previous year ₹ NIL, equivalent to GBP NIL) towards present value of post retirement pension. The year end balance amounts to ₹ 3.17 crore, equivalent to GBP 3,81,900 (Previous year ₹ 2.20 crore, equivalent to GBP 2,70,650).

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.

	Year Ended 31.03.2013		Year Ended 31.03.2012
	₹ Crore	₹ Crore	₹ Crore
32. Finance Cost:			
Interest		0.69	2.31
Other Borrowing Cost		0.43	1.17
		1.12	3.48
33. Depreciation and Amortisation Expense:			
Depreciation on Tangible Assets		36.47	29.66
Amortisation on Intangible Assets		2.56	2.14
		39.03	31.80
34. Other Expenses:			
Stores and Spares Consumed		9.74	11.19
Excise Duty		0.11	(1.77)
Power, Fuel and Electricity		21.28	17.49
Repairs and Maintenance			
Building		1.09	1.47
Plant & Equipment		5.11	5.51
Others		1.94	2.00
Brokerage and Commission		6.57	7.57
Rent		9.93	8.51
Insurance		1.34	0.89
Provision for Doubtful Debts/Advances		0.80	1.20
Rates and Taxes		1.55	1.12
Advertising and Sales Promotion		5.05	9.51
Travelling		13.62	11.76
Carriage and Freight		19.89	17.45
Directors' Sitting Fees		0.11	0.11
Printing and Stationery		1.15	1.24
Postage, Telephone and Fax		3.27	3.40
Legal, Professional and Consultancy Charges		18.72	12.07
Miscellaneous Expenses		48.92	46.01
		170.19	156.73

NOTES TO THE FINANCIAL STATEMENTS

31st March 2013

	Year Ended 31.03.2013		Year Ended 31.03.2012
	₹ Crore	₹ Crore	₹ Crore
35. Exceptional Items:			
a) Provision for diminution in value of investment		14.18	14.18
b) Employee Separation Cost		3.43	-
c) Profit on Sale of Land and Building		-	(77.77)
d) Devaluation of Inventories		-	20.30
		17.61	(43.29)

- a) The Company's subsidiary, Greaves Cotton Netherlands BV (GCN), holds 100% stake in Greaves Farymann Diesel GmbH (GFD). Due to losses incurred in the past, the net worth of GFD has been fully eroded. In the previous year, the management of the Company decided to impair 50% of GCN's corresponding investment in GFD. The ongoing global economic slow down has affected the performance of GFD further. Hence, during the year, the management of the Company has decided to impair the Company's investment in GCN to the full extent, i.e. 100%, corresponding to GCN's Investment in GFD.
- b) During the year, the management of the Company carried out an exercise of rationalisation of manpower at few locations. It offered separation scheme to the employees and paid compensation for the same.
- c) During the previous year, the Company sold land and building situated at Thoraipakkam, Tamil Nadu. Till 2008-09, the Company had its Farm Equipment Business' manufacturing facility situated there at. In 2008-09, the same was relocated to Gummidipoondi, Tamil Nadu.
- d) During the previous year, the Company carried out an extensive exercise to identify obsolete inventory arising out of design, model and technological changes. This charge represents the consequent devaluation arising out of the said exercise.

	Year Ended 31.03.2013		Year Ended 31.03.2012
	₹ Crore	₹ Crore	₹ Crore
36. Auditors' Remuneration (excluding service tax):			
a) Payment to Statutory Auditors:			
i) Statutory audit		0.23	0.20
ii) Tax audit		0.07	0.06
iii) Certification work		0.03	0.07
iv) Other services		0.19	0.19
v) Reimbursement of out-of-pocket expenses		0.05	0.03
b) Foreign branch audit fees		0.04	0.04
c) Payments to Cost auditor:			
i) Cost audit		0.07	0.07
ii) Reimbursement of out-of-pocket expenses		0.01	0.01
37. Expenditure in Foreign Currency:			
Foreign Branch Expenses		2.21	0.68
Legal and Professional Expenses		0.47	4.74
Representative Office Expenses (China)		0.70	0.62
Travelling Expenses		1.48	1.01
Other matters		3.61	2.88



NOTES TO THE FINANCIAL STATEMENTS

31st March 2013

	Year Ended 31.03.2013		Year Ended 31.03.2012
	₹ Crore	₹ Crore	₹ Crore
38. Value of Imports (on C.I.F. basis):			
Raw Materials		43.58	52.00
Components and Spare Parts		31.26	36.12
Capital Goods		8.93	14.37
39. Earnings in Foreign Currency:			
a) Export of goods on F.O.B. basis (including foreign branch)		59.69	52.25
b) Direct Sales Compensation (including foreign branch)		-	0.43
40. Expenditure on Research & Development:			
a) Revenue expenditure charged to Statement of profit and loss (Under Note Nos. 28, 31, 33 & 34)		17.23	15.12
b) Capital Expenditure		5.70	1.80
41. Details of Raw & Packing Materials and Components Consumed:			
Steel Forgings, Steel Castings, Castings, Shafts and Forgings		28.53	25.66
Alloy Steel / Aluminium bronze bars		1.09	1.64
Steel, Structural Steel and Steel Plates		20.59	18.98
Engines		14.03	16.82
Bearings		3.24	2.31
Seamless Tubes		2.43	2.97
Electric Motors and Starters		39.84	49.11
Cylinder Heads, Cam Shafts, Crank Shafts and Connecting rods		111.15	113.55
Pistons, Flywheels, Fuel Pumps, Injectors, CSR pumps, gensets and marine gear boxes		132.78	121.54
Crank Cases		91.11	87.94
Motors		8.86	6.69
Panels		1.56	0.40
Fuel Tanks		1.05	0.93
Hydraulic Pumps		7.94	8.43
Others		796.60	743.90
Total		1,260.80	1,200.87

	% to Total	31.03.2013	% to Total	31.03.2012
	Consumption	₹ Crore	Consumption	₹ Crore
Imported	4.1%	51.37	4.6%	55.51
Indigenous	95.9%	1,209.43	95.4%	1,145.36
	100.0%	1,260.80	100.0%	1,200.87

NOTES TO THE FINANCIAL STATEMENTS

31st March 2013

42. Details of Related party transactions:

I. Relationships with Related Party:

A) List of related parties :

Name of the Related Party	Relationship	Transactions during the year
Over which control exists		
Ascot International FZC	Subsidiary of Greaves Cotton Netherlands B.V.	Yes
Dee Greaves Limited	Wholly Owned Subsidiary of Greaves Leasing Finance Limited	Yes
Greaves Auto Limited	Wholly Owned Subsidiary	Yes
Greaves Cotton Netherlands B.V.	Wholly Owned Subsidiary	Yes
Greaves Farymann Diesel GmbH	Wholly Owned Subsidiary of Greaves Cotton Netherlands B.V.	Yes
Greaves Leasing Finance Limited	Wholly Owned Subsidiary	Yes
Others		
Bharat Starch Products Limited	Associate Company	No
DBH Consulting Limited	Associate Company	Yes
DBH Global Holdings Limited	Associate Company	No
DBH International Private Limited	Associate Company	No
DBH Investments Private Limited	Associate Company	No
DBH Stephan Limited	Associate Company	No
English Indian Clays Limited	Associate Company	No
Karun Carpets Private Limited	Associate Company	No
Pembril Industrial & Engineering	Associate Company	No
Company Private Limited		
Premium Stephan B.V., Netherlands	Associate Company	No
Premium Transmission Cooperatie UA	Associate Company	No
Premium Transmission Limited	Associate Company	Yes

B) Key Management Personnel :

Mr. Sunil Pahilajani - Managing Director and CEO

C) Mr. Karan Thapar, Chairman

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.	Transactions	2012-2013			2011-2012		
		Subsidiaries	Other Related Parties	Total	Subsidiaries	Other Related Parties	Total
1	Purchase of goods						
	Greaves Farymann Diesel GmbH	0.03	-	0.03	-	-	-
	Premium Transmission Limited	-	0.22	0.22	-	0.06	0.06
2	Sale of goods and contract revenue						
	Ascot International FZC	12.17	-	12.17	2.58	-	2.58
	Greaves Farymann Diesel GmbH	2.84	-	2.84	1.10	-	1.10
	Premium Transmission Limited	-	1.25	1.25	-	1.41	1.41
3	Rendering of Services/						
	Reimbursement of expenses						
	DBH International Private Limited	-	-	-	-	0.20	0.20
	English Indian Clays Limited	-	-	-	-	0.09	0.09
	Greaves Farymann Diesel GmbH	0.07	-	0.07	-	-	-
	Karun Carpets Private Limited	-	-	-	-	0.01	0.01
	Premium Transmission Limited	-	0.84	0.84	-	1.12	1.12



NOTES TO THE FINANCIAL STATEMENTS

31st March 2013

₹ Crore

Sr. No.	Transactions	2012-2013			2011-2012		
		Subsidiaries	Other Related Parties	Total	Subsidiaries	Other Related Parties	Total
4	Receipt of Services						
	Ascot International FZC	0.05	-	0.05	0.72	-	0.72
	Greaves Farymann Diesel GmbH	0.44	-	0.44	0.67	-	0.67
5	Commission and Sitting Fees						
	Mr. Karan Thapar	-	1.63	1.63	-	1.51	1.51
6	Deposits Given						
	Premium Transmission Limited	-	-	-	-	20.00	20.00
7	Deposits Received and Repaid						
	Greaves Leasing Finance Limited	-	-	-	13.40	-	13.40
8	Interest Paid						
	Greaves Leasing Finance Limited	-	-	-	0.20	-	0.20
9	Lease Rent expense						
	Greaves Leasing Finance Limited	2.94	-	2.94	2.42	-	2.42
10	Charges for deputation of employees to related parties						
	Greaves Leasing Finance Limited	-	-	-	0.01	-	0.01
11	Dividend received/accrued						
	Greaves Leasing Finance Limited	1.71	-	1.71	2.09	-	2.09
12	Purchase of Investments						
	Greaves Cotton Netherlands B.V.	0.15	-	0.15	0.22	-	0.22
13	Redemption of Investment						
	Greaves Leasing Finance Limited	13.50	-	13.50	-	-	-
14	Loan Given						
	Greaves Cotton Netherlands B.V.	1.79	-	1.79	-	-	-

III. Amount Due to / from related parties

1	Loans and advances						
	Greaves Cotton Netherlands B.V.	1.79	-	1.79	-	-	-
	Greaves Farymann Diesel GmbH	1.01	-	1.01	1.05	-	1.05
	Greaves Leasing Finance Limited	0.75	-	0.75	0.84	-	0.84
	Premium Transmission Limited	-	20.00	20.00	-	20.00	20.00
2	Trade Receivables						
	Ascot International FZC	8.93	-	8.93	4.34	-	4.34
	Greaves Farymann Diesel GmbH	4.94	-	4.94	2.07	-	2.07
	Premium Transmission Limited.	-	0.89	0.89	-	0.85	0.85
3	Trade Payables						
	Ascot International FZC	0.03	-	0.03	0.72	-	0.72
	Greaves Farymann Diesel GmbH	0.05	-	0.05	0.01	-	0.01
	Greaves Leasing Finance Limited	-	-	-	0.61	-	0.61
	Premium Transmission Limited	-	0.08	0.08	-	0.08	0.08

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

Transactions when rounded off are lower than ₹ 1 lac, are not disclosed in the above details

NOTES TO THE FINANCIAL STATEMENTS

31st March 2013

IV Key Management Personnel (KMP):

Remuneration to Managing Director ₹ 1.90 crore (Previous Year ₹ 2.96 crore, includes ₹ 2.00 crore paid to former Managing Director upto 4th November 2011).

43. Segment Reporting

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

PRIMARY SEGMENTS (Business segments):

Particulars	Engines		Infrastructure Equipment		Others		Total	
	Year Ended 31.03.2013	Year Ended 31.03.2012	Year Ended 31.03.2013	Year Ended 31.03.2012	Year Ended 31.03.2013	Year Ended 31.03.2012	Year Ended 31.03.2013	Year Ended 31.03.2012
	₹ Crore	₹ Crore	₹ Crore	₹ Crore	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Segment revenue (excluding excise duty)	1,648.57	1,529.91	162.02	157.15	66.41	67.80	1,877.00	1,754.86
Inter-segment revenue	3.71	1.42	-	-	-	-	3.71	1.42
Total revenue	1,644.86	1,528.49	162.02	157.15	66.41	67.80	1,873.29	1,753.44
Result:								
Segment Result	273.05	260.94	(8.98)	(8.20)	11.54	7.77	275.61	260.51
Add / Less : Unallocable Income / (Expenditure) (Net)							(56.73)	(49.74)
Operating Profit							218.88	210.77
Less: Interest expense							(1.12)	(3.48)
Profit before exceptional items							217.76	207.29
Exceptional items :								
Profit on Sale of Land and Building							-	77.77
Employee Separation Cost							(3.43)	-
Devaluation of Inventories		(13.80)		(6.50)		-	-	(20.30)
Provision for diminution in value of investment							(14.18)	(14.18)
Profit before Tax							200.15	250.58
Less: Provision for tax (Net of adjustment in respect of earlier years)							(57.43)	(61.49)
Add: Deferred tax (charge)/ credit							(4.76)	(3.60)
Profit / (Loss) after tax							137.96	185.49
Other Information:								
Segment assets	701.63	622.65	169.55	143.38	33.21	22.04	904.39	788.07
Unallocable corporate assets							275.87	304.94
Total assets							1,180.26	1,093.01



NOTES TO THE FINANCIAL STATEMENTS

31st March 2013

Particulars	Engines		Infrastructure Equipment		Others		Total	
	Year Ended 31.03.2013	Year Ended 31.03.2012	Year Ended 31.03.2013	Year Ended 31.03.2012	Year Ended 31.03.2013	Year Ended 31.03.2012	Year Ended 31.03.2013	Year Ended 31.03.2012
	₹ Crore	₹ Crore	₹ Crore	₹ Crore	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Segment liabilities	227.50	241.92	45.98	28.02	31.60	21.67	305.08	291.61
Unallocable corporate liabilities							133.14	152.03
Total liabilities							438.22	443.64
Capital expenditure	57.04	97.43	7.74	6.65		-		
Depreciation and amortisation	31.72	25.62	2.75	1.99		-		
Non-cash expenses other than depreciation and amortisation		13.80		6.50		-		

SECONDARY SEGMENTS (Geographical segments)

Particulars	Domestic		Overseas		Total	
	2012-2013	2011-2012	2012-2013	2011-2012	2012-2013	2011-2012
	₹ Crore	₹ Crore	₹ Crore	₹ Crore	₹ Crore	₹ Crore
External revenue by location of customers	1,809.47	1,696.86	63.82	56.58	1,873.29	1,753.44
Carrying amount of segment assets by location of assets	900.96	785.42	3.43	2.65	904.39	788.07
Cost incurred on acquisition of tangible and intangible fixed assets	64.78	104.08	-	-	64.78	104.08

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:

- Engines comprises of single and multi cylinder engines.
- Infrastructure Equipment comprises of equipment used in road construction, bridges, dams, mining, etc.
- Others includes Power Tillers and other products traded by International Operations Division.

Primary / secondary Segment:

- 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.
- 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.

NOTES TO THE FINANCIAL STATEMENTS

31st March 2013

44. Details of Lease Transactions:

- a) Certain plant & 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:

	Year Ended 31.03.2013	Year Ended 31.03.2012
	₹ Crore	₹ Crore
Payable not later than one year	2.31	2.55
Payable later than one year and not later than five years	1.72	1.44

- b) Rent expense in respect of operating lease, for year ended, 31st March 2013, was ₹ 9.93 crore (Previous Year ₹ 8.51 crore). Contingent rent recognised in Statement of profit and loss 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.

45. Details of Derivative Instruments & Unhedged Foreign Currency Exposures:

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

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

	Year Ended 31.03.2013		Year Ended 31.03.2012	
	Fx	₹ Crore	Fx	₹ Crore
Export of goods and services	\$37,36,122	20.32	\$22,57,228	11.39
	€ 7,40,827	5.15	€ 3,29,423	2.23

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

	Year Ended 31.03.2013		Year Ended 31.03.2012	
	Fx	₹ Crore	Fx	₹ Crore
Import of goods and services	\$33,64,379	18.30	\$49,59,728	25.56
	€ 1,30,944	0.91	-	-
	¥ 61,770	0.01	-	-
	£26,020	0.21	-	-

- 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.



NOTES TO THE FINANCIAL STATEMENTS

31st March 2013

Outstanding Forward Exchange Contracts entered into by the Company as at year end.

Year Ended 31.03.2013			Year Ended 31.03.2012		
No. of Contracts	Fx	₹ Crore Equivalent	No. of Contracts	Fx	₹ Crore Equivalent
3	\$ 2,15,693	1.17	1	\$ 94,047	0.48
11	€ 7,23,265	5.31	3	€ 2,95,200	2.00
1	¥ 90,00,000	0.56	2	¥ 9,50,00,000	5.98

46. Exchange difference arising on Foreign currency transactions has been accounted under respective accounts:

	Year Ended 31.03.2013	Year Ended 31.03.2012
	₹ Crore	₹ Crore
Revenue (Note No 26) {(Gain)/ Loss}	(0.66)	(0.93)
Consumption (Note No 28 &29) {(Gain)/ Loss}	(0.12)	3.44
Others (Note No. 34) {(Gain)/ Loss}	0.50	(3.35)

47. Dues to Micro and Small Enterprises:

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.

	Year Ended 31.03.2013	Year Ended 31.03.2012
	₹ Crore	₹ Crore
a) Principal amount and Interest Due		
Principal amount	30.33	30.92
Interest Due	1.06	0.69
b) Interest paid by Buyer in terms of Section 16 of MSMED Act	-	-
c) Amount paid beyond the appointed day	9.23	13.09
d) Interest due and payable to supplier, for payment already made under MSMED Act	0.13	0.37
e) Amount of Interest accrued and remaining unpaid at the end of accounting year	1.19	1.06
f) Amount of further interest remaining due and payable even in succeeding years	-	-

NOTES TO THE FINANCIAL STATEMENTS

31st March 2013

	Year Ended 31.03.2013	Year Ended 31.03.2012
	₹ Crore	₹ Crore
48. Details on Borrowing costs:		
Disclosure as required by Accounting Standard (AS)-16 'Borrowing Costs'		
No borrowing costs have been capitalised during the year		
49. Earnings per share:		
Disclosure as required by Accounting Standard (AS)-20 'Earnings per share' (EPS)		
Basic EPS		
Weighted average number of shares issued of ₹ 2/- each	(A) 24,42,06,795	24,42,06,795
Profit for the year after tax (₹ crore)	(B) 137.96	185.49
Basic EPS (₹)	(B / A) 5.65	7.60
Diluted EPS		
Weighted average number of shares issued of ₹ 2/- each	(C) 24,42,06,795	24,42,06,795
Diluted EPS (₹)	(B / C) 5.65	7.60

50. Management has evaluated the need for impairment of assets as required by Accounting Standard (AS)-28 'Impairment of Assets' and on the basis of such evaluation, management has provided for necessary impairment as at 31st March 2013.

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

As per our report of even date attached

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

Khushroo B. Panthaky
Partner

Mumbai
30th April, 2013

Ashok Kumar Sonthalia
Chief Financial Officer

Monica Chopra
Company Secretary &
Executive Vice President-Legal

For and on behalf of the Board

Sukh Dev Nayyar
Director

Sunil Pahilajani
Managing Director & CEO

Mumbai
30th April, 2013



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 year of each :

Name of the company	Face Value (Per Share)	No.of Shares	Percentage	₹ Crore
(a) Greaves Leasing Finance Limited	₹ 10/-	17,85,545	100	1.79
(b) Dee Greaves Limited (wholly owned subsidiary of Greaves Leasing Finance Limited)	₹ 10/-	1,33,851	100	0.13
(c) Greaves Cotton Netherlands B.V.	Euro 1/-	48,83,000	100	29.79
(d) Greaves Farymann Diesel GmbH (wholly owned subsidiary of Greaves Cotton Netherlands B.V.)	Euro 1/-	23,60,000	100	15.47
(e) Greaves Auto Limited	₹ 10/-	50,000	100	0.05
(f) Ascot International FZC (90% of the share capital is held by Greaves Cotton Netherlands B.V.)	AED 1,500/-	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 :

	₹ Crore	₹ Crore
		Previous Year
(i) (a) For the financial year ended 31st March 2013 of Greaves Leasing Finance Limited	1.20	0.62
(b) For the financial year ended 31st March 2013 of Dee Greaves Limited	0.01	0.01
(c) For the financial year ended 31st March 2013 of Greaves Cotton Netherlands B.V.	(0.25)	(0.24)
(d) For the financial year ended 31st March 2013 of Greaves Farymann Diesel GmbH	(5.18)	(2.34)
(e) For the financial year ended 31st March 2013 of Greaves Auto Limited	(₹ 10,957)	₹ 5,848
(f) For the financial year ended 31st March 2013 of Ascot International FZC	0.04	(0.48)
(ii) For previous financial years since they became subsidiaries :		
(a) Greaves Leasing Finance Limited	8.41	7.24
(b) Dee Greaves Limited	0.08	0.06
(c) Greaves Cotton Netherlands B.V.	(0.89)	(0.65)
(d) Greaves Farymann Diesel GmbH	(18.07)	(15.73)
(e) Greaves Auto Limited	0.01	(0.01)
(f) Ascot International FZC	0.43	0.05

INFORMATION ON SUBSIDIARY COMPANIES

(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 :

	₹ Crore	₹ Crore
		Previous Year
(i) (a) For the financial year ended 31st March 2013 of Greaves Leasing Finance Limited	1.71	2.09
(b) For the financial year ended 31st March 2013 of Dee Greaves Limited	NIL	0.31
(c) For the financial year ended 31st March 2013 of Greaves Cotton Netherlands B.V.	NIL	NIL
(d) For the financial year ended 31st March 2013 of Greaves Farymann Diesel GmbH	NIL	NIL
(e) For the financial year ended 31st March 2013 of Greaves Auto Limited	NIL	NIL
(f) For the financial year ended 31st March 2013 of Ascot International FZC	NIL	NIL
(ii) For previous financial years since they became subsidiaries :		
(a) Greaves Leasing Finance Limited	10.66	8.57
(b) Dee Greaves Limited	0.41	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

Sukh Dev Nayyar
Director

Ashok Kumar Sonthalia
Chief Financial Officer

Mumbai
30th April, 2013

Monica Chopra
Company Secretary &
Executive Vice President-Legal

Sunil Pahilajani
Managing Director & CEO

Mumbai
30th April, 2013



INFORMATION ON SUBSIDIARY COMPANIES

Statement in accordance with the Government of India, Ministry of Company Affairs circular no 5/12/2007-CL-III dt. 8/02/2011 for disclosure under Section 212(8) of the Company's Act, 1956

	Greaves Leasing Finance Ltd.	Dee Greaves Ltd.	Greaves Auto Ltd.	Greaves Cotton Netherlands B.V.	Greaves Farymann Diesel GmbH	Ascot International FZC
Financial Year ended 31st March 2013						
				*	*	**
A) Capital	16.87	0.13	0.05	29.95	15.47	0.19
B) Reserves/Profit & Loss Account	8.78	0.08	(0.01)	(29.88)	(23.79)	(0.80)
C) Total Assets	4.18	0.03	0.04	1.99	18.64	8.40
D) Total Liabilities {includes deferred tax liability(net) in Greaves Leasing Finance Limited of ₹ Nil /- (Previous Year ₹ 0.18 crore)}	1.65	-	-	1.99	26.79	9.01
E) Investments (as per details attached)	23.12	0.18	-	-	-	-
F) Turnover(including other income)	4.48	0.02	₹ 36,944	-	33.80	14.07
G) Profit/ (Loss) before taxation	3.39	0.01	₹ 459	(28.61)	(5.03)	0.04
H) Provision for taxation (Note 2)	0.47	-	₹ 11,416	-	0.15	-
I) Profit/ (Loss) after taxation	2.92	0.01	(₹10,957)	(28.61)	(5.18)	0.04
J) Proposed Dividend	0.75	-	-	-	-	-

Notes:

- Exchange Rate: * Balance Sheet at Closing rate @ 1 Euro= ₹ 70.07
** Balance Sheet at Closing rate @ 1 AED= ₹ 14.78
* Profit and Loss Account at average rate @ 1 Euro= ₹ 70.37
** Profit and Loss Account at average rate @ 1 AED= ₹ 14.81
- Provision for Taxation includes :
- Deferred tax liability of ₹ 0.18 crore in Greaves Leasing Finance Limited written back

For and on behalf of the Board

Sukh Dev Nayyar
Director

Ashok Kumar Sonthalia
Chief Financial Officer

Mumbai
30th April, 2013

Monica Chopra
Company Secretary &
Executive Vice President-Legal

Sunil Pahilajani
Managing Director & CEO

Mumbai
30th April, 2013

INFORMATION ON SUBSIDIARY COMPANIES

Details of Investment of Subsidiaries as at 31st March 2013

	As at 31.03.2013		As at 31.03.2012
	₹ Crore	₹ Crore	₹ Crore
Non-Current Investments: (at cost)			
Greaves Leasing Finance Limited			
Trade Investments: (Unquoted):			
Fully Paid Preference Shares:			
20,75,000 - 5% non cumulative redeemable preference shares of ₹ 100 each (Previous year 20,75,000) of Premium Transmission Limited		20.75	20.75
Others: (Quoted)			
Fully paid equity shares			
1 Share (Previous Year 1) of ₹ 2/- of ABB Limited	-	-	-
1 Share (Previous Year 1) of ₹ 2/- of Alfa Laval India Limited	-	-	-
20 Shares (Previous Year 20) of ₹ 1/- of Ashok Leyland Limited	-	-	-
20 Shares (Previous Year 20) of ₹ 10/- of Bajaj Auto Limited	-	-	-
10 Shares (Previous Year 10) of ₹ 10/- of Bajaj Finance Services Limited	-	-	-
10 Shares (Previous Year 10) of ₹ 10/- of Bajaj Holdings and Investment Limited	-	-	-
5 Shares (Previous Year 5) of ₹ 2/- of Bharat Heavy Electricals Limited	-	-	-
120 Shares (Previous Year 120) of ₹ 1/- of Birla Power Solutions Limited	-	-	-
1 Share (Previous Year 1) of ₹ 10/- of Bosch Limited	-	-	-
14 Shares (Previous Year 14) of ₹ 2/- of Cummins India Limited	-	-	-
150 Shares (Previous Year 150) of ₹ 2/- of Elecon Engineering Limited	-	-	-
10 Shares (Previous Year 10) of ₹ 10/- of Force Motors Limited	-	-	-
1 Share (Previous Year 1) of ₹ 1/- of Hindustan Unilever Limited	-	-	-
10 Shares (Previous Year 10) of ₹ 10/- of Honda Siel Power Products Limited	-	-	-
10 Shares (Previous Year 10) of ₹ 10/- of Ingersoll Rand (India) Limited	-	-	-
10 Shares (Previous Year 10) of ₹ 10/- of Kennametal Widia Limited	-	-	-
5 Shares (Previous Year 5) of ₹ 10/- of Kirloskar Industries Limited	-	-	-
75 Shares (Previous Year 75) of ₹ 2/- of Kirloskar Oil Engines Limited	-	-	-
20 Shares (Previous Year 20) of ₹ 2/- of Larsen & Toubro Limited	-	-	-
66 Shares (Previous Year 66) of ₹ 5/- of Mahindra & Mahindra Limited	-	-	-
1 Share (Previous Year 1) of ₹ 5/- of Maruti Suzuki India Limited	-	-	-



INFORMATION ON SUBSIDIARY COMPANIES

	As at 31.03.2013		As at 31.03.2012
	₹ Crore	₹ Crore	₹ Crore
200 Shares (Previous Year 200) of ₹ 1/- of Shanthi Gears Limited	-	-	-
1 Share (Previous Year 1) of ₹ 2/- of Siemens Limited	-	-	-
1 Share (Previous Year 1) of ₹ 10/- of Steel Authority of India Limited	-	-	-
30 Shares (Previous Year 30) of ₹ 10/- of Swaraj Engines Limited	-	-	-
25 Shares (Previous Year 25) of ₹ 2/- of Tata Motors Limited	-	-	-
4 Shares (Previous Year 4) of ₹ 10/- of UltraTech Cement Limited	-	-	-
10 Shares (Previous Year 10) of ₹ 10/- of Vesuvias Limited	-	-	-
15 Shares (Previous Year 15) of ₹ 10/- of VST Tillers Tractors Limited	-	-	-
10 Shares (Previous Year 10) of ₹ 10/- of Wartsila India Limited	-	-	-
100 Shares (Previous Year 100) of ₹ 10/- of Wellwind Industry Limited	-	-	-
		0.01	0.01
		20.76	20.76
Quoted investments			
- Book value		0.01	0.01
- Market value		0.03	0.02
Unquoted investments			
- Book value		20.76	20.76
Current Investments : (at lower of Cost or market value, whichever is lower)			
Greaves Leasing Finance Limited			
Mutual Funds(Unquoted):			
8,178 Units(Previous Year 69,24,924) of ₹ 10/- Kotak Floater Short Term-daily Dividend		0.82	7.01
Nil Units(Previous Year 39,29,187) of ₹ 10/- Reliance Liquid Fund-Treasury Plan		-	6.01
15,209 Units(Previous Year 7,866) of ₹ 1,000/- SBI Magnum Insta Cash Fund Liquid Floater Plan		1.54	0.78
		2.36	13.80
Dee Greaves Limited			
18,683 Units (Previous Year 54,562) of ₹ 100/- ICICI Prudential Sweep Plan-Cash Option-Daily Dividend		0.18	0.55
		2.54	14.35
Current Investments			
- Book value		2.54	14.35

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Greaves Cotton Limited

1. We have audited the accompanying consolidated financial statements of Greaves Cotton Limited, ("the Company") and its subsidiaries (hereinafter collectively referred to as the "Group"), which comprise the consolidated Balance Sheet as at 31 March 2013, and the consolidated Statement of profit and loss and consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

2. Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.
6. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on the financial statements of the subsidiaries, as noted below, the 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 2013
 - ii) in the case of the consolidated Statement of Profit and Loss, of the profit for the year ended on that date; and
 - iii) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

Other Matter

7. We did not audit the financial statements of certain subsidiaries included in the consolidated financial statements, whose financial statements reflect total assets (after eliminating intra-group transactions) of ₹ 28.91 crore as at 31 March 2013; total revenues (after eliminating intra-group transactions) of ₹ 48.19 crore and net cash flows aggregating to ₹ 0.23 crore for the year then ended. These financial statements have been audited by other auditors whose audit reports have been furnished to us by the management, and our audit opinion on the consolidated financial statements of the Group for the year then ended to the extent they relate to the financial statements not audited by us as stated in this paragraph is based solely on the audit reports of the other auditors. Our opinion is not qualified in respect of this matter.

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

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

Mumbai
30 April 2013



CONSOLIDATED BALANCE SHEET

	Note No.	As at 31.03.2013		As at 31.03.2012
		₹ Crore	₹ Crore	₹ Crore
I. EQUITY AND LIABILITIES:				
1. SHAREHOLDERS' FUNDS:				
(a) Share Capital	3	48.84		48.84
(b) Reserves & Surplus	4	684.46		582.18
			733.30	631.02
2. NON CURRENT LIABILITIES:				
(a) Long-Term Borrowings	5	0.07		0.17
(b) Deferred Tax Liabilities (Net)	6	34.72		30.14
(c) Other Long-Term Liabilities	7	3.78		3.04
(d) Long-Term Provisions	8	13.37		10.62
			51.94	43.97
3. CURRENT LIABILITIES:				
(a) Short-Term Borrowings	9	15.82		32.80
(b) Trade Payables	10	236.22		195.82
(c) Other Current Liabilities	11	65.23		82.78
(d) Short-Term Provisions	12	89.39		106.85
			406.66	418.25
TOTAL			1,191.90	1,093.24
II. ASSETS:				
1. NON-CURRENT ASSETS:				
(a) Fixed Assets:	13			
(i) Tangible Assets		365.16		325.14
(ii) Intangible Assets		8.03		5.52
(iii) Capital Work-in-progress		5.33		16.78
(iv) Intangible assets under development		2.69		3.56
		381.21		351.00
(b) Non-Current Investments	14	20.76		20.76
(c) Long-Term Loans and Advances	15	21.43		23.44
(d) Other Non-Current Assets	16	1.41		1.37
			424.81	396.57
2. CURRENT ASSETS :				
(a) Current Investments	17	71.09		72.89
(b) Inventories	18	180.22		182.14
(c) Trade Receivables	19	365.67		258.07
(d) Cash and Cash Equivalents	20	42.24		71.45
(e) Short -Term Loans and Advances	21	107.64		111.63
(f) Other Current Assets	22	0.23		0.49
			767.09	696.67
TOTAL			1,191.90	1,093.24

The Notes are an integral part of these financial statements 1 to 42

As per our report of even date attached
For **Walker, Chandio & Co**
Chartered Accountants

Khushroo B. Panthaky
Partner

Ashok Kumar Sonthalia
Chief Financial Officer

Monica Chopra
Company Secretary &
Executive Vice President-Legal

Mumbai
30th April, 2013

For and on behalf of the Board
Sukh Dev Nayyar
Director

Sunil Pahilajani
Managing Director & CEO

Mumbai
30th April, 2013

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

	Note No.	Year Ended 31.03.2013		Year Ended 31.03.2012
		₹ Crore	₹ Crore	₹ Crore
INCOME				
Revenue from Operations (Gross)	25		2,129.16	1,962.20
Less:Excise duty			223.04	172.88
Revenue from Operations (Net)			1,906.12	1,789.32
Lease rentals (₹ 29,520/-, Previous Year ₹ 50,000/-)			-	-
Other Income	26		15.93	6.07
TOTAL REVENUE			1,922.05	1,795.39
EXPENDITURE				
Cost of Materials Consumed	27		1,280.23	1,218.75
Purchase of Stock-in-Trade	28		39.97	47.60
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	29		6.82	(16.77)
Employee Benefits Expense	30		163.61	142.53
Finance Costs	31		1.54	3.74
Depreciation and Amortisation Expense	32	40.74		41.67
Less : Transferred from Revaluation Reserve		0.07		0.07
			40.67	41.60
Other Expenses	33		174.94	160.49
			1,707.78	1,597.94
Profit Before Exceptional Items and Tax			214.27	197.45
Less / (Add): Exceptional Items	34		3.43	(57.47)
Profit Before Tax			210.84	254.92
Tax Expense:				
Current Tax		59.31		62.25
Tax Adjustment in respect of earlier years		(1.07)		-
Deferred Tax		4.58		3.74
			62.82	65.99
Profit for the Year			148.02	188.93
Earnings per share (Face Value of ₹ 2/- per share)	40			
(i) Basic			6.06	7.74
(ii) Diluted			6.06	7.74
The Notes are an integral part of these financial statements	1 to 42			

As per our report of even date attached
For **Walker, Chandio & Co**
Chartered Accountants

Khushroo B. Panthaky
Partner

Ashok Kumar Sonthalia
Chief Financial Officer

Monica Chopra
Company Secretary &
Executive Vice President-Legal

Mumbai
30th April, 2013

For and on behalf of the Board
Sukh Dev Nayyar
Director

Sunil Pahilajani
Managing Director & CEO

Mumbai
30th April, 2013



CONSOLIDATED CASH FLOW STATEMENT

	Year Ended 31.03.2013 ₹ Crore	Year Ended 31.03.2012 ₹ Crore
A CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	210.84	254.92
Adjustment for:		
Depreciation / Amortisation	40.67	41.60
Foreign currency translation difference	(0.16)	(0.13)
(Profit)/ loss on sale of land and building	-	(77.77)
(Profit)/ loss on sale of investments	(0.01)	(0.76)
Interest income	(0.92)	(0.34)
Finance costs	1.54	3.74
(Profit)/ loss on sale of fixed assets (net)	(4.30)	(0.55)
Dividend from investments	(6.67)	(2.67)
Unrealised (gain)/ loss on exchange fluctuation	(0.49)	(0.32)
Operating profit before working capital changes	240.50	217.72
Adjustment for:		
(Increase) / decrease in inventory	1.92	14.91
(Increase) / decrease in trade receivables	(107.68)	5.51
(Increase) / decrease in other receivables	0.08	(10.89)
Increase / (decrease) in trade payables / provisions	33.42	(52.06)
Cash from operating activities	168.24	175.19
Direct taxes refunded / (paid) (net)	(60.40)	(65.56)
Net cash from operating activities	107.84	109.63
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(73.30)	(102.98)
Sale of fixed assets	5.05	81.07
Redemption of Preference Shares	-	13.33
Purchase of other investments	-	(53.78)
Sale of investments	1.81	0.76
Dividend received	6.67	2.67
Interest received	1.02	0.49
Net cash used in investment activities	(58.75)	(58.44)
C CASH FLOW FROM FINANCING ACTIVITIES		
Increase / (decrease) in long term borrowings	(0.17)	(2.86)
Increase / (decrease) in short term borrowings (net)	(17.03)	19.81
Finance costs	(1.54)	(4.02)
Dividend (including dividend tax) paid	(59.56)	(53.90)
Net cash used in financing activities	(78.30)	(40.97)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(29.21)	10.22
Cash and cash equivalents as at the beginning of the year	71.45	61.23
Cash and cash equivalents as at the end of the year	42.24	71.45

CONSOLIDATED CASH FLOW STATEMENT

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 year.
- 3 Cash and cash equivalents represent cash and cash equivalents as per Note 20.
- 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
30th April, 2013

Ashok Kumar Sonthalia
Chief Financial Officer

Monica Chopra
Company Secretary &
Executive Vice President-Legal

For and on behalf of the Board

Sukh Dev Nayyar
Director

Sunil Pahilajani
Managing Director & CEO

Mumbai
30th April, 2013



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31st March 2013

1 General Information:

Greaves Cotton Limited (the 'Company') is engaged in manufacturing of engines and construction equipment and trading of power tillers, motor graders etc. The Company has manufacturing facilities in the state of Maharashtra and Tamil Nadu. The products are mainly sold in India with some export to Middle East, Africa & South East Asia Region. The Company has four direct and two indirect subsidiaries having operations in India, Netherlands, Germany and Sharjah.

2 Summary of Significant Accounting Policies:

2.1 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. 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.

All assets and liabilities have been classified as current and non-current as per normal operating cycle of the Company and other criteria set out in the Revised Schedule VI to the Companies Act, 1956. Based on nature of products / services, the Company has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities.

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. (Refer Note No. 35 & 36)

2.2 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.

2.3 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31st March 2013

2.4 Depreciation and Amortisation

- a) Tangible assets:
- i) Depreciation on revalued fixed assets is provided on the re-valued amount derived based on valuation carried out by independent valuers. The depreciation on re-valued portion of the fixed assets is transferred from revaluation reserve to the Statement of profit and loss.
 - 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, in respect of Company and its Indian subsidiaries
 - 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.
- b) Intangible assets:
- i)
 - a) Technical Know-how acquired prior to the year 2001 is amortised as per the rates applicable to plant and equipment 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.

2.5 Research and Development

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

2.6 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.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31st March 2013

- b) Sales include excise duty but exclude Value Added Tax (VAT) and Service Tax.
- c) Revenue from royalty is accrued and recognised, when the specified goods of the supplier are sold by the Company's dealers in accordance with the terms of agreement.

2.7 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 work in progress includes cost of equipments and other expenses incidental to its acquisition but which are not yet ready for use.

2.8 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 and 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 Statement of profit and loss in the period in which they arise.
- e) Foreign exchange differences arising on marking forward contracts to market rates are recognised in the Statement of profit and loss 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 Statement of profit and loss.
- 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 Statement of profit and loss.
- 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31st March 2013

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.

2.9 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.

2.10 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 Statement of profit and loss. 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.

2.11 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.

2.12 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".



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31st March 2013

- 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.

2.13 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 Statement of profit and loss on a straight line basis.

2.14 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 in 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.

2.15 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 Statement of profit and loss.

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.

2.16 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31st March 2013

- 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
- 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
 - a present obligation when no reliable estimate is possible, and
 - 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/ recognised as appropriate.

	As at 31.03.2013		As at 31.03.2012
	₹ Crore	₹ Crore	₹ Crore
3. Share Capital:			
a) Authorised Share Capital:			
25,00,00,000 Equity Shares of ₹ 2/- each (Previous Year 25,00,00,000 Equity Shares of ₹ 2/- each)		50.00	50.00
25,00,000 Redeemable Preference Shares of ₹ 100/- each (Previous Year 25,00,000 of ₹ 100/- each)		25.00	25.00
		75.00	75.00
b) Issued, Subscribed and Paid up:			
24,42,06,795 Equity Shares of ₹ 2/- each (Previous Year 24,42,06,795 Equity Shares of ₹ 2/- each) fully paid		48.84	48.84
		48.84	48.84

c) Shares in the Company held by each shareholder holding more than 5% shares

Name of the shareholder	As at 31.03.2013		As at 31.03.2012	
	Number of shares held in the Company	Percentage of shares held (%)	Number of shares held in the Company	Percentage of shares held (%)
DBH International Private Limited	9,85,37,502	40.35	9,85,37,502	40.35
Reliance Capital Trustee Company Limited	1,43,76,342	5.89	1,48,15,042	6.07
Bharat Starch Products Limited	1,37,75,865	5.64	1,37,75,865	5.64
Karun Carpets Private Limited	1,36,07,199	5.57	1,36,57,899	5.59



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31st March 2013

	As at 31.03.2013		As at 31.03.2012
	₹ Crore	₹ Crore	₹ Crore
4. 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	4.09		4.16
Less: Transferred to Statement of profit and loss	0.07		0.07
		4.02	4.09
Statutory Reserve:			
As per last Balance Sheet	3.91		3.37
Add: Transferred from Surplus in Statement of profit and loss	0.58		0.54
		4.49	3.91
General Reserve:			
As per last Balance Sheet	267.01		241.97
Add: Transferred from Surplus in Statement of profit and loss	25.00		25.04
		292.01	267.01
Foreign Currency Translation Reserve:			
As per last Balance Sheet	(0.12)		0.01
Add: Addition / (Deduction) during the year	(0.16)		(0.13)
		(0.28)	(0.12)
Surplus in Statement of profit and loss			
As per last Balance Sheet	271.22		170.31
Profit for the year	148.02		188.93
Less: Appropriations			
Statutory Reserve	0.58		0.54
Interim Dividend	26.86		48.84
Proposed Final Dividend	12.21		4.88
Tax on Dividend	6.44		8.72
Transfer to General Reserve	25.00		25.04
		348.15	271.22
		684.46	582.18

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31st March 2013

	As at 31.03.2013		As at 31.03.2012
	₹ Crore	₹ Crore	₹ Crore
5. Long-Term Borrowings:			
Secured:			
Term Loans from :			
Bank		0.03	-
Unsecured:			
Interest-free Sales Tax Loan and Special Incentive Loan		0.04	0.17
		0.07	0.17
6. Deferred Tax Liabilities (Net):			
Deferred Tax Liabilities			
Depreciation		41.25	35.27
Deferred Tax Assets			
Provision for Doubtful Debts	2.72		2.28
Provision for Compensated Absence	2.82		2.24
Others	0.99		0.61
		6.53	5.13
		34.72	30.14
7. Other Long-Term Liabilities:			
Deposits received from Dealers		3.78	3.04
		3.78	3.04
8. Long-Term Provisions:			
Compensated Absence		7.07	6.15
Gratuity		6.30	4.47
		13.37	10.62
9. Short-Term Borrowings:			
Secured:			
Cash Credit / Short Term Finance from Banks		2.20	-
Unsecured:			
Bank Overdrafts		13.62	12.80
Short Term Loan from Others (Representing Commercial Papers)		-	20.00
		15.82	32.80



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31st March 2013

	As at 31.03.2013		As at 31.03.2012
	₹ Crore	₹ Crore	₹ Crore
10. Trade Payables:			
Due to Micro, Small & Medium Enterprises		30.33	30.92
Others		205.89	164.90
		236.22	195.82
11. Other Current Liabilities:			
Current Maturities of Long Term Borrowings		0.14	0.21
Unpaid Dividends *		1.60	1.56
Unclaimed Matured Fixed Deposits *		0.02	0.07
Interest Accrued on Matured Fixed Deposits *		0.01	0.01
Advance from Customers		6.71	15.11
Employee Benefits Payable		4.75	4.28
Statutory Dues Including Provident Fund and Tax Deducted at Source		9.86	17.07
Capital Creditors		4.30	11.16
Others			
Provision for expenses		37.06	32.87
Forward Contract Liabilities and Miscellaneous Deposits		0.78	0.44
		65.23	82.78

* There are no amounts due and outstanding to be credited to Investor Education and Protection Fund as at 31st March 2013 under section 205C of the Companies Act, 1956.

12. Short-Term Provisions:

Provision for Employee Benefits:

Compensated Absence

1.23

0.76

Others - Provision for Bonus, Commission etc.

5.10

5.35

Other Provisions

Warranty

9.46

10.11

Provision for Tax (Current Year)

59.31

62.25

Proposed Dividend

12.21

4.88

Provision for Special Interim Dividend

-

19.54

Provision for Tax on Dividend

2.08

3.96

89.39

106.85

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

Movement of Provision: Warranty

Balance as at the beginning of the year

10.11

15.08

Additional provision made during the year

8.85

3.40

Amount used during the year

9.50

8.37

Balance at the end of the year

9.46

10.11

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31st March 2013

	GROSS BLOCK				DEPRECIATION			NET BLOCK		
	1st April 2012	Additions	Disposals / Adjustments	31st March 2013	1st April 2012	For the Year	Disposals / Adjustments	31st March 2013	31st March 2012	
TANGIBLE ASSETS										
Freehold Land	3.44	0.11	-	3.55	-	-	(0.04)	0.04	3.51	3.44
Leasehold Land	21.78	-	-	21.78	0.69	0.24	-	0.93	20.85	21.09
Freehold Building	108.52	13.99	-	122.51	17.69	3.62	-	21.31	101.20	90.83
Leasehold Building	0.29	-	0.04	0.25	0.28	-	0.04	0.24	0.01	0.01
Plant & Equipment	353.38	58.50	13.74	398.14	157.61	30.24	13.17	174.68	223.46	195.77
Office Equipment	3.74	1.24	0.01	4.97	1.69	0.70	0.03	2.36	2.61	2.05
Furniture and Fixtures	20.28	3.49	0.10	23.67	11.40	2.09	0.03	13.46	10.21	8.88
Vehicles	5.77	1.38	0.86	6.29	2.70	1.05	0.77	2.98	3.31	3.07
Total	A 517.20	78.71	14.75	581.16	192.06	37.94	14.00	216.00	365.16	-
31st March 2012	431.13	96.44	10.37	517.20	168.55	31.12	7.61	192.06	-	325.14
Capital work-in-progress									5.33	16.78
INTANGIBLE ASSETS										
Goodwill	14.52	-	-	14.52	14.22	0.03	-	14.25	0.27	0.30
Technical Know-how	4.97	3.13	-	8.10	4.74	0.10	-	4.84	3.26	0.23
Computer software	15.79	2.18	-	17.97	10.80	2.67	-	13.47	4.50	4.99
Total	B 35.28	5.31	-	40.59	29.76	2.80	-	32.56	8.03	-
31st March 2012	34.07	1.21	-	35.28	19.21	10.55	-	29.76	-	5.52
Intangible Assets Under Development									2.69	3.56
TOTAL INCLUDING Capital work-in-progress and Intangible Assets under Development	C 552.48	84.02	14.75	621.75	221.82	40.74	14.00	248.56	381.21	-
31st March 2012	465.20	97.65	10.37	552.48	187.76	41.67	7.61	221.82	-	351.00

- NOTES:
- (I) Net block of Freehold Land and Building includes ₹ 4.02 crore (Previous Year ₹ 4.09 crore) added on revaluation as on 31st May 1987.
- (II) Freehold Building includes ₹ 9.20 crore (Previous Year ₹ 6.54 crore) towards cost of ownership flats in Co-operative Housing Societies and cost of 25 shares (Previous Year 20 shares) of ₹ 50/- each.
- (III) Translation gain of ₹ 0.05 crore (Previous Year ₹ 0.15 crore) arising on translation of value of Fixed assets of foreign non-integral operations has been adjusted in additions.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31st March 2013

	As at 31.03.2013		As at 31.03.2012
	₹ Crore	₹ Crore	₹ Crore
14. Non-Current Investments: (Long Term)			
Trade Investments (unquoted): (at Cost)			
Fully Paid Preference Shares			
20,75,000 5% Non Cumulative Redeemable Preference Shares (Previous Year 20,75,000) of ₹ 100/- each of Premium Transmission Limited		20.75	20.75
Other Investments (quoted): (at Cost)			
Fully Paid Equity Shares		0.01	0.01
		20.76	20.76
Aggregate amount of unquoted investments		20.75	20.75
Aggregate amount of quoted investments		0.01	0.01
Market Value of quoted investments		0.03	0.02
15. Long-Term Loans and Advances:			
Unsecured, considered good (unless otherwise stated):			
Capital Advances		6.56	11.82
Security Deposits		6.00	5.81
Advance Income Tax {Net of Provisions of ₹ 241.75 crore (Previous Year ₹ 179.55 crore)}		4.75	1.90
Advances recoverable in cash or in kind or for value to be received:			
Considered good		4.12	3.91
Considered doubtful	3.19		3.19
Less: Provision for doubtful advances	3.19		3.19
		-	-
		21.43	23.44
16. Other Non-Current Assets:			
Margin Money Deposits with banks		1.41	1.37
		1.41	1.37
17. Current Investments:			
Mutual Funds (unquoted) : at cost or market value, whichever is less		71.09	72.89
		71.09	72.89
Aggregate amount of unquoted Investments		71.09	72.89
18. Inventories:			
Stores and Spares		3.53	3.51
Loose Tools		4.34	3.75
Raw & Packing Materials {Including In-Transit ₹ 1.27 crore, (Previous Year ₹ 1.16 crore)}		87.28	82.99
Work-in-progress		22.47	24.68
Finished Goods		51.13	49.25
Stock-in-Trade {Including In-Transit ₹ Nil, (Previous Year ₹ 1.12 crore)}		11.47	17.96
		180.22	182.14

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31st March 2013

	As at 31.03.2013		As at 31.03.2012
	₹ Crore	₹ Crore	₹ Crore
18. Inventories:(Contd.)			
Details of Inventory:			
a) Work-in-Progress:			
Engines and Gensets, Spares		15.20	12.34
Vibratory Compactors, Rollers, High Pressure Pumps, Transit Mixers and Spares		6.71	12.27
Power Tillers		0.56	0.07
		22.47	24.68
b) Finished Goods:			
Engines and Gensets, Spares		40.56	29.41
Vibratory Compactors, Rollers, High Pressure Pumps, Transit Mixers and Spares		10.30	14.15
Power Tillers		0.27	1.12
Others		-	4.57
		51.13	49.25
c) Stock-in-Trade:			
Power Tillers		0.72	4.31
Motor Graders, Milling Machines and Pavers		5.69	11.28
Lub Oil		0.32	0.11
Others		4.74	2.26
		11.47	17.96
19. Trade Receivables:(unsecured)			
Outstanding for a period exceeding six months from the date they became due			
Considered good		15.36	9.58
Considered doubtful	5.10		4.55
Less: Provision for Doubtful Debts	5.10		4.55
		-	-
Others		350.31	248.49
		365.67	258.07
20. Cash and Cash Equivalents:			
Cash on hand		0.05	0.07
Cheques on hand		11.16	23.10
Bank balance :			
In Current Accounts		14.38	23.63
In Fixed Deposits		15.05	23.09
In Unpaid Dividend Accounts		1.60	1.56
		42.24	71.45
21. Short Term Loans and Advances: (Unsecured, Considered good)			
Loans and Advances to Related Parties		20.00	20.00
Other Loans and Advances			
Advance Income Tax (Current Year)		61.64	65.27
Prepaid Expenses		1.51	1.19
Others		9.91	12.95
Balances with Customs, Port Trust, Central Excise etc.		14.58	12.22
		107.64	111.63



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31st March 2013

	As at 31.03.2013		As at 31.03.2012
	₹ Crore	₹ Crore	₹ Crore
22. Other Current Assets:			
Unsecured, Considered Good:			
Interest Accrued on Deposits		0.15	0.25
Unamortised Expense:			
Unamortised Premium on Forward Contract		0.08	0.24
		0.23	0.49
23. Contingent Liabilities:			
a) Sales Tax liability that may arise in respect of matters in appeal		6.45	6.41
b) Excise Duty liability that may arise in respect of matters in appeal		1.71	2.31
c) Income Tax liability that may arise in respect of matters in appeal		2.84	2.84
d) Claims made against the group, not acknowledged as debts		15.09	14.80
e) Bonds executed in favour of Collector of Customs/Central Excise		11.98	8.89
Notes:			
1) The Group does not expect any reimbursement in respect of the above contingent liabilities.			
2) It is not practical to estimate the timing of cash outflows, if any, in respect of matters at (a) to (d) above, pending resolution of the appellate proceedings.			
24. Capital Commitments:			
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances).		25.01	40.26
	Year Ended 31.03.2013		Year Ended 31.03.2012
	₹ Crore	₹ Crore	₹ Crore
25. Revenue from Operations:			
Sale of Products			
Finished Goods		2,053.84	1,879.53
Service Income		1.12	1.07
Stock-in-Trade		68.77	78.14
Lease rentals (₹ 29,620/-, Previous Year ₹ 50,000/-)			
Other Operating Income			
Direct Sales Compensation		-	0.43
Royalty		1.23	2.12
Duty Drawback		0.70	0.91
Others		3.50	-
		2,129.16	1,962.20
Details of Sales:			
Finished Goods			
Engines and Gensets, Spares		1,854.23	1,701.82
Vibratory Compactors, Rollers, High Pressure Pumps, Transit Mixers and Spares		172.06	162.12
Power Tillers		27.55	15.59
		2,053.84	1,879.53
Stock-in-Trade			
Power Tillers		40.44	47.59
Motor Graders, Milling Machines and Pavers		6.30	8.65
Lub Oil		9.17	8.40
Others		12.86	13.50
		68.77	78.14

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31st March 2013

	Year Ended 31.03.2013		Year Ended 31.03.2012
	₹ Crore	₹ Crore	₹ Crore
26. Other Income:			
Dividend- Non Current Investments		1.04	1.48
Dividend- Current Investments		5.63	1.19
Interest -Others		0.92	0.34
Profit on sale of Fixed Assets (net)		4.30	0.55
Profit on sale of Current Investments		0.01	0.76
Scrap Sales		2.11	1.05
Miscellaneous Income		1.92	0.70
		15.93	6.07
27. Cost of Materials Consumed:			
Raw & Packing Materials and Components Consumed :			
Opening Inventory	82.99		114.00
Add : Purchases	1,284.52		1,187.74
	1,367.51		1,301.74
Less : Closing Inventory	87.28		82.99
		1,280.23	1,218.75
28. Purchase of Stock-in-Trade:			
Power Tillers		22.89	32.20
Motor Graders, Milling Machines & Pavers		0.65	(0.06)
Lub Oil		5.30	4.58
Others		11.13	10.88
		39.97	47.60
29. Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade:			
(Increase) / Decrease in Inventory			
Closing Inventory			
Work-In-Progress	22.47		24.68
Finished Goods	51.13		49.25
Stock-in-Trade	11.47		17.96
	85.07		91.89
Opening Inventory			
Work-In-Progress	24.68		21.69
Finished Goods	49.25		31.18
Stock-in-Trade	17.96		22.25
	91.89		75.12
		6.82	(16.77)
30. Employee Benefits Expense:			
Salaries, Wages and Bonus		134.15	118.32
Contribution to Provident, Gratuity, Superannuation and other Funds		17.98	13.73
Staff Welfare		11.48	10.48
		163.61	142.53



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31st March 2013

30. Employee Benefits Expense: (Contd.)

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

1. Defined Contribution Plans:

The amount recognised as an expense during the year ended 31st March 2013 towards Provident Fund (includes admin charges), ESIC contribution and Superannuation is ₹ 7.93 crore (Previous Year ₹ 6.11 crore), ₹ 0.60 crore (Previous Year ₹ 0.82 crore) and ₹ 3.03 crore (Previous Year ₹ 2.42 crore) respectively.

2. Defined Benefit Plans:

A) 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.

	Year Ended 31.03.2013	Year Ended 31.03.2012
	₹ Crore Wholly Funded	₹ Crore Wholly Funded
a) Amounts recognised in Balance Sheet:		
i) Present Value of Defined Benefits obligations	29.79	27.81
Less: Fair value of Plan Assets	23.69	23.48
Amount to be recognised as Liability or (Assets)	6.10	4.33
ii) Amounts reflected in the Balance Sheet		
Liabilities	6.10	4.33
Net Liabilities/(Assets)	6.10	4.33
b) Amounts recognised in Statement of profit and loss		
i) Current Service Cost	1.36	1.21
ii) Past service cost	-	1.64
iii) Interest Cost	2.10	1.89
iv) Expected (Return) on Plan Assets	(1.89)	(1.67)
v) Actuarial losses/(gains)	4.53	1.31
Total Expense	6.10	4.38
c) Actual Return on Plan Assets	2.58	1.99
d) The changes in the present value of Defined Benefits Obligations representing reconciliation of opening and closing balances thereof are as follows:		
i) Opening balance of the present value of Defined Benefits Obligations	27.81	24.15
ii) Add: Current Service Cost	1.36	1.21
iii) Add: Past Service Cost	-	1.64
iv) Add: Interest Cost	2.10	1.89
v) Add: Actuarial (Gain)/Losses	5.24	1.61
vi) (Less) : Benefits paid during the year	(6.72)	(2.69)
vii) Closing balance of the present value of Defined Benefits Obligations	29.79	27.81

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31st March 2013

	Year Ended 31.03.2013	Year Ended 31.03.2012
	₹ Crore Wholly Funded	₹ 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	23.48	20.21
ii) Add: Expected Return on Plan Assets	1.89	1.67
iii) Add: Actuarial Gain/(Losses)	0.71	0.30
iv) Add: Contribution by the employer	4.33	3.99
v) (Less) : Benefits paid during the year	(6.72)	(2.69)
vi) Closing balance of Plan Assets	23.69	23.48
f) The major categories of plan assets as a percentage of total plan assets are as follows:		
i) Bank Deposits	0.45%	0.15%
ii) Government Securities	0.86%	0.87%
iii) Group Gratuity Scheme of Insurance Companies	98.65%	98.91%
iv) Others	0.04%	0.07%
g) Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):		
i) Discount rate per annum	7.90%	8.60%
ii) Expected rate of Return on Plan Assets	8.50%	8.50%
iii) Expected salary increase per annum	5% to 7%	4% to 6%
iv) Average past service of employees	14 Years	15 Years
v) Mortality rate	Indian Assured Lives Mortality (2006-08) ULT	LIC (1994-96) Published table of Mortality rate

B) Compensated Absence:

The obligation for compensated absences is recognised in the same manner as gratuity and net charge to the statement of profit and loss for the year is ₹ 1.39 crore (Previous Year ₹ 0.45 crore).

C) Retirement Pension Scheme :

For UK branch employees, based on actuarial valuation, the Company has recognised a charge of ₹ 1.36 crore, equivalent to GBP 1,57,350 (Previous year ₹ NIL, equivalent to GBP NIL) towards present value of post retirement pension. The year end balance amounts to ₹ 3.17 crore, equivalent to GBP 3,81,900 (Previous year ₹ 2.20 crore, equivalent to GBP 2,70,650).

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.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31st March 2013

	As at 31.03.2013		As at 31.03.2012
	₹ Crore	₹ Crore	₹ Crore
31. Finance Costs:			
Interest		1.11	2.56
Other Borrowing Cost		0.43	1.18
		1.54	3.74
32. Depreciation and Amortisation Expense:			
Depreciation on Tangible Assets		37.94	31.12
Amortisation of Intangible Assets		2.80	10.55
(Previous Year, including impairment of Goodwill, ₹ 6.62 crores)			
		40.74	41.67
33. Other Expenses:			
Stores and Spares Consumed		9.89	11.35
Excise Duty		0.11	(1.77)
Power, Fuel and Electricity		22.35	18.56
Repairs and Maintenance			
Building		1.37	1.69
Plant & Equipment		5.25	5.53
Others		2.27	2.44
Brokerage and Commission		6.71	7.14
Rent		8.25	7.17
Insurance		1.64	1.21
Bad Debts	-		0.08
Less: Provision for Doubtful Debts	-		0.08
		-	-
Provision for Doubtful Debts/Advances		0.81	1.32
Rates and Taxes		1.55	1.12
Advertising and Sales Promotion		5.62	9.65
Travelling		14.06	11.92
Carriage and Freight		20.67	17.92
Directors' Sitting Fees		0.11	0.11
Printing and Stationery		1.20	1.30
Postage, Telephone and Fax		3.52	3.52
Legal, Professional and Consultancy Charges		19.02	12.34
Miscellaneous Expenses		50.54	47.97
		174.94	160.49
34. Exceptional Items:			
a) Employee Separation Compensation		3.43	-
b) Profit on Sale of Land and Building		-	(77.77)
c) Devaluation of Inventories		-	20.30
		3.43	(57.47)
a)	During the year, the management of the Company carried out exercise of rationalisation of manpower at few locations. It offered separation scheme to the employees and paid compensation for the same.		
b)	During the previous year, the Company sold land and building situated at Thoraipakkam, Tamil Nadu. Till 2008-09, the Company had its Farm Equipment Business' manufacturing facility situated there at. In 2008-09, the same was relocated to Gummidipoondi, Tamil Nadu.		
c)	During the previous year, the Company carried out an extensive exercise to identify obsolete inventory arising out of design, model and technological changes. This charge represents the consequent devaluation arising out of the said exercise.		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31st March 2013

35. The notes and significant accounting 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 year. In this respect, the Company's management has disclosed such notes and policies, which represent the relevant disclosure. In these notes Greaves Cotton Limited and its subsidiaries are referred to as the "Group".

36. 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 31.03.2013
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 (*10% held by Greaves Cotton Limited and 90% held by Greaves Cotton Netherlands B.V.)	UAE	100% *

b) Goodwill and Capital reserve on consolidation represent the difference between the net worth and the cost of acquisition of subsidiary. Amortisation of Goodwill arising on acquisition of subsidiary amounted to ₹ 0.03 crore (Previous Year ₹ 7.83 crore, including impairment of ₹ 6.47 crore).

37. Foreign Currency Transactions :

I Details of Derivative Instruments & Unhedged Foreign Currency Exposures:

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

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

	Year Ended 31.03.2013		Year Ended 31.03.2012	
	Fx	₹ Crore	Fx	₹ Crore
Export of goods and services	\$20,90,727	11.39	\$13,30,411	7.05

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

	Year Ended 31.03.2013		Year Ended 31.03.2012	
	Fx	₹ Crore	Fx	₹ Crore
Import of goods and services	\$33,64,379	18.30	\$49,59,728	25.56
	€ 1,30,944	0.91	-	-
	¥ 61,770	0.01	-	-
	£26,020	0.21	-	-



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31st March 2013

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 year end.

Year Ended 31.03.2013			Year Ended 31.03.2012		
No. of Contracts	Fx	₹ Crore Equivalent	No. of Contracts	Fx	₹ Crore Equivalent
3	\$2,15,693	1.17	1	\$94,047	0.48
11	€ 7,23,265	5.31	3	€ 2,95,200	2.00
1	¥ 90,00,000	0.56	2	¥ 9,50,00,000	5.98

II Exchange difference arising on Foreign currency transactions has been accounted under respective accounts:

	Year Ended 31.03.2013	Year Ended 31.03.2012
	₹ Crore	₹ Crore
Revenue (Note No 25) {(Gain)/Loss}	(0.66)	(0.93)
Consumption (Note No 27 & 28) {(Gain)/Loss}	(0.12)	3.44
Others (Note No. 33) {(Gain)/Loss}	0.50	(3.35)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31st March 2013

38. Segment Reporting

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

PRIMARY SEGMENTS (Business segments):

Particulars	Engines		Infrastructure Equipment		Others		Total	
	Year Ended 31.03.2013	Year Ended 31.03.2012	Year Ended 31.03.2013	Year Ended 31.03.2012	Year Ended 31.03.2013	Year Ended 31.03.2012	Year Ended 31.03.2013	Year Ended 31.03.2012
	₹ Crore	₹ Crore	₹ Crore	₹ Crore	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Segment revenue (excluding excise duty)	1,679.73	1,564.48	162.02	157.15	68.08	69.11	1,909.83	1,790.74
Inter-segment revenue	3.71	1.42	-	-	-	-	3.71	1.42
Total revenue	1,676.02	1,563.06	162.02	157.15	68.08	69.11	1,906.12	1,789.32
Result:								
Segment Result	288.08	278.05	(8.98)	(8.20)	14.64	9.44	293.74	279.29
Add / Less : Unallocable Income /(Expenditure) (Net)							(77.93)	(78.10)
Operating Profit							215.81	201.19
Less: Interest expense							(1.54)	(3.74)
Profit before exceptional items							214.27	197.45
Exceptional items								
Profit on Sale of Land and Building							-	77.77
Employee Separation Compensation							(3.43)	-
Devaluation of Inventories		(13.80)		(6.50)		-	-	(20.30)
Profit before Tax							210.84	254.92
Less: Provision for tax (Net)							(58.24)	(62.25)
Add: Deferred tax (charge)/ credit							(4.58)	(3.74)
Profit / (Loss) after tax							148.02	188.93
Other Information:								
Segment assets	715.27	640.63	169.55	143.38	32.65	26.64	917.47	810.65
Unallocable corporate assets							274.43	282.59
Total assets							1,191.90	1,093.24
Segment liabilities	246.82	259.86	45.98	28.02	31.66	22.54	324.46	310.42
Unallocable corporate liabilities							134.14	151.80
Total liabilities							458.60	462.22
Capital expenditure	57.89	97.44	7.74	6.65	0.08	0.02		
Depreciation and amortisation	32.30	26.48	2.75	1.99	0.05	0.03		
Non-cash expenses other than depreciation and amortisation	-	13.80	-	6.50	-	-		



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31st March 2013

SECONDARY SEGMENTS (Geographical segments)

₹ Crore

Particulars	Domestic		Overseas		Total	
	2012-2013	2011-2012	2012-2013	2011-2012	2012-2013	2011-2012
External revenue by location of customers	1,809.47	1,696.86	96.65	92.46	1,906.12	1,789.32
Carrying amount of segment assets by location of assets	900.96	785.42	16.51	25.23	917.47	810.65
Cost incurred on acquisition of tangible and intangible fixed assets	64.78	104.08	0.93	0.03	65.71	104.11

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 Group.

Reportable Segments:

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

Segment Composition:

- Engines comprises of single and multi cylinder engines.
- Infrastructure Equipment comprises of equipment used in road construction, bridges, dams, mining, etc.
- Others includes Power Tillers and its spares & other products traded by International Operations Division.

Primary / secondary segment reporting format:

- The risk-return profile of the Group'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.
- In respect of secondary segment information, the Group 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 cash equivalents, advance tax and unallocable liabilities mainly include borrowings, tax provisions and provisions for employee retirement benefits.

39. Details of Related party transactions

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

i. Relationships with Related Party:

A) List of related parties : Associate Companies

Name of the Related Party	Relationship	Transaction during the year
Bharat Starch Products Limited	Associate Company	No
DBH Consulting Limited	Associate Company	No
DBH Global Holdings Limited	Associate Company	No
DBH International Private Limited	Associate Company	Yes
DBH Investments Private Limited	Associate Company	No
DBH Stephan Limited	Associate Company	No
English Indian Clays Limited	Associate Company	Yes
Karun Carpets Private Limited	Associate Company	Yes
Pembril Industrial & Engineering Company Private Limited	Associate Company	No
Premium Stephan BV, Netharlands	Associate Company	No
Premium Transmission Cooperatie UA	Associate Company	No
Premium Transmission Limited	Associate Company	Yes

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31st March 2013

- B) Key Management Personnel :
Mr. Sunil Pahilajani - Managing Director and CEO
C) Mr. Karan Thapar, Chairman

ii. Disclosure of related party transactions

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

		₹ Crore	
SI No.	Transactions	2012-2013	2011-2012
1	Purchase of goods Premium Transmission Limited	0.22	0.06
2	Sale of goods and contract revenue Premium Transmission Limited	1.25	1.41
3	Rendering of Services/ Reimbursement of expenses DBH International Private Limited	-	0.20
	English Indian Clays Limited	-	0.09
	Karun Carpets Private Limited	-	0.01
	Premium Transmission Limited	0.84	1.12
4	Commission and Sitting Fees Mr. Karan Thapar	1.63	1.51
5	Deposits Given Premium Transmission Limited	-	20.00
6	Dividend Received Premium Transmission Limited	1.04	1.48

iii. Amount Due to / from related parties

		₹ Crore	
SI No.	Transactions	2012-2013	2011-2012
1	Loans and advances Premium Transmission Limited	20.00	20.00
2	Trade Receivables Premium Transmission Limited	0.89	0.85
3	Trade Payables Premium Transmission Limited	0.08	0.08

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

Transactions when rounded off are lower than ₹ 1 lac, are not disclosed in the above details.

IV. Key Management Personnel (KMP):

Remuneration to Managing Director ₹ 1.90 crore (Previous Year ₹ 2.96 crore includes ₹ 2.00 crore paid to former Managing Director upto 4th November 2011).



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31st March 2013

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

Particulars		Year Ended 31.03.2013	Year Ended 31.03.2012
Basic EPS			
Weighted average number of shares issued of ₹ 2/- each	(A)	24,42,06,795	24,42,06,795
Profit / (Loss) for the year after tax (₹ crore)	(B)	148.02	188.93
Basic EPS (₹)	(B/A)	6.06	7.74
Diluted EPS			
Weighted average number of shares issued of ₹ 2/- each	(C)	24,42,06,795	24,42,06,795
Diluted EPS (₹)	(B/C)	6.06	7.74

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

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

As per our report of even date attached

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

Khushroo B. Panthaky
Partner

Mumbai
30th April, 2013

Ashok Kumar Sonthalia
Chief Financial Officer

Monica Chopra
Company Secretary &
Executive Vice President-Legal

For and on behalf of the Board

Sukh Dev Nayyar
Director

Sunil Pahilajani
Managing Director & CEO

Mumbai
30th April, 2013



GREAVES
SINCE 1859

Greaves Cotton Limited

Notice

Notice is hereby given that the 94th Annual General Meeting of the Members of Greaves Cotton Limited will be held at the Hall of Culture, Nehru Centre, Worli, Mumbai - 400 018 on Tuesday, 30th July, 2013, at 4.30 p.m. to transact the following business:

ORDINARY BUSINESS:

Adoption of Annual Accounts, Auditors' Report and Directors' Report

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2013 and the Statement of Profit and Loss for the year ended on that date together with the Reports of the Auditors and the Directors thereon.

Confirmation of the Interim Dividends

2. To confirm the 1st, 2nd and 3rd Interim Dividends aggregating to ₹1.10 per Equity Share of ₹2 declared and paid by the Board of Directors during the financial year 2012-13.

Declaration of a Final Dividend

3. To declare a Final Dividend on Equity Shares. {The Board of Directors has recommended a Final Dividend of ₹0.50 (25%) per Equity Share of ₹2. }

Directors retiring by rotation

4. To appoint a Director in place of Mr. Vijay Rai, who retires by rotation and, being eligible, offers himself for re-appointment.
5. To resolve that Mr. Suresh N. Talwar, who retires by rotation and who has not offered himself for re-appointment, not be re-appointed and the resulting vacancy not be filled up.

Re-appointment of Statutory Auditors

6. To re-appoint Walker, Chandiook & Co., Chartered Accountants, having Firm Registration Number 001076N, as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to authorise the Audit Committee to fix their remuneration.

Re-appointment of Branch Auditors

7. To re-appoint Wrigley Partington, UK, as the Branch Auditors of the Company to hold the office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and authorise the Board of Directors to fix their remuneration.

SPECIAL BUSINESS:

To consider and, if thought fit, to pass, with or without modification(s), the following Resolution as an Ordinary Resolution:

Increase in remuneration of the Managing Director & CEO

8. "RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII thereto (including any statutory modification(s) or re-enactment thereof from time to time) and subject to the approval of the Central Government or any statutory authority, as may be required, consent be and is hereby accorded for an increase in the remuneration payable to Mr. Sunil Pahilajani, Managing Director & CEO, with effect from 1st April, 2013 for the remaining part of his five year tenure i. e. till 4th November, 2016, as per details set out in the Explanatory Statement annexed to this Notice."

By Order of the Board of Directors
Greaves Cotton Limited



Monica Chopra
Company Secretary & Executive Vice President - Legal

Registered Office:

Industry Manor
Appasaheb Marathe Marg
Prabhadevi
Mumbai - 400025

Mumbai
21st June, 2013

Notes:

1. The Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956, in respect of the item of Special Business given in this Notice, is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.
3. Proxies, in order to be effective, must be duly filled, stamped, signed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Annual General Meeting.
4. Corporate Members intending to send their authorized representatives to attend the Annual General Meeting must send a duly certified copy of the Resolution passed by their Board of Directors authorizing their representatives to attend and vote at the Annual General Meeting.
5. Members / Proxies / Representatives should bring the enclosed Attendance Slip, duly filled in, for attending the Meeting. Copies of the Annual Report or the Attendance Slip will not be distributed at the Annual General Meeting. The Annual Report is also available on the Company's website at www.greavescotton.com
6. Profile of the Director seeking re-appointment, as required by Clause 49 IV G(i) of the Listing Agreement entered into with the Stock Exchanges, is annexed hereto.
7. The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, 23rd July, 2013 to Tuesday, 30th July, 2013, both days inclusive, for determining the eligibility for the Final Dividend, if declared at the Annual General Meeting.
8. The Final Dividend, as recommended by the Board of Directors, if declared at the Annual General Meeting, will be paid at par on Friday, 9th August, 2013:
 - i. In respect of Shares held in electronic form, to the beneficial owners of the Shares as at the close of business hours on Tuesday, 23rd July, 2013, as per details furnished by National Securities Depository Limited and Central Depository Services (India) Limited.
 - ii. In respect of Shares held in physical form, to those Members whose names appear on the Company's Register of Members as holders of Equity Shares on Tuesday, 30th July, 2013.
9. Members may please note that, as advised by the Securities and Exchange Board of India, their bank details, as furnished to the Registrar and Share Transfer Agent – Sharepro Services (India) Private Limited by their respective Depository Participants will be mandatorily printed on their dividend warrants in case of physical payment.
10. Pursuant to the provisions of Sections 205A (5) and 205C (1) of the Companies Act, 1956, the amount of dividend or fixed deposits remaining unpaid or unclaimed for a period of seven years, is required to be transferred to the Investor Education and Protection Fund (IEPF) of the Central Government. Accordingly, unpaid or unclaimed amount in respect of the 1st and 2nd interim dividends for the financial year 2004 -05 and unclaimed fixed deposits have been transferred to the IEPF during the year.
11. Unclaimed final dividend for the financial year 2004-05 and the dividend for the financial years 2005-06 and thereafter are still lying in the respective unpaid dividend accounts of the Company. Members who have not encashed the dividend warrants, are requested to log on to Company's website to check and confirm the unclaimed amount or contact the Company's Registrar and Share Transfer Agent – Sharepro Services (India) Private Limited, at the earliest. Kindly note that no claim shall lie against the Company or the IEPF, once the unclaimed amount is transferred to the IEPF.
12. Members holding Shares in more than one folio in the same name(s) are requested to send the details of their folios so as to enable the Company to consolidate their holdings into one folio.
13. Members are requested to inform of any change in postal address / e-mail address and any other updations to their respective Depository Participants in respect of Equity Shares held in dematerialised form and the Company's Registrar and Share Transfer Agent – Sharepro Services (India) Private Limited in respect of the Equity Shares held in physical form.
14. For any assistance or information about shares, dividend, etc., Members may contact the Company's Registrar and Share Transfer Agent, as follows:

Sharepro Services (India) Private Limited
[UNIT: Greaves Cotton 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
Website : www.shareproservices.com
Contact person: Mr. Abraham George

15. Members are requested to update their telephone numbers to facilitate prompt action and communication.
16. As per the provisions of the Companies Act, 1956, nomination facility is available to the Members in respect of the Shares held by them. Nomination forms can be obtained from the Company's Registrar and Share Transfer Agent – Sharepro Services (India) Private Limited and can also be downloaded from the Company's website www.greavescotton.com
17. Members desirous of getting any information about the accounts and operations of the Company are requested to address their queries to the Company Secretary at the Registered Office of the Company or by e-mail to investorservices@greavescotton.com at least seven days in advance of the Annual General Meeting so that the required information can be made readily available.
18. All documents referred to in the accompanying Notice and Explanatory Statement are open for inspection at the Registered Office of the Company on all working days of the Company from 11 a.m. to 4 p.m. up to the date of the Annual General Meeting.
19. In view of the Green Initiative of the Ministry of Corporate Affairs allowing paperless compliances by companies under which service of notice / documents including Annual Report is permitted to be sent electronically, Members who have not yet provided their consent to receive such electronic communication are requested to do so by sending the attached Consent Form or downloaded from the Company's website www.greavescotton.com duly completed and signed to the Company's Register and Share Transfer Agent – Sharepro Services (India) Private Limited.

Profile of the Director seeking re-appointment at the Annual General Meeting

Mr. Vijay Rai is due to retire by rotation at the Annual General Meeting and, being eligible, has offered himself for re-appointment. Profile of Mr. Rai, as required by Clause 49 IV G (i) of the Listing Agreement entered into with the Stock Exchanges, is as follows:

Name of the Director	Mr. Vijay Dilbagh Rai
Date of Birth	13 th October, 1946
Date of appointment	21 st March, 2002
Qualifications	B. Tech in Mechanical Engineering from I.I.T., Kharagpur
Expertise in specific functional areas	Over 44 years experience in Industry. He specializes in manufacturing management, agro inputs marketing. He is Chairman of Akola Chemicals Limited, a company manufacturing speciality chemicals.
Directorships held in other companies	Punjab Chemicals & Crop Protection Limited EICL Limited Greaves Leasing Finance Limited Akola Chemicals (India) Limited Sri Biotech Laboratories India Limited Princeware International Private Limited Pimex India Private Limited Tech Pak Industries Limited (Kenya) Princeware Africa Limited (Tanzania)
Memberships / Chairmanships of Committees in other public companies	EICL Limited: Audit Committee Chairman Punjab Chemicals & Crop Protection Ltd.: Audit Committee Member Remuneration Committee Member Shareholders / Investors Grievances Comm. Member
Shareholding, if any, in the Company	18,150 Equity Shares of ₹ 2 each

Explanatory Statement under Section 173 (2) of the Companies Act, 1956

Resolution No.8

The appointment and remuneration payable to Mr. Sunil Pahilajani as the Managing Director & CEO of the Company were approved by the Members at the 93rd Annual General Meeting held on 30th July, 2012. Thereafter, Mr. Pahilajani's remuneration, in respect of Housing and House Rent Allowance, was amended with effect from 1st August, 2012. Accordingly, he was entitled to:

- Furnished, rent-free Company accommodation (the Flat);
- Expenses for lodging and boarding to be recovered as per the Rules of the Company;
- House Rent Allowance of ₹3,00,000 per month and a Special Allowance of ₹75,000 per month, till 31st October, 2012 or the date of occupation of the Flat, whichever is earlier.

Pursuant to the provisions of Section 302 of the Companies Act, 1956 an Abstract of the Terms and Memorandum of Interest dated 15th October, 2012 giving all the details of the amendment was sent to the Members.

At the Meeting held on 30th April, 2013, the Remuneration Committee approved the annual increase in Mr. Pahilajani's remuneration. The following revised remuneration, effective 1st April, 2013 will be applicable for the remaining part of Mr. Pahilajani's tenure of five years i.e. till 4th November, 2016:

Salary:

Basic Salary	-	₹7.40 lakhs per month
Salary Range	-	₹6 lakhs – ₹15 lakhs

Such Increments, within the Salary Range, as may be decided by the Remuneration Committee, from time to time.

Special Allowance:

₹ 3.50 lakhs per month

Such Increments, as may be decided by the Remuneration Committee, from time to time.

Housing:

Rent-free, furnished Company accommodation or stay in a hotel in lieu thereof.

OR

In case Mr. Pahilajani makes his own arrangement, he will be paid House Rent Allowance of ₹3 lakhs per month. The Company will

pay the one-time security deposit, if any, payable to the landlord of the premises, subject to a limit of ₹20 lakhs.

Perquisites:

In addition to the above, Mr. Pahilajani shall also be entitled to medical reimbursement, hospitalisation expenses, mediclaim, accident insurance, life term cover, encashment of leave, leave travel allowance, club fees, long service award, Company maintained cars, reimbursement of fuel expenses, driver's salary, communication facility, relocation expenses and such other Perquisites and Allowances as may be decided by the Remuneration Committee, restricted to 125% of his Salary, as may be revised from time to time.

For the purpose of calculating the above ceiling, the Perquisites and Allowances shall be valued as per the Income Tax Rules, wherever applicable. In the absence of any such Rules, they shall be valued at actual cost.

Chauffeur driven car for official duties and telephone at residence (including payment for local calls and long distance official calls), reimbursement of entertainment expenses actually and properly incurred for the Company's business, encashment of leave at the end of tenure shall not be included in the computation of the ceiling on the Perquisites.

Retirals:

Mr. Pahilajani shall be entitled to Company's contribution towards Provident Fund, Superannuation Fund and Gratuity as per Rules of the Company.

Performance Linked Incentive:

Mr. Pahilajani shall also be entitled to remuneration by way of Performance Linked Incentive for each financial year or part thereof based on his performance, measured against the specific goals, mutually set and approved by the Remuneration Committee, from time to time. For the year ending 31st March, 2014, he will be entitled to Performance Linked Incentive as may be decided by the Remuneration Committee with ₹ 50 lakhs being the base amount.

Long Term Incentive:

Mr. Pahilajani shall also be entitled to remuneration by way of Long Term Incentive based on the specific goals mutually set and approved by the Remuneration Committee, from time to time.

Minimum Remuneration:

Notwithstanding anything mentioned hereinabove, where in any financial year during the currency of his tenure as the Managing Director & CEO, the Company has no profits or its profits are inadequate, the Company will pay the aforesaid remuneration by way of Salary, Perquisites, Performance Linked Incentive and Long Term Incentive as Minimum Remuneration to him.

He shall not be entitled to sitting fees for attending the Meetings of the Board of Directors or any Committee thereof.

As per Section 310 of the Companies Act, 1956, an increase in the Managing Director's remuneration requires the approval of the Members. Hence, the Board of Directors commends Resolution No.8 for your approval.

This explanation, together with the accompanying Notice, is to be regarded as an Abstract of Terms and Memorandum of Interest, pursuant to the provisions of Section 302 of the Companies Act, 1956.

The Company has entered into an Agreement dated 1st June, 2013 with Mr. Pahilajani embodying the above mentioned

revised terms of his remuneration. A copy of the Agreement is available for inspection at the Registered Office on any working day of the Company from 11 a.m. to 4 p.m. up to the date of the Annual General Meeting.

None of the Directors, other than Mr. Sunil Pahilajani, is interested in this Resolution.

By Order of the Board of Directors
Greaves Cotton Limited



Monica Chopra
Company Secretary & Executive Vice President - Legal

Registered Office:
Industry Manor
Appasaheb Marathe Marg
Prabhadevi
Mumbai - 400025

Mumbai
21st June, 2013

Consent Form

Sharepro Services (India) Private Limited

Unit: Greaves Cotton Limited

Subject: Consent to receive annual report and other communication from the Company electronically

Dear Sir,

I hereby register my e-mail address and give consent for receiving annual reports, notices and other documents from the Company electronically.

Name of the Sole / First Holder : _____
 Folio No. (Physical Shares) : _____
 DP ID and Client ID / Account No. : _____
 E-mail Address : _____
 PAN No. (Please attach self attested copy) : _____
 * Mobile No. : _____
 * Land Line No. (with STD Code) : _____

*Optional fields

Date:

(Signature of the First Holder)



Greaves Cotton Limited

Regd. Office: Industry Manor, Appasaheb Marathe Marg, Prabhadevi, Mumbai - 400 025

ATTENDANCE SLIP

94TH ANNUAL GENERAL MEETING

Regd. Folio No. _____ DP ID No. _____ Client ID No. _____

Name of the Member / Proxy _____ No. of Shares held _____

I certify that I am a registered Member / Proxy for the registered Member of the Company.

I hereby record my presence at the 94th **ANNUAL GENERAL MEETING** of the Company held at Hall of Culture, Ground floor, Nehru Centre, Worli, Mumbai - 400 018 on Tuesday, 30th July, 2013 at 4.30 p.m.

Member's / Proxy's Signature

Members / Proxy holders are requested to bring the Attendance Slip at the Meeting and hand over the same at the entrance after signing.



Greaves Cotton Limited

Regd. Office: Industry Manor, Appasaheb Marathe Marg, Prabhadevi, Mumbai - 400 025

PROXY FORM

Regd. Folio No. _____ DP ID No. _____ Client ID No. _____

I / We _____ of _____ being a Member of

Greaves Cotton Limited hereby appoint _____ of _____ or failing

him / her _____ of _____ as my / our proxy to attend and vote for

me / us and on my / our behalf at the 94th **ANNUAL GENERAL MEETING** of the Company to be held at the Hall of Culture, Ground floor, Nehru Centre, Worli, Mumbai - 400 018 on Tuesday, 30th July, 2013 at 4.30 p.m. and at any adjournment thereof.

Signed on this _____ day of _____, 2013.

Affix
₹ 1/-
Revenue
Stamp

Notes:

This Form, in order to be effective, should be duly stamped, completed, signed and must be deposited with the Company's Registered Office, not less than 48 hours before the commencement of the Meeting.

A Member entitled to attend and vote at this meeting is entitled to appoint a proxy and the Proxy need not be a Member.

FORM A

Name of the company	Greaves Cotton Limited
Annual financial statements for the year ended	31st March 2013
Type of Audit observation	Unqualified
Frequency of observation	Not Applicable

To be signed by

Sunil Pahilajani
Managing Director & CEO

Sunil Pahilajani

Ashok Kumar Sonthalia
Chief Financial Officer

Ashok Kumar Sonthalia

Khushroo B Panthaky
For Walker, Chandio & Co.,
(Membership No. F-42423)
Statutory Auditor of the company

Khushroo B Panthaky



Sukh Dev Nayyar
Audit Committee Chairman

Sukh Dev Nayyar