GREAVES
SINCE 1859

Engineering Growth

ONE GOAL. MANY WAYS.

Annual Report 2013-14

CONTENTS

Greaves Technology Centre, Pune, Maharashtra

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.

GREAVES

SINCE 1859

Growth
is an incremental
agenda, whose
goalposts change with every
achievement. Engineering
growth is the singular intent
and our way to achieve this is
through multiple initiatives.
One Goal,
Many Ways.

As a multifaceted business with involvement across different industries, we engineer growth through expanding our repertoire of products, widening our geographical presence, and deepening penetration. We combine these initiatives with aggressive investments in technology, R&D skills and value engineering to launch futuristic products that impart value to our customers.

CHAIRMAN'S **LETTER**

Dear Shareholders,

It has been a tough year for businesses around the world. Growth remained depressed for most part of the year as world economies battled the prevailing negative sentiment. Eventually though, for the first time in five years, there were indications that a self-sustaining economic recovery had commenced, with developed nations leading the change. The US paved the way for economic recovery and stabilisation, with improvement in manufacturing, housing and employment levels. The core nations of the Eurozone also witnessed a turnaround, as reflected in higher consumption and revival in investment.

Despite global signals of recovery, India's growth continued to be sluggish on account of multiple challenges on the domestic front ranging from high inflation and interest rate, a large fiscal deficit to policy paralysis, lack of confidence, etc. Agriculture and exports formed the only silver lining, attributable to above normal monsoons and increased global demand respectively.

However, the last few months of the fiscal saw some positivity build up in the wake of focussed efforts by the Government and the Reserve Bank of India to stem the tide. These initiatives led to a recovery of the Indian rupee which had plunged to an all-time low in August 2013. Current account deficit came down as a result of improvement in exports and measures to curb gold imports. Further, external vulnerabilities reduced due to policy measures to bolster capital flows. Several projects were put on fast track clearance mode prior to the announcement of the general elections. These focussed measures have shown marked improvement in the overall sentiment. The result-oriented approach is expected to pave the way for revival and better growth prospects in the future.

During the year under review, the tough economic scenario affected the performance of several industries, including the Automobile and Capital Goods sectors. The stagnation in the Automobile sector impacted the Company's performance. For the full year, your Company registered net sales of ₹1,719 Crores as against ₹1,873 Crores during the previous year. Net profit for the year was at ₹113 Crores as against ₹138 Crores during the previous year.

The negative environment did not, however, reflect in your Company's operational focus, which remained consistently on track. Your Company continued to be technology-focussed and serviced millions of customers with a seamless service network.

Your Company has increased its investment in Research & Development and will continue to develop indigenous, value-based and technology-enabled products.

Internationally, your Company deepened its global presence with a view to strengthening its businesses in the focussed regions of growth. I am confident that our domain expertise, insight and ability to customise our products to meet specific industry requirements, while strengthening the basic operational set-up, will pave the way for a stronger global presence in the years to come.

It has been your Company's endeavour to build on the people capabilities in order to drive the engines of growth effectively and efficiently. To deliver the best, we nurture talent and imbibe leadership values in a manner that will enhance customer experience and create long-lasting relationships.

Our values are the core of our progressive, future-driven philosophy and we shall continue to build on them as we move forward. And it is this spirit with which your Company has taken various initiatives to substantively raise the bar of excellence in several key areas, including selection and induction of directors, board governance, risk management, investor protection and corporate social responsibility. Your Company is happy to assess and imbibe these important endeavours with a clear strategy on compliance and governance.

I would like to take this opportunity, on behalf of the Board, to thank the outgoing Directors Sukh Dev Nayyar and Suresh N. Talwar for their contribution and invaluable insights during their tenure. I welcome Navneet Singh and Arvind Kumar Singhal, who bring to the table invaluable experience and, together with the other members, we look forward to working together for a better tomorrow.

I would further like to take a moment to express my gratitude to the whole team for their dedication, proficiency and hard work. Our sustained performance is the outcome of consistent support from our customers, investors and partners. Together, we look forward to a more positive growth charter, as we collectively move towards achieving our goal of engineering growth.

Yours truly,

Karan Thapar

Karan Thapar
Chairman

GREAVES
SINCE 1859

CORPORATE **INFORMATION**

BOARD OF DIRECTORS

Karan Thapar
Chairman

Sunil Pahilajani
Managing Director & CEO

Vijay Rai

Vikram Tandon

Dr. Clive Hickman

Navneet Singh
w.e.f. 1st August, 2013

Arvind Kumar Singhal
w.e.f. 1st November, 2013

Sukh Dev Nayyar
Upto 1st November, 2013

Suresh N. Talwar
Upto 30th July, 2013

COMPANY SECRETARY

Monica Chopra

AUDITORS

Walker, Chandiok & Co. LLP

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.

REGISTRAR & SHARE TRANSFER AGENT

Sharepro Services (India) Private Limited
13 A B Samhita Warehousing Complex
2nd Floor, off Andheri Kurla Road
Sakinaka Telephone Exchange Lane
Sakinaka, Andheri (E), Mumbai - 400 072

Tel no.: 022 67720330, 67720344
Fax no.: 022 28591568

Email: gcl@shareproservices.com

REGISTERED OFFICE

Industry Manor
Appasaheb Marathe Marg
Prabhadevi
Mumbai - 400 025

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 Greaves Cotton 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 (erstwhile University of Roorkee). During his 28-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 45 years, he has specialised in manufacturing and agro inputs marketing. His vast experience and knowledge about the business and industry provides valuable guidance to the Board of Greaves Cotton.

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 48 years, he gained rich exposure and valuable insight into several functions ranging from manufacturing, corporate development to fertilisers and chemicals and corporate strategy in the Indian and international arena. He brings to Greaves Cotton, his extensive experiences and knowledge of various businesses.

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 positions across automotive and research and development companies in his career spanning over 36 years. He brings his vast engineering skills and management bandwidth to Greaves Cotton.

NAVNEET SINGH

Mr. Navneet Singh is a Chartered Accountant (FCA - England and Wales and ACA - India), with over 39 years of experience in banking and regulatory compliances. He has held leadership positions in reputed international banks. Mr. Singh, as an Independent Director on the Board, would bring to Greaves Cotton his rich experience in regulatory compliances and operational risk management.

ARVIND KUMAR SINGHAL

Mr. Arvind Kumar Singhal is a Bachelor of Engineering (Electronics & Communication) from the Indian Institute of Technology, Roorkee (erstwhile University of Roorkee) and Master in Business Administration, specialising in Finance and Marketing from UCLA (USA). He has over 36 years of experience, including 13 years in employment, and the rest in consultancy. As an Independent Director on the Board, Mr. Singhal would bring to Greaves Cotton his in-depth knowledge in retail and marketing strategy and expertise in strategic business planning.

MULTIPLE STRATEGIES THAT WE PURSUE TO **ENGINEER GROWTH**

Growth is the cumulative result of many initiatives. While each of them is significant in its own right, it is the combined impact of new products, new customers, widening geographical presence, deepening penetration that actually triggers growth.

Leveraging technology and innovation to introduce new products that offer higher productivity and utility.

Engine Assembly

During the year, we launched several new products across the business segments we are involved in. Each of these products were designed to meet specific requirements of our customers and deliver enhanced productivity and lower costs of operations.

Our new launches included:

- Contemporary gensets that address the sub 20KVA genset range addressing the retail market as well as CPCB2 norm compliant range of engines and gensets
- The 265 cc quadricycle gasoline engine developed on an all new platform that could be adapted to run on compressed natural gas
- 3 and 4-wheeler engines that meet BS IV norms ahead of time
- Farm Equipment business strengthened its presence in the irrigation segment with thrust on diesel engine and electrical pumpsets
- A 37 meter Boom Pump along with the newly launched S Valve concrete pumps that ensure the lowest cost per cubic meter of concrete pumped
- The 37 meter 3 axle truck mounted Boom Pump that offers increased flexibility and manoeuvrability where space is a constraint

Recently launched Boom Pump

ESTABLISHING A STATE-OF-THE-ART TECHNOLOGY CENTRE FOR THE FARM EQUIPMENT BUSINESS

The Company stepped up its investments in R&D in line with its strategy of growth through innovation. We have set up a new Technology Centre for Farm Equipment at Gummidipoondi, Chennai.

INCREASING FOCUS ON THE AFTERMARKET BUSINESS

With Service as a clear differentiator, the Company deepened its dealer network across businesses to expand the customer touch points across the country and enhance accessibility. This has helped us in consolidating our market presence, maintaining our market share, and in some cases, actually increasing our market share. The Aftermarket Business ensures spares and service support for all Greaves products and we are working on initiatives to enhance responsiveness through optimal use of technology also.

The Business is also looking at leveraging its vast distribution network for supporting non-Greaves products.

INCREASING OUR OVERSEAS PRESENCE THROUGH FOCUSSED EXPORTS

Our International Business has successfully widened its global footprint across South East Asia, East Africa and the Middle East markets and set up distribution and aftermarket network to service customers in these regions. We have established a new overseas office in Tanzania to cater to growing business from East Africa.

INVESTING IN HUMAN RESOURCE AND COST OPTIMISATION

During the year, we have implemented several programmes to optimise our cost of operations, while simultaneously investing in our people and their competencies. We believe that our people and products will enable us to enhance the customer experience.

FORGING NEW RELATIONSHIPS

In a significant breakthrough during the year, we have added TVS Motors to our list of OEM customers, for supply of single cylinder diesel engines (G 435) for the TVS King DS (diesel variant) model that is presently plying in Kerala.

FINANCIAL **HIGHLIGHTS**

₹ in Crores

Particulars	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	13-14 Apr-Mar 12 mths
Net Revenue	652	834	1063	1150	1041	1347	1252	1753	1873	1719
EBIDTA	94	133	166	162	115	206	193	237	242	194
EBIDTA (%)	14%	16%	16%	14%	11%	15%	15%	14%	13%	11%
EBIT	93	130	162	150	101	186	185	211	219	177
Profit before Tax	102	132	144	138	80	173	184	251	200	164
Profit after Tax (PAT)	62	85	122	110	56	118	127	185	138	113
ROCE (%)	40%	52%	53%	39%	22%	39%	49%	34%	30%	22%
Equity	45.64	48.84	48.83	48.84	48.84	48.84	48.84	48.84	48.84	48.84
Earnings Per Share (₹)	2.74	3.63	5.01	4.51	2.29	4.83	5.21	7.60	5.65	4.63
Net Worth	143	211	295	371	404	437	522	645	738	814
Debt	79	54	39	49	44	5	6	20	2	0
Capital Employed	226	271	340	434	478	471	558	700	779	851
Debt : Equity	0.55	0.26	0.13	0.13	0.11	0.01	0.01	0.03	0.01	0.01
Number of Shareholders	43,569	42,459	41,781	44,239	44,565	42,663	42,946	38,235	41,082	40,980
Dividend (%)	70	70	70	60	40	150#	75	110#	80	65

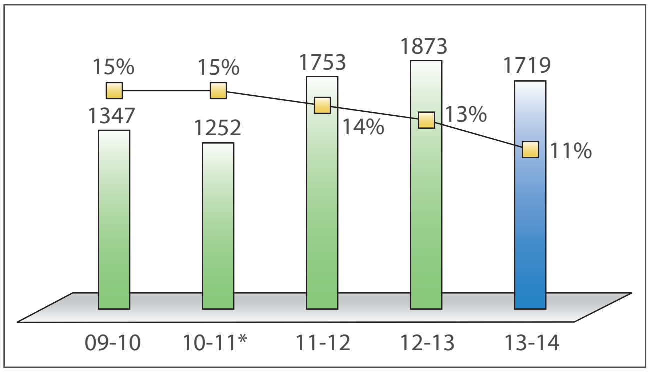
 # Includes special Dividend of 75% (FY 09-10) & 40% (FY 11-12)
₹ 1 crore = 10 million
EBIDTA does not include Other Income and EBIT includes Other Income

EBIDTA - Earnings Before Interest, Taxes, Depreciation and Amortization
EBIT - Earnings Before Interest and Tax
ROCE - Return On Capital Employed

LOOKING **CLOSELY**

SALES & EBIDTA %

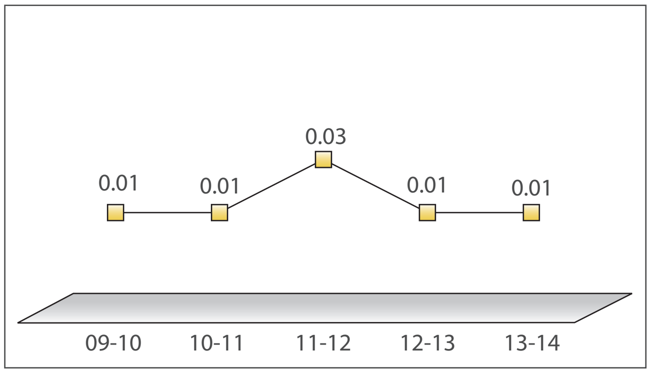
(₹ in crore)



Sales — EBIDTA

** 10-11 : Nine Months period*

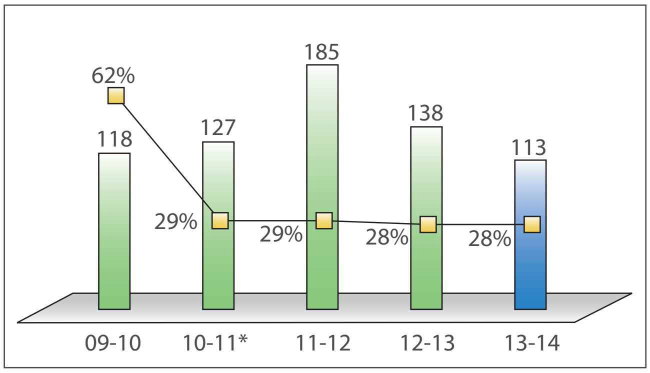
DEBT : EQUITY



Debt : Equity

PAT & PAYOUT RATIO

(₹ in crore)



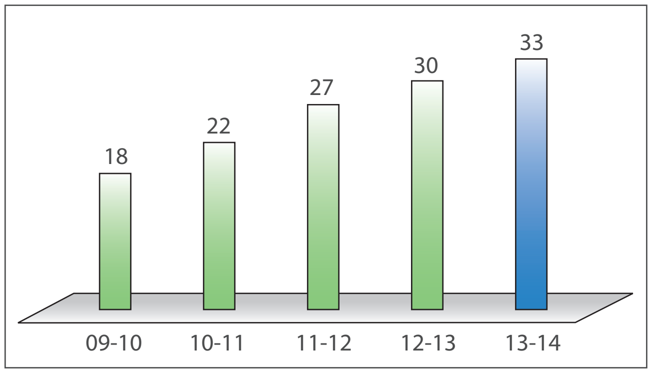
PAT — PAYOUT RATIO %

Note: Payout Ratio of FY 09-10 & FY 11-12 includes special Dividend of 75% & 40% respectively.

** 10-11 : Nine Months period*

BOOK VALUE PER SHARE*

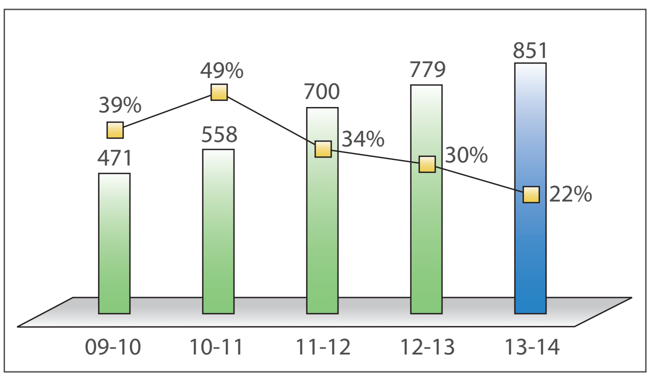
(₹ per share)



** On face value of ₹ 2 per share*

CAPITAL EMPLOYED & ROCE

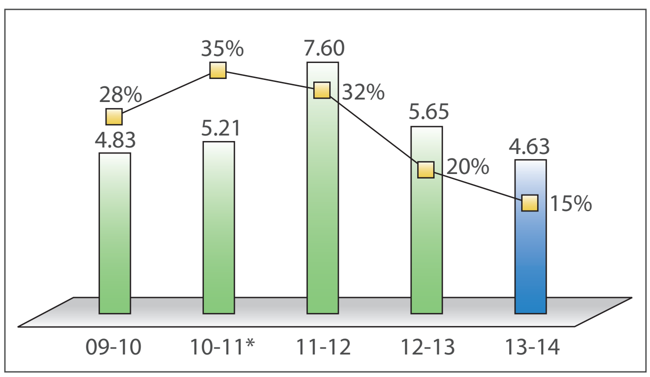
(₹ in crore)



CAPITAL EMPLOYED — ROCE

EPS & ROE

(₹ per share)



EPS — ROE

** EPS for 10-11: Nine Months period*

DIRECTORS' **REPORT**

The Directors have pleasure in presenting their Ninety-fifth Annual Report for the year ended 31st March, 2014.

Financial Highlights:

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

(₹ in Crores)

	Year ended March 31, 2014	Year ended March 31, 2013
Revenue (Net of Excise Duty)	**1,745.72**	1,888.84
Profit Before Tax and Exceptional items	**172.26**	217.76
Less: Provision for Tax	**52.10**	63.19
Profit After Tax before Exceptional items	**120.16**	154.57
Loss / (Gain) on Exceptional Items (Net of Tax)	**7.07**	16.61
Profit after Tax including Exceptional Items	**113.09**	137.96
Dividends (including proposed Final Dividend) and Tax on Dividend	**37.09**	45.22
Transfer to General Reserve	**25.00**	25.00
Balance of the Profit carried forward	**411.22**	360.22

Review of Operations:

The financial year 2013-14 witnessed a sharp macro-economic downturn. It was characterised by slowing demand, high costs of borrowings and stalling of infrastructure projects. The bleak performance of the manufacturing and industrial sectors severely impacted the industries dependant on domestic demand. The environment resulted in de-growth across all the major product categories that the Company caters to i.e. three Wheeler / four Wheeler Small Commercial Vehicles, Pump sets, Gensets and Construction Equipment.

The Company registered a net revenue from operations of ₹1,745.72 Crores in the financial year 2013-14 as against ₹1,888.84 Crores in the financial year 2012-13, recording a decline of about 7.57%. The profit after tax recorded a 18.03% decline from ₹137.96 Crores in the financial year 2012-13 to ₹113.09 Crores in the financial year 2013-14.

Despite the performance being adversely affected by the grim situation for the capital goods industry, particularly so for the automotive segments, the Company was able to retain its market share across all its segments.

The Company's sustained efforts towards back-end cost control, new product launches and efficiency improvement measures, supported the insulation and limited the impact on the profitability margins. The net profit margin (excluding exceptional items) for the financial year 2013-14 was lower at 7.04% as against 8.3% in the financial year 2012-13.

Our multi-dimensional growth strategy will help us develop superior products, deepen markets and widen geographies. The Company's ability to better utilise capacities and product range will help derive better margins out of the businesses. The outlook of each business has been discussed in detail in the 'Management Discussion & Analysis' which forms a part of this Annual Report.

Dividend:

The Directors, during the financial year 2013-14, paid two interim dividends of ₹0.70 and recommended a final dividend of ₹0.60 per share of ₹2, aggregating to ₹1.30 as against ₹1.60 per share of ₹2 in the previous year. The total dividend pay-out for the current year, excluding tax on dividend, is ₹31.75 Crores as against ₹39.07 Crores in the previous year. Dividend as a percentage of net profit after tax is 28.07 % as compared to 28.32% in the previous year.

The Register of Members and the Share Transfer books will remain closed from Tuesday, 22nd July, 2014 to Thursday, 31st July, 2014 (both days inclusive). The final dividend, as recommended by the Board of Directors, if declared at the Annual General Meeting, will be paid at par on or after Friday, 22nd August, 2014 in respect of Shares held in dematerialised form, to the beneficial owners of the Shares as at the close of business hours on Monday, 21st July, 2014, as per details furnished by National Securities Depository Limited and Central Depository Services (India) Limited and to those Members, who hold Shares in physical form and whose names appear on the Company's Register of Members, on Thursday, 31st July, 2014.

Pursuant to the provisions of Section 124 of the Companies Act, 2013, the amount of dividend remaining unpaid or unclaimed for a period of seven years from the date of transfer to the unpaid account, is required to be transferred to the Investor Education and Protection Fund (IEPF) of the Central Government. Accordingly, unpaid or unclaimed dividends in respect of the 3rd interim dividend and the final dividend for the financial year 2005-06 and 1st and 2nd interim dividends for the financial year 2006-07, have been transferred to the IEPF.

Members, who have not encashed the dividend warrants for the unclaimed dividends that are yet to be transferred to the IEPF Account, are requested to contact the Company's Registrar and Share Transfer Agent, at the earliest.

Subsidiaries:

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

   GLFL, a wholly owned subsidiary of the Company, is a non-banking finance company. It reported total revenue of ₹4.46 Crores and profit after tax of ₹3.04 Crores for the financial year 2013-14. During the year under review, GLFL acquired 90% shareholding in Greaves Cotton Middle East FZC (GCME) from Greaves Cotton Netherlands B.V., at book value. Accordingly, GCME became a subsidiary of GLFL. In May, 2013, the Paid-up Share Capital of GLFL was reclassified by conversion of 1,50,82,689, 6% Cumulative Redeemable Preference Shares, issued to its parent company, to 1,50,82,689 Equity Shares of ₹10 each. In March, 2014, GLFL issued 39,12,835 Equity Shares as Bonus Shares out of its Capital Reserves in the ratio of 1 Equity Share for every 4.311 Equity Shares held, to its parent company.

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

   GAL is a wholly owned subsidiary of the Company. Since business activities were not likely to commence in the foreseeable future, an application for striking off the name of GAL from the register of the Registrar of Companies was made in April, 2014 under the Fast Track Scheme of the Ministry of Corporate Affairs. On completion of the formalities with the Registrar of Companies, GAL will cease to exist.

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

   DGL is a wholly owned subsidiary of GLFL. During the financial year 2013-14, it did not undertake any business. It earned a marginal profit representing interest income, net of expenses.

4. **Greaves Farymann Diesel GmbH, Germany (GFD)**

   GFD was a wholly owned subsidiary company of Greaves Cotton Netherlands B.V. In order to curtail further losses, during the year under consideration, the entire shareholding in GFD was disposed off under a Management Buyout arrangement. Accordingly, GFD ceased to be a subsidiary with effect from 10th October, 2013.

5. **Greaves Cotton Middle East FZC, United Arab Emirates (GCME) (Formerly known as Ascot International FZC)**

   GCME is step-down subsidiary of the Company through GLFL. It offers sales services in the Middle East and North African countries for various products of the Company and is of strategic importance. GCME recorded a revenue of ₹15.22 Crores and incurred a loss of ₹1.03 Crores for the year ended 31st March, 2014. During the year under review, the name of the company was changed from Ascot International FZC to Greaves Cotton Middle East FZC in order to help build the "Greaves" brand globally and to attract new business prospects for the Greaves Cotton Group.

6. **Greaves Cotton Netherlands B.V., The Netherlands (GCN)**

   GCN, a wholly owned subsidiary of the Company, was set up as a Special Purpose Vehicle (SPV) for holding the Company's investments in step-down subsidiaries. During the financial year 2013-14, its entire shareholding in Greaves Farymann Diesel GmbH was divested while its investment in Greaves Cotton Middle East FZC was sold to GLFL at book value. Consequently, GCN became a shell company and was eventually liquidated effective 19th December, 2013.

The subsidiary companies, mentioned above, are unlisted non-material subsidiaries 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 exempted companies from complying with Section 212 of the Companies Act,1956, provided such companies publish the audited consolidated financial statements in the Annual Report. Accordingly, the Annual Report 2013-14 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 Annual Accounts of the subsidiary companies can be obtained from the Company's website. The copy of the same is available, free of cost to Members, on request and are open for inspection at the Registered Office between 10 am to 12 noon 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 issued by the Institute of Chartered Accountants of India and the provisions of the Listing Agreements with the Stock Exchanges, form a part of this Annual Report. The Auditors' Report on the Consolidated Accounts is also attached. The same is unqualified.

Management Discussion & 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 & Analysis and forms a part of this Annual Report.

Corporate Governance:

The Company has complied with the requirements of the Corporate Governance Code, 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, is annexed and forms a part of this Report.

Compliance with the Code of Conduct:

A declaration signed by the Managing Director affirming compliance with the Company's Code of Conduct by the Directors and Senior Management, for the financial year 2013-14, as required under Clause 49 of the Listing Agreement with the Stock Exchanges, is annexed and forms a part of this Report.

Public Deposits:

The Company discontinued its Fixed Deposit Scheme in April, 2005. As on 31st March, 2014, the unclaimed Public Deposits stood at ₹1,75,000. Pursuant to provisions of Section 205C of the Companies Act, 1956, the 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 under review, the Company transferred ₹52,000 to the IEPF Account.

Environment, Health and Safety:

The Company continues to be committed to its resolve of focusing on adequate safety procedures at unit level. All the plants are governed by our "Environment, Occupational Health and Safety Policy" and are certified to ISO 14000 and OHSAS 18000 standards.

The plants have successfully initiated and implemented various safety and environmental projects on energy conservation, water conservation, effective ventilation etc. Work place safety has been improved by introducing new machineries, tools and improvement in infrastructure. Results of safety initiatives are visible through reduced number of reportable accidents.

Human Resources:

Your Directors place on record their appreciation for the employees' valuable contribution at all levels. Our industrial relations continue to be cordial. During the year under review, three settlement agreements were signed with the Employee Unions.

The total number of permanent employees of the Company as on 31st March, 2014 was 2,307 (2,248 as on 31st March, 2013).

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

Pursuant to the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, the Company has enacted a Policy on Prevention, Prohibition and Redressal of Sexual Harassment at Work Place. No cases were filed during the year under review.

Particulars 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 set out in the Annexure to this Report.

Information in accordance with the provisions of Section 217 (2A) of the Companies Act, 1956, read with 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 10 a.m. and 12 noon on any working day of the Company.

Directors' Responsibility Statement:

To the best of their knowledge and belief and according to the information and explanations obtained by them, in terms of Section 217(2AA) of the Companies Act, 1956, the Directors state that:

1. In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;

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, 2014 and of the profit of the Company for the year ended on that date;

3. The Directors have taken proper and sufficient care 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; and

4. The Directors have prepared the annual accounts on a going concern basis.

Directors:

Mr. Sukh Dev Nayyar retired as a Director of the Company with effect from 2nd November, 2013, in accordance with the retirement policy of the Company. The Board would like to thank Mr. Nayyar and place on record its appreciation for his contribution during his tenure of six years with the Company as a Director on the Board and Member and Chairman of the Audit Committee.

Mr. Vikram Tandon and Dr. Clive Hickman retire by rotation at the ensuing Annual General Meeting, and are proposed to be appointed as Independent Directors. The Company has received requisite notices in writing along with the necessary deposit from Members proposing the candidature of Mr. Tandon and Dr. Hickman for the office of Independent Director.

Mr. Navneet Singh and Mr. Arvind Kumar Singhal were appointed as Additional Directors with effect from 1st August, 2013 and 1st November, 2013, respectively. They hold office up to the date of the ensuing Annual General Meeting. The Company has received from them the requisite notices in writing along with the necessary deposit signifying their candidature for the office of Independent Director.

Mr. Vijay Rai was appointed as a Director of the Company liable to retire by rotation. However, as per Section 149 of the Companies Act, 2013, it is necessary to appoint existing Directors as Independent Directors. The Company has received the requisite notice in writing from a Member proposing the candidature of Mr. Rai for the office of Independent Director.

The Company has received declarations from all the above named Directors confirming that they meet with the criteria of independence as prescribed under Section 149 (6) of the Companies Act, 2013 and under Clause 49 of the Listing Agreement with the Stock Exchanges.

Profiles of these Directors, as required by Clause 49 of the Listing Agreement with the Stock Exchanges, are given in the Notice convening the forthcoming Annual General Meeting.

The above appointments form a part of the Notice convening the forthcoming Annual General Meeting and the Resolutions are recommended for your approval.

Statutory Auditors:

The Company's Auditors, Walker, Chandiok & Co. LLP, Chartered Accountants, Mumbai and the Branch Auditors, Wrigley Partington, U.K., in respect of Company's Branch in Cheshire, London (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, forms a part of the Notice convening the forthcoming Annual General Meeting and the Resolutions are recommended for your approval.

Cost Auditors:

Pursuant to the provisions of Section 148 (3) of the Companies Act, 2013, the Directors have appointed M/s. Dhananjay V. Joshi & Associates, Cost Accountants, as the Cost Auditors of the Company to conduct an audit of the cost records maintained by the Company for the financial year 2014-15.

The Cost Audit Report and the Cost Audit Compliance Report for the financial year 2012-13 were filed with the Ministry of Corporate Affairs before the respective due dates.

Acknowledgement:

The Board places on record its appreciation for the support and co-operation the 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

Mumbai
30th April, 2014

Karan Thapar
Chairman

ANNEXURE TO **DIRECTORS' REPORT**

Particulars required under the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988

A. Conservation of energy

a. Energy conservation measures taken:

Installation of 90Kw atlas screw compressor in place of reciprocating compressor

Introduction of solar street lights (10 Nos. x 24 Watts)

Implementation of Energy Management System-SCADA for identifying energy wastages and close monitoring of energy consumption in various machine shop cells

Installation of energy efficient motors and compressors, auto control of compressors, plugging of air leakages, reduction in RPM of blowers

Re-scheduling of production of components with high energy consumption during non-peak hours

Auto switching off of air compressor and shop lighting during non-production hours

Installation of VFD drives

Synchronisation of water pump with air compressor resulting in reduction in idling

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

Installation of evaporative air coolers in Paint Shop & Engine Testing area to reduce power consumption

Replacement of metal allied lamps with energy efficient LED lamps for lighting

Replacement of contactor logic panel of furnaces with PID Thyristor panel

Replacement of conventional electric heaters with heat pump for water heating in washing machines

Provision of foot switches and air shut-off valves to plug air leakages

c. Impact of a and b above:

Reduction in power consumption and energy saving

B. Technology absorption

1. Research and Development (R & D)

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

Pilot Engine development of CNG technology (Injection System) to make BS IV emission norms on 0.6 T four Wheeler vehicles

Upgradation of small Genset Engine to comply with CPCB-II norms applicable from 1st July, 2014

VAVE activities of engine components

Implementation of PTO cover with 6 studs instead of 4 studs in G435AIII M&M load carrier engines

Implementation of 5060 liquid sealant in place of paper joints for assembly of PTO cover and oil pan on G 400IIA engines

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

Applicability of the engine in four Wheeler domains

Material cost reduction through VAVE

Child parts eliminated and simplified the process at OEM with cost reduction

c. Further plan of action:

Design and develop light agri equipments including Power Tiller with 14HP diesel engine

Work in progress on single cylinder BS IV diesel emission optimization for upcoming emission norms

Work on emission up-gradation strategy with electronic fuel engine for 3 Wheeler BS IV applications

Cylinder barrel honing process 100% in plant to improve geometry and engine performance

d. Expenditure on R&D for financial year 2013-14:

a.	**Capital**	:	₹ 24.12 Crores
b	**Revenue**	:	₹ 28.15 Crores
	Total	:	₹ 52.27 Crores

Total R&D expenditure as a percentage of total turnover: 3% (2012-13: 1.2%)

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2. Technology absorption, adaption and innovation

a. Efforts undertaken:

Improvement in existing R&D processes – Test facility upgraded to suit present and future emission norms

Completed feasibility study of use of supercharger to increase the power output from single cylinder engine

Feasibility development is in progress of a high speed overhead valve train for high speed diesel engine

b. Benefits derived from the above:

Indigenized Power Tiller with highly reliable TREM IIIA diesel engine

Extended range of application from 3 Wheeler and small 4 Wheeler to 1 to 1.5 pay load small Truck

Preparedness to meet upcoming emission norms BS IV (Auto)

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 will continue to deepen its global presence with a view to strengthening its businesses in the focused regions of growth.

Total Foreign Exchange used and earned:

Foreign Exchange	Financial year 2013-14
Used	₹108.27 Crores
Earned	₹69.85 Crores

For and on behalf of the Board of Directors

Mumbai
30th April, 2014

Karan Thapar
Chairman

MANAGEMENT DISCUSSION **& ANALYSIS**

GLOBAL ECONOMY

World economic growth improved in the latter half of FY13 with much of the growth impetus flowing from the advanced economies. In contrast, many emerging market economies faced unfavourable external financial environment, even as they dealt with their domestic challenges. The positivity in US, UK and Germany could strengthen growth prospects, however, the downside risks from low inflation and the possibility of protracted low growth, especially in the other non-core EU nations and Japan, dominate the overall world outlook. Growth in emerging market economies is expected to be modest. Overall, world economic growth is projected to be slightly higher in 2014 at around 3.6%, rising to 3.9% in 2015 *(Source: IMF - WEO Report, April 2014)*.

INDIAN ECONOMY

India continued to experience slowdown in economic growth, and year-on-year growth in the Gross Domestic Product (GDP) declined to the sub 5% level. Agriculture and services sector performance provided the much-needed succour, as industrial growth languished and largely remained flat with very few new projects being announced. Low policy visibility, weak growth and high inflation, a large fiscal deficit and high interest rate, delay in infrastructure projects due to environment and land clearance challenges combined to create enormous impediments to growth. The efforts of the Reserve Bank of India (RBI) to stem price increases curbed spending and consumption weakened. The year also saw a steep depreciation of the Rupee. The Government had to take measures to curb fiscal deficit and reduce the subsidies in food and fuel to avert the downgrading by credit rating agencies. Volatile capital inflows and the declining confidence of international investors due to the inflation, added to India's economic woes.

India's growth is expected to recover in the financial year 2014-15, supported by slightly stronger external growth, improving export competitiveness and implementation of recently approved investment projects. Consumer price inflation, which climbed down from its peak during the third quarter of the financial year 2013-14, is expected to remain an important challenge, but should continue to move onto a downward trajectory. The stable Government at the Centre, post the general elections, could be a potential game changer as concrete steps are expected to be taken to restore the much-needed confidence in the people and corporates at large.

COMPANY OVERVIEW

The challenging macro environment and near stagnation of demand adversely impacted the Company's core businesses and the lacklustre performance of the Automotive, Genset and the Construction Equipment segments led to a decline in revenues.

The Company launched new products, acquired new customers and opened up new geographies, which helped the Company to compensate the weak macro environment in India. In addition, the Company also strengthened its service network across all product segments. However, these efforts did not create the desired results as the demand in the key segments it operates, remained subdued.

For the full year, the Company registered net sales of ₹1,719 Crores as against ₹1,873 Crores during the previous year. Net profit for the year was at ₹113 Crores as against ₹138 Crores, a decline of 18%. A cost optimisation project called "Propel" was initiated to launch specific initiatives like value engineering, supply chain, vendor development which enabled the Company to report reduction in the material cost. The employee costs during the financial year 2013-14 increased over last year predominantly because of inflation and the investment made in enhancing the R&D skills and new geography expansions.

The Company continued to expand its global footprint and set up an office in Tanzania and took focussed strategic and marketing initiatives to further build the market in UAE, East Africa and South East Asia.

ENGINE SEGMENT

AUTOMOTIVE ENGINES BUSINESS

Industry Overview

The Indian Automotive industry went through another year of dismal growth. Passenger car volumes declined by almost 5% during the year. The growth of diesel cars, which had been extremely robust in the past few years, also saw a major decline as the price gap between diesel and petrol was reduced substantially. The Medium and Heavy Commercial Vehicles (M&HCV) segment too went through another year of shrinking sales recording a drop of over 21% over last year. Only the 2-wheeler segment recorded a 7% growth during the year.

Greaves Single Cylinder Diesel Engine

The 3-wheeler segment saw domestic volumes shrink by over 10%, mostly in passenger carriers. However, a stronger than expected demand from Africa enabled the industry to chalk up substantial growth in 3-wheeler exports, mainly in petrol driven vehicles. The resultant overall decline in numbers was just over 1%. The Light Commercial Vehicles (LCV) segment suffered the most, with both, domestic sales and exports, showing a drop in sales. Small Commercial Vehicles (SCV), which form a part of this segment, suffered a large drop in sales as well, after recording impressive growth over the last two years. On the whole, the LCV segment declined by over 13%.

The demand in the financial year 2014-15 is likely to remain sluggish for the LCVs, SCVs and 3-wheelers. The underlying growth factors such as fuel prices, interest rates and freight realisations, all remain in the negative territory. Most of the buyers of 3-wheelers and SCVs are small first time buyers, looking to start their own small business. With uncertainty looming over demand and profitability, many of the potential buyers of these vehicles are postponing their purchase, waiting for the growth factors to change for the better. This pent-up demand is likely to surface when the economy revives.

Business Overview

The Company's Automotive Engines Business has a wide range of single cylinder diesel engines, which cater mainly to the 3-wheeler and SCV segments.

Volumes witnessed a sharp decline due to the economic slowdown and challenging industry environment. As both 3-wheeler and 4-wheeler engines volumes declined, the business registered a slight drop in quantities over last year.

On the positive side, the Company was awarded the prestigious Excellence in Delivery award for the second year running by Tata Motors. The Ace Zip and Magic Iris vehicles of Tata Motors are powered by the engines produced by the Company. The award is a recognition of the Company's manufacturing prowess and excellence in delivery and adhering to stringent timelines.

The Company also entered into an agreement to supply diesel engines to TVS Motors for their diesel 3-wheeler vehicles.

New emission norms for vehicles are likely to be introduced in the near future. Sustained R&D efforts have led to the successful achievement of BS IV emission norms.

Risks & Concerns

- **Dependence on limited number of customers:** The Company is focussed on new business development by on-boarding new customers, developing new products in both Engine and Applications and development of new geographies. These initiatives will mitigate the risk of dependence on limited number of customers.
- **Industry Slowdown:** The Automotive industry has undergone a second successive year of lower sales. The potential buyers of 3-wheelers and SCVs for last mile transportation are postponing their purchase decision as demand and revenues remain sluggish. However, this is creating latent demand which will come into play once the economy shows signs of revival.

Outlook

The Automotive market is not expected to improve in the next few quarters. The diesel rate increase, high interest rates, poor growth in demand for last mile transportation due to slowdown in the economy, have resulted in inadequate growth in fares and freight rates for 3-wheeler and SCV operators. The Company is developing new market segments including non-automotive applications, and expanding its market into new geographies. The development of BS IV diesel single cylinder engines and of BS IV CNG engines is expected to provide a positive thrust. To broaden the product portfolio, the Company has also commenced on the development of larger diesel engines, however, these engines have a long development cycle.

AUXILIARY POWER BUSINESS

Industry Overview

During the year, the economic slowdown, high interest rates, challenging business environment and weak consumer sentiments impacted growth. Diesel Gensets clocked negative growth to the tune of 20% in the financial year 2013-14 due to the slowing demand and the overall sluggish economy which impacted the growth of the realty, manufacturing and service sectors. In addition, competition remained intense as competitors adopted price competition to better utilise their plant capacity.

Greaves 15 kVA Genset

Business Overview

With a huge power deficit in India, the Company has developed auxiliary power solutions which are fuel-efficient, rugged and versatile and cater to retail, commercial and residential complexes, hotels, hospitals, industries and manufacturing enterprises, defense and railways. The Company's well established pan-India distributor and dealer network, complemented by the deep-rooted aftermarket support, lends itself to easy accessibility for customer engagement.

The Company's endeavour in the challenging environment has been to strengthen its product offerings and roll out new products that are best suited to perform under demanding power conditions. The focus has been to develop products which are technologically advanced with functional superiority, fuel efficiency, have advanced ergonomic designs and, importantly, are the ideal choice for value-conscious consumers. In line with this strategy, the Company launched three new offerings in the sub 20 KVA. Its, 160-250 KVA and higher end 500 KVA range gensets and engines are designed to deliver uninterrupted auxiliary power under challenging conditions.

The Company also initiated and succeeded in optimising costs through several innovations, quality improvements and performance improvements. The Company also undertook measures to make deeper inroads into the institutional segment and ventured back into the Railways business.

Another important development has been the ability to meet the Central Pollution Control Board (CPCB) norms for the Company's Genset range.

Risks & Concerns

- **Competition:** The unorganised section of the market continues to compete aggressively. However, after revised emission norms (CPCB II), the competition from unorganised market may not necessarily be aggressive, rather may actually go down if the norms are implemented strictly. Nevertheless, if the technology cost are passed on to the customers, the unorganised sector may get some more market share.
- **Sustainability:** The need for environment-driven solutions and green power will generate a stronger demand for renewable energy sources like wind power and solar power, which are already being extensively encouraged by the Government. Further, work on developing the nuclear power facilities has already received considerable push from the Government. In the long term this could impact the sustainability of Auxiliary Power industry.

Outlook

The Company is poised to gain from opportunities emerging post the announcement of new CPCB Genset norms. With its existing wide range of product offerings and new product, the Company is confident that the solutions will make the Company a preferred choice amongst consumers seeking technology-led affordable solutions.

FARM EQUIPMENT BUSINESS

Industry Overview

Various pro-agriculture policies and beneficial interventions have supported the development of the agricultural sector and also boosted demand for the farm equipment business. India's GDP growth for financial year 2013-14 was favourably supported by the sustained growth of agriculture sector due to a good monsoon. There is a marked shift in the preference for reliable local products which is backed by better local service over the low cost imports. The trend is expected to augur well for the Company as it has commenced localising many of the farm equipment through in-house R&D and also strengthening its own servicing network.

The draft farm mechanisation policy which reiterates the need for large scale farm mechanisation among small and marginal farmers, will play an important role in shaping the opportunity horizon.

FEB Technology Centre, Gummidipoondi, Tamil Nadu

Business Overview

The Company's Farm Equipment Business manufactures a wide range of contemporary agricultural equipment which enables small and marginal farmers improve the productivity of their farms and reduce their dependence on manual labour.

Despite the good monsoon, the rural market continued to indicate signs of slowing down and specifically for the Company's products due to the delay in release of subsidies and fuel increase, which play an important role in the purchase decision.

The Light Agri Equipment segment, including the oil engine pumpsets, continued to witness weak demand and volumes dropped. Though the Company's entry into the electrical pumpset segment was well received.

The Company remained focussed on expanding the product range of Light Agri Equipment to reduce dependency on imports. Looking at the long-term opportunity potential in the business, the Company has set up a Technology Centre for the Farm Equipment Business at Gummidipoondi, Chennai, to facilitate the faster development of the farm equipment product portfolio.

Risks & Concerns

- **Electrification:** Increasing electrification in rural areas, depleting water table and scarcity of kerosene could reduce the demand for petro-kerosene engine pumpset wherein the Company has a sizeable presence.
- **Forex:** High exposure to exchange rate fluctuation in current portfolio of trading business.
- **Subsidies:** As a part of the inclusive growth strategy, the Government subsidises several inputs and equipment purchases for the rural and the agricultural sector. Any change in the policies in this regard and the subsidies regimen could impact demand.
- **Competition:** The small farm equipment business, particularly where the Company is present, is dominated by small and medium enterprises, semi-organised players and importers.

Outlook

The level of mechanisation is expected to grow significantly among small and marginal farmers due to acute shortage of farm labour, fast changing economic situation in rural segment and increasing government support which enables subsidised purchasing.

Modernisation has reduced the amount of cultivable land and thus mechanisation, which improves productivity, will continue to generate demand for farm equipment. Continued support to the agricultural sector and favourable lending polices taking into account the thrust on inclusive growth, is anticipated and overall future long-term growth potential remains strong.

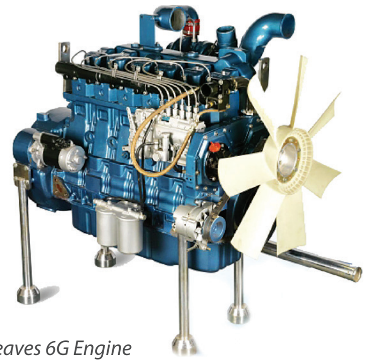
The Company remains focussed on developing practical value-added, energy efficient products to enhance farm productivity and ensuring excellence in servicing through a robust network.

The outlook for the financial year 2014-15 could remain an area of concern with the prediction of below normal monsoon which could dampen the demand for all agriculture aggregates including farm input and farm machinery. Majority of the Indian farm land still remains rain fed, with expected below normal monsoon could well end up with lesser sowing area thereby affecting the demand for farm inputs.

INDUSTRIAL ENGINES BUSINESS

Industry Overview

From concreting and road making to earth moving, mining, agriculture, marine, fire fighting and other pumps, compressors and also in railways, defence and power generation, industrial engines find application across diverse areas. Such engines are used in different stationary and mobile equipment. The depressing economic environment prevailing during the financial year 2013-14 impacted growth across all these areas, causing slowdown in demand and impeding growth of this business segment. Business was further impacted by the high interest rates and delays in project clearance, as a result of which the Company did not report any significant developments in the Industrial Engines Business.



Greaves 6G Engine

Business Overview

In an effort to address the need for industrial engines across all critical areas, including construction, mining, agriculture, marine, rail cars, power, fire control and material handling, the Company builds customised products to match diverse needs. In line with the overall negative industry trend, the business remained sluggish during the year.

Risks & Concerns

- **Economic environment:** The business is directly impacted by a slowdown in the economy, low capital expenditure and shrinking budgets across different industries for new product development.
- **Competition:** With more players entering the business, revenues are likely to be affected and margins may come under pressure.

Outlook

Resurgence in demand is interlinked with the revival of the economy. Going forward, the Company is optimistic about increasing its market share in this business through focussed marketing initiatives and the R&D thrust.

INFRASTRUCTURE EQUIPMENT SEGMENT

CONSTRUCTION EQUIPMENT BUSINESS

Industry Overview

Development of adequate infrastructure has been identified as the most critical prerequisite growth enabler for the country. The development and progress of the economy and infrastructure sector is intrinsically linked to the growth and development of the construction equipment business.

The Road Construction segment has been on a recessionary trend since the financial year 2011-12 and the negative trend continued during the year.

Greaves Vibratory Soil Compactor

Business Overview

Roads and concreting segments reported general decline as a result of the bleak economic sentiment, leading to a commensurate decline and degrowth in the Company's business.

The period of the slowdown was utilised to expand the product basket through value-additions and technological improvements. The Company successfully launched water cooled engines for Soil Compactors which offers a distinct fuel consumption advantage.

Continuing with the strategy to introduce value-added products, the Company signed a MoU with Nikko, a leading Japanese Hot Mix Asphalt plant manufacturer, for trading.

CONCRETING EQUIPMENT BUSINESS

Industry Overview

The concrete equipment industry especially the Transit Mixer business continued to register a deep decline during the financial year 2013-14. Surplus equipment in the market which was redeployed in the new projects impacted the demand for new batching plants and concrete pumps. The sector's turnaround hinges on the revival of the economy and a strong positive policy thrust to attract investments back to infrastructure projects and promote active growth in national highway construction.

Greaves Concrete Pump

Business Overview

The Company manufactures Compaction Equipment (Soil Compactors/Heavy and Light Tandem Rollers) and the entire value chain of concreting equipment including various configurations of Batching Plants, Concrete Pumps, Boom Pumps and Transit Mixers. The business is supported by the strong nation-wide distribution and service network.

The Company's sales were affected by the overall dismal business environment. In spite of the prevailing market conditions, while the turnaround is not visible in the near future, the Company remains hopeful of growth in the long term. And in line with the long-term business opportunity, the Company introduced new products in the concreting business. The financial year 2013-14 saw the Company commercially launch the full range of S-Valve pumps and also subsequently launch the first indigenously manufactured 37 meter Z fold Boom Pump. Despite the product launches, weak operating environment led to year-on-year decline in sales.

Risks & Concerns

- **Economy and policy bottlenecks:** A prolonged slowdown, delays due to land and environment clearances, lack of positive policy thrust to boost the growth in the sector, high inflation and interest rates leading to higher cost of funding of long-term infrastructure and construction projects will directly impact the growth prospectus of the infrastructure equipment business.

- **Competition:** Cheaper imported equipment poses a serious challenge in this cost sensitive sector. The availability of cheap pre-owned and reconditioned equipment may also pose a significant risk.

Outlook

The outlook for India's infrastructure sector for the financial year 2014-15 remains negative, due to weak credit profiles for most project companies. No sharp movement is foreseen in the fortunes of the sector, especially in the short term. Favourable policy support and growth-oriented approach from the new Government will play an important role in shaping the fortunes of the beleaguered sector. In the long run, the Company believes that infrastructure sector holds opportunities and with its wide range of offerings, it is poised to ride the demand wave when the opportunity unfolds.

AFTERMARKET BUSINESS

The Company took several initiatives to further develop and grow the Aftermarket Business across all business segments. The Company has worked on customer-focussed approach and in order to improve the service quality and customer satisfaction, the Company imbibed superior technology, process improvement, system development and network expansion across India. Technical training and new technology update was initiated and also skill up-gradation for dealers, customers and the Company engineer was focussed upon. To protect the safety and interest of customers and promote the use of genuine spare parts, the Company initiated legal actions against manufacturers and dealers of counterfeit spares in the northern and western regions of the country.

These initiatives reinforce its commitment to customers and are in line with the overall strategic intent of the Company to transform itself into a complete service provider.

INTERNATIONAL BUSINESS

Cognizant of the huge growth potential in the global market, the Company remained focussed on building its brand presence in the strategic regions of East Africa, Middle East and South East Asia. The Company set up a new overseas office in Tanzania to establish a strong foothold and focussed on appointment of channel partners for stocking and extending local aftermarket support.

The Company also expanded the product range and introduced new products in different regions ensuring that the right products were available customised to the local requirements due to which favourable traction was visible in Sri Lanka, Bangladesh, Indonesia, Philippines, United Arab Emirates, Saudi Arabia, Tanzania, Kenya and Malaysia.

The Company also appointed new distributors for products and OEM's for engines in various markets identified as strategic to expand the presence.

The Company remains confident of growth potential in the export markets and will continue to take various measures to usher scale and value in years to come.

INTERNAL CONTROL FRAMEWORK

Led by a strong legal compliance focus combined with high values of integrity and ethical behaviour, the Company has put in place a well established framework of internal controls to steer its business operations. The framework comprises standard operating procedures, policies and guidelines, which encompass regular monitoring processes and procedures and a system for self-assessment.

External and internal audits constitute a core aspect of internal controls. At the internal level, internal audit team regularly reviews the financial and operating controls of the Company at various locations. The audit team reports significant findings to the Audit Committee, which takes recommendatory or corrective action, as required. There is also regular monitoring of compliance with statutory requirements.

The Company also has a well structured Code of Conduct that lays out the fundamental standards to be followed by employees in their routine, everyday functions. As per the Code and associated standards, employees are required to become familiar with the legal requirements, policies and procedures applicable to their areas of operation. They are further required to take all possible steps to avoid conflicts of interest. Every employee is tasked with upward reporting of all unethical and illegal conduct. The employees are committed by the Code to perform with integrity at all times and to ensure that activities comply with all applicable laws.

Armed with a commitment to the highest standards of integrity and transparency in all its dealings, the Company also follows strong oversight and self-monitoring policies and procedures. Employees are also required to certify, on an annual basis, whether there have been any transactions which are fraudulent, illegal or in violation of the Code of Conduct.

HUMAN RESOURCES

The Company's HR focus was evident in its continued investment in training, R&D and skill development during the year under review.

The Company conducted various behavioural and technical training programmes to enhance the capability of employees across the organisation.

During the year, this focus strengthened further as the Company worked towards deepening the impact of its five values, viz, Transparency, Integrity, Responsibility, Passion For Excellence and Respect.

Greaves team@work

INFORMATION TECHNOLOGY

The thrust on developing Information Technology (IT) into an even bigger tool for systematic and structured growth of the organisation continued during the financial year 2013-14. Systems and processes were further streamlined and automation of procedures, etc. was extended to new functions, thus enhancing operational ease. The dealer and vendor portals have further rationalised and simplified our functional connect with partners and the year saw many of them migrate to this efficient system. The Company has also taken several technology-based initiatives in improving customer services such as engine tracking, warranty claims portal, creation of call centre to enable easy access to final customers. Intranet has helped to achieve greater knowledge sharing and idea generation across all our facilities, thus benefiting not only the employees but the organisation as a whole. Going forward, IT extension and strengthening shall further help improve excellence across businesses in India and overseas.

CORPORATE SOCIAL RESPONSIBILITY

As a socially aware and responsible corporate citizen, the Company continued its corporate social responsibility initiatives during the year to benefit a large number of people from the underprivileged sections. Education and skill development initiatives at the Company's facilities made a significant impact on the lives of many. These activities are focussed around the areas of our work and we shall continue to invest in the uplift of the communities around which we operate.

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CORPORATE **GOVERNANCE**

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Today, Governance has emerged as an integral part of corporates' ethos. Governance is a prerequisite for growing businesses and an embodiment of accountability, disclosures, transparency and independence. The Company strives to promote good governance practices through "PanchaTatva – 5 values. 1 way of life." encompassing Transparency, Integrity, Responsibility, Passion for Excellence and Respect, towards all its stakeholders. Greaves believes that PanchaTatva creates the right corporate culture, which in turn accomplishes the purpose of good governance.

2. BOARD OF DIRECTORS (Board)

2.1 Composition of Board and category of Directors

The Board comprises of senior, competent and eminent professionals from diverse fields. Currently, the Board consists of seven Directors. The Chairman of the Board is a Non-executive, Promoter Director. Apart from one Managing Director & CEO, there are five Non-executive, Independent Directors. Thus, more than half of the total strength of the Board is independent and is in conformity with the requirements of Clause 49 of the Listing Agreement with the Stock Exchanges in this regard. All the Directors, except the Managing Director & CEO, are liable to retire by rotation.

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

Name	Category and Designation	Other Directorships*	Other Committee Memberships #	
			Member	Chairman
Karan Thapar	Promoter, Non-executive Director Chairman	3	1	-
Sunil Pahilajani	Executive Director Managing Director & CEO	2	-	-
Vijay Rai	Independent Director	5	2	-
Vikram Tandon	Independent Director	1	1	1
Dr. Clive Hickman	Independent Director	-	-	-
Navneet Singh	Independent Director	-	-	-
Arvind Kumar Singhal	Independent Director	3	-	-

Notes:

* excludes directorships in private companies, foreign companies and alternate directorships. Membership in other Indian public limited companies, listed and unlisted only, have been included.

includes membership / chairmanship in Audit Committee and Investors' Grievance Committee of other Indian public limited companies.

2.2 Attendance of each Director at the Board Meetings and the last Annual General Meeting:

During the financial year 2013-14, five Board Meetings were held, that is on 30th April, 2013, 30th July, 2013, 1st November, 2013, 6th February, 2014 and 4th & 5th March, 2014. The gap between any two Board Meetings did not exceed four months. The Annual General Meeting was held on 30th July, 2013. The details of the attendance of the Directors at these Meetings are as follows:

Name	Attendance at the Meetings during the financial year 2013-14	
	Board Meetings	Annual General Meeting
Karan Thapar	5	Yes
Sunil Pahilajani	5	Yes
Vijay Rai	5	Yes
Vikram Tandon	4	No
Dr. Clive Hickman	5	Yes
Suresh Talwar [1]	2	Yes
Sukh Dev Nayyar [2]	3	Yes
Navneet Singh [3]	3	Not Applicable
Arvind Kumar Singhal [4]	3	Not Applicable

[1] ceased to be a Director with effect from 31st July, 2013. He attended both the Board Meetings and the Annual General Meeting that were held during his tenure.

[2] ceased to be a Director with effect from 2nd November, 2013. He attended all three Board Meetings and the Annual General Meeting that were held during his tenure.

[3] appointed as an Additional Director with effect from 1st August, 2013. He attended all three Board Meetings that were held during his tenure.

[4] appointed as an Additional Director with effect from 1st November, 2013. He attended all three Board Meetings that were held during his tenure.

2.3 Conduct of Board Meetings

The Board meets at least once in a calendar quarter to, inter alia, consider and review the quarterly financial results, strategic business plan and annual budget. The annual calendar of the Board Meetings is agreed at the beginning of each financial year. Additional Board Meetings, if necessary, can be convened to transact any special business.

The agenda of the Board Meetings together with the detailed explanatory notes including information as specified in Annexure 1A of Clause 49 of the Listing Agreement with the Stock Exchanges is circulated 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 on operations and various issues concerning the Company. The Directors have complete and unrestricted access to information required by them to transact any business and take decisions. The Directors have separate and independent access to the Senior Management at all times.

The proceedings of each Board Meeting are recorded and draft Minutes are circulated to all the Directors for their confirmation before being recorded in the Minutes Books. The Minutes of the Board Meetings of unlisted subsidiary companies are tabled at the Board Meetings of the Company. The Board reviews the statement of significant business transacted by the unlisted subsidiary companies.

3. COMMITTEES

The Company has constituted the following Committees:

- Audit Committee
- Nomination & Remuneration Committee
- Stakeholders' Relationship & Share Transfer Committee

The functioning, terms of reference, roles & responsibilities and powers of each of these Committees is regulated by the respective Charters.

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

The Minutes of each of the Committee Meetings are placed before the Board. Necessary disclosures regarding Committee positions in other public companies as on 31st March, 2014 have been received from all the Directors. As per these disclosures, none of them is a Member of more than ten Committees and Chairman of more than five Committees across all companies in which they are Directors.

3.1 Audit Committee

The objective of the Audit Committee is, inter alia, to monitor and provide effective supervision of the Management's financial reporting process with a view to ensure accurate, timely disclosures as well as transparency, integrity and quality of financial reporting, review the adequacy of internal controls and compliances and reporting key issues to the Board.

I. Terms of reference

The primary role of the Audit Committee is that of assisting the Board in overseeing the:

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

The Audit 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.
- Internal audit reports relating to internal control weaknesses; and
- The appointment, removal and terms of remuneration of the Chief Internal Auditor

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

II. Composition

The Audit Committee comprises three qualified, Non-executive, Independent Directors in compliance with the applicable statutory requirements, as given below:

Name	Designation	Category
Navneet Singh[1]	Chairman	Independent Director
Vijay Rai	Member	Independent Director
Dr. Clive Hickman[2]	Member	Independent Director
Sukh Dev Nayyar[3]	Chairman	Independent Director
Suresh Talwar[4]	Member	Independent Director

[1] appointed as a Member with effect from 1st August, 2013 and as the Chairman with effect from 5th February, 2014
[2] appointed as a Member with effect from 2nd November, 2013
[3] ceased to be the Chairman and Member with effect from 2nd November, 2013
[4] ceased to be Member with effect from 31st July, 2013

The Managing Director & CEO, the Chief Financial Officer of the Company, the Statutory Auditors and the Internal Auditors of the Company 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 2013-14, the Audit Committee met four times, that is on 30th April, 2013, 29th July, 2013, 30th October, 2013 and 5th February, 2014. The gap between any two Meetings did not exceed four months. All the Members were present at these Meetings.

The Chairman of the Audit Committee was present at the Annual General Meeting held on 30th July, 2013.

3.2 Nomination & Remuneration Committee

The Remuneration Committee, during the year, was renamed as the Nomination and Remuneration Committee in compliance with the statutory requirements in this regard. The objective of this Committee, inter alia, 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 Senior Management to pursue the long term growth and success of the Company. The Committee is also responsible for nominating new members to the Board.

I. Terms of reference

(i) To review and approve the Managing Director's / Executive Directors' remuneration on behalf of the Board, 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.

II. Composition

The Nomination & Remuneration Committee comprises three Non-executive Directors, which is in compliance with the applicable statutory requirements, as given below:

Name	Designation	Category
Vikram Tandon[1]	Chairman	Independent Director
Vijay Rai[2]	Member	Independent Director
Karan Thapar	Member	Non-executive Director

[1] appointed as the Chairman with effect from 1st April, 2014

[2] ceased to be the Chairman with effect from 1st April, 2014

III. Meetings and attendance

During the financial year 2013-14, the Nomination & Remuneration Committee met on 30th April, 2013, where all the Members of the Committee were present.

IV. Remuneration Policy

The remuneration policy of the Company is performance driven. The Company endeavors to attract, retain, develop and motivate a high performance workforce.

1. For the Whole-time Directors

The remuneration of the Whole-time Director is determined by the Committee, subject to the approval of the Members and if required, of the Central Government, considering the experience, qualification of the incumbents and industry benchmarks.

The remuneration paid to Mr. Sunil Pahilajani, Managing Director & CEO, comprises of Salary and Allowances, Perquisites, Retirement Benefits and Performance Linked Incentive. Details of the remuneration paid to Mr. Pahilajani, for the financial year 2013-14, are as follows:

	(₹ In Lakhs)
Salary and Allowances	196.96
Perquisites	14.80
Retirement Benefits	10.66
Total	**222.42**

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	Sitting Fees for each Meeting (₹)
Board of Directors	20,000
Audit Committee	20,000
Nomination & Remuneration Committee	20,000
Corporate Responsibility & Strategy Committee	20,000
Stakeholders' Relationship & Share Transfer Committee	5,000
Managing Committee	5,000

The aforesaid sitting fees are within the statutory limits prescribed in this regard.

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 2013-14 is as follows:

(₹ In Lakhs)

Name	Sitting fees	Commission[5]	Total
Karan Thapar	2.15	126.75	128.90
Vijay Rai	2.10	5.63	7.73
Vikram Tandon	1.60	9.39	10.99
Dr. Clive Hickman	2.00	11.27	13.27
Navneet Singh [1]	1.65	5.63	7.28
Arvind Kumar Singhal [2]	0.60	5.63	6.23
Suresh N. Talwar [3]	0.65	1.88	2.53
Sukh Dev Nayyar [4]	1.20	2.82	4.02

[1] appointed as a Director with effect from 1st August, 2013
[2] appointed as a Director with effect from 1st November, 2013
[3] ceased to be a Director with effect from 31st July, 2013
[4] ceased to be a Director with effect from 2nd November, 2013
[5] payment would be subject to approval of the accounts for the financial year 2013-14 by the Members at the forthcoming Annual General Meeting to be held on 31st July, 2014

For details of transactions in which the Directors are concerned or interested, please refer to the disclosure on related party transactions given in Note 42 to the standalone financial statements forming a part of this Annual Report.

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 held (₹ 2 each)	% of Total Paid-up Equity Capital
Karan Thapar	1,000	0.0004
Vijay Rai	18,150	0.0074
Vikram Tandon	500	0.0002
Dr. Clive Hickman	-	-
Navneet Singh	-	-
Arvind Kumar Singhal	-	-

3.3 Stakeholders' Relationship & Share Transfer Committee

In compliance with the statutory requirements in this regard, the Investors' Grievance & Share Transfer Committee was renamed as the Stakeholders' Relationship & Share Transfer Committee. The Committee, inter alia, considers and reviews stakeholders' complaints, redressal process, and evaluates the performance and service standards of the Registrar and Share Transfer Agent of the Company.

I. Terms of reference

The brief terms of reference of the Stakeholders' Relationship & Share Transfer Committee are as follows:

- To review the existing "Investor Redressal System" and suggest measures for improvement in investor relations.
- To note the transfer / transmission / transposition / rematerialisation / dematerialization of shares and consolidation / splitting of folios as approved by the person duly authorized by the Board of Directors in this regard and the issue of share certificates in exchange for sub-divided, consolidated, defaced, torn, etc.
- 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 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 audit report.

II. Composition

The Stakeholders' Relationship & Share Transfer Committee comprises three Directors which is in compliance with the applicable statutory requirements, as given below:

Name	Designation	Category
Vijay Rai	Chairman	Independent Director
Sunil Pahilajani	Member	Executive Director
Navneet Singh[1]	Member	Independent Director
Suresh Talwar[2]	Member	Independent Director

[1] appointed as Member with effect from 1st August, 2013

[2] ceased to be a Member with effect from 31st July, 2013

III. Meetings and attendance

During the year, the Stakeholders' Relationship & Share Transfer Committee met twice, that is on 29th July, 2013 and 6th February, 2014, where all the Members of the Committee were present.

IV. Name and designation of the Compliance Officer

Ms. Monica Chopra, Company Secretary & Executive Vice President - Legal, is the Compliance Officer of the Company as required under Clause 47 of the Listing Agreement with the Stock Exchanges.

V. Number of Shareholders' complaints

The Company received nine complaints during the year under review. All the complaints were redressed to the satisfaction of the Shareholders. 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 its receipt.

The Company has a dedicated email ID investorservices@greavescotton.com to which investors can send 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.

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 entitlement, 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.

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

4. GENERAL BODY MEETINGS

I. Location and time of the last three Annual General Meetings

Date	Time	Venue	Special Resolution, if any
30th July 2013	4.30 p.m.	Hall of Culture Nehru Centre Worli, Mumbai - 400 018	None
30th 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 the Articles of Association of the Company
27th July 2011	3.30 p.m.	Hall of Culture Nehru Centre Worli, Mumbai - 400 018	None

II. Special Resolutions passed through postal ballot

During the year under review, no Special Resolution was required to be passed through postal ballot.

5. DISCLOSURES

I. Basis of Related Party Transactions

The related party transactions entered into by the Company were in the normal course of business, the details of which were placed before the Audit Committee. None of the transactions with any of related parties was in conflict with the interest of the Company. The Register of Contracts containing the transactions, in which Directors are interested, is placed before the Board regularly for its noting / approval. Details of transactions with related parties are disclosed in Note 42 to the standalone financial statements forming a part of this Annual Report.

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 matters relating to capital markets during the last three years.

IV. Relationship between Directors inter se

There is no relationship between the Directors inter se.

V. Whistle Blower Policy

The Company believes in conducting its affairs in a fair and transparent manner by adopting the highest standards of professionalism, honesty, integrity and ethical behavior. Accordingly, a Whistle Blower Policy ("Policy") has been formulated where employees can voice their genuine concerns about any unethical or unacceptable business practice or any event of misconduct. It provides a mechanism for the employees of the Company to approach the Compliance Officer or the Chairman of the Audit Committee. The Company ensures that genuine Whistle Blowers are accorded complete protection from any kind of unfair treatment. The Policy is posted on the website of the Company www.greavescotton.com.

VI. 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 (Code), 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 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.

VII. Code of Conduct

The Board is responsible for ensuring that rules are in place to avoid conflict 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 with the Stock Exchanges. 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 during the financial year 2013-14. A declaration to this effect signed by the Managing Director & CEO, forms a part of 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.

VIII. CEO / CFO Certification

The Managing Director & CEO and the Chief Financial Officer have given a certificate to the Board in respect of the financial statement and other matters as required by Clause 49 of the Listing Agreement with the Stock Exchanges. The Certificate forms a part of this Annual Report.

IX. Subsidiary Companies

The Company does not have a material, non-listed Indian subsidiary as defined under Clause 49 of the Listing Agreement with the Stock Exchanges. However, the Company has unlisted subsidiary companies in India and abroad, financial statements of which are reviewed by the Audit Committee. The Minutes of the 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.

X. Auditors' Certificate on Corporate Governance

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

6. MEANS OF COMMUNICATION

- Newspapers: The Company publishes the statement of financial results in prominent newspapers likes 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 Information

Day & Date	Thursday, 31st July, 2014
Time	3 p.m.
Venue	Hall of Culture, Ground floor, Nehru Centre, Worli, Mumbai - 400 018
Book Closure	Tuesday, 22nd July, 2014 to Thursday, 31st July, 2014 (both days inclusive)
Dividend payment date	On or after Friday, 22nd August, 2014

II. Financial year: 1st April, 2013 to 31st March, 2014

Financial Calendar (tentative)

The Company expects to announce the results for the financial year 2014-15, as per the following schedule:

1st quarter ending 30th June, 2014	:	on or before 14th August, 2014
2nd quarter ending 30th September, 2014	:	on or before 14th November, 2014
3rd quarter ending 31st December, 2014	:	on or before 14th February, 2015
4th quarter and year ending 31st March, 2015	:	on or before 30th May, 2015
96th Annual General Meeting	:	on or before 30th September, 2015

III. Stock Exchange Information

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

Stock Exchange	Stock Code
BSE Limited (BSE) P. J. Towers, Dalal Street, Fort, Mumbai - 400 001	501455
National Stock Exchange of India Limited (NSE) "Exchange Plaza", Bandra-Kurla Complex, Bandra (East), Mumbai – 400 051	GREAVESCOT EQ

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

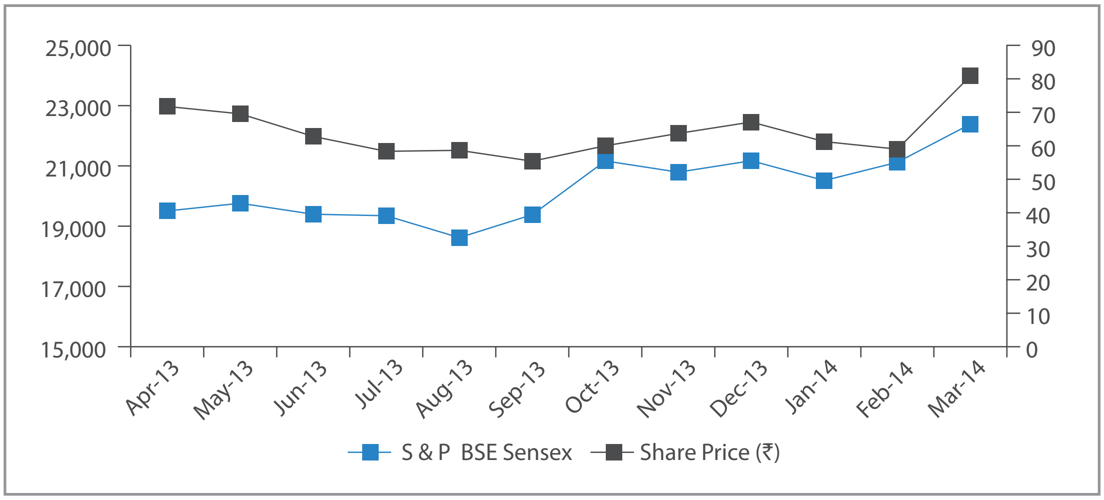
The Listing Fee for the financial year 2014-15 has been paid to both the above Stock Exchanges.

IV. Market Price Data (high, low during each month in the financial year 2013-14)

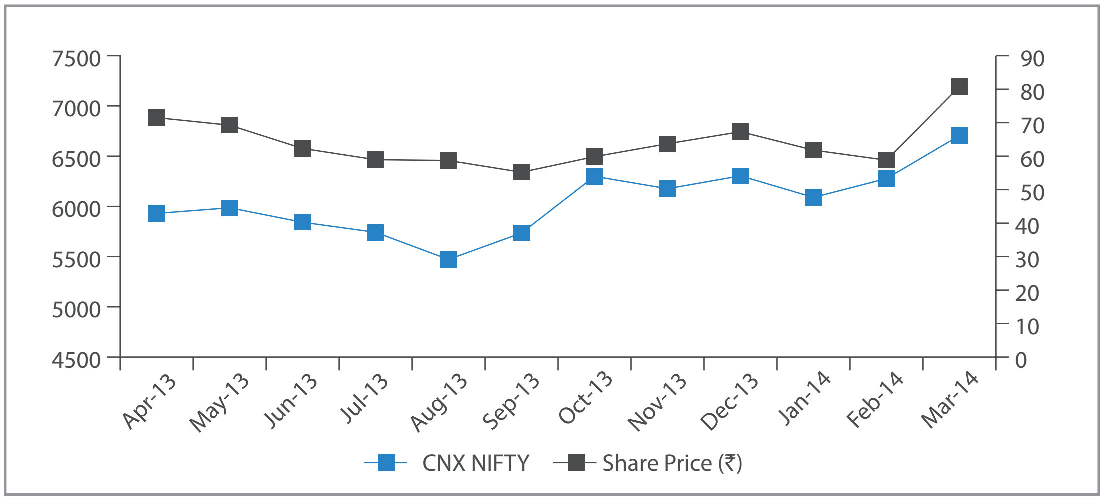
	BSE				NSE			
Month	Price in ₹		Sensex		Price in ₹		CNX Nifty	
	High	Low	High	Low	High	Low	High	Low
April, 2013	77.00	63.75	19,622.68	18,144.22	77.40	63.60	5,962.30	5,477.20
May, 2013	77.00	67.05	20,443.62	19,451.26	76.45	66.90	6,229.45	5,910.95
June, 2013	70.50	60.75	19,860.19	18,467.16	70.65	60.85	6,011.00	5,566.25
July, 2013	64.00	57.10	20,351.06	19,126.82	63.85	57.10	6,093.35	5,675.75
August, 2013	62.40	53.00	19,569.20	17,448.71	62.70	54.15	5,808.50	5,118.85
September, 2013	60.00	54.70	20,739.69	18,166.17	59.95	54.50	6,142.50	5,318.90
October, 2013	61.80	54.75	21,205.44	19,264.72	61.70	54.55	6,309.05	5,700.95
November, 2013	66.10	58.00	21,321.53	20,137.67	66.00	58.00	6,342.95	5,972.45
December, 2013	69.95	63.00	21,483.74	20,568.70	69.40	62.75	6,415.25	6,129.95
January, 2014	70.00	60.10	21,409.66	20,343.78	69.80	60.25	6,358.30	6,027.25
February, 2014	62.90	56.50	21,140.51	19,963.12	62.85	56.50	6,282.70	5,933.30
March, 2014	81.45	57.15	22,467.21	20,920.98	81.55	57.25	6,730.05	6,212.25

V. Performance of Share Price in comparison with the BSE and NSE indices

(a) Performance of the Company's Share price in comparison with the S & P BSE Sensex



(b) Performance of the Company's Share price in comparison with the CNX NIFTY



VI. 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

VII. Share Transfer System

The Board has delegated the authority for approving transfer, transmission etc., excluding issuance of duplicate share certificate, of the Company's shares, jointly to the Company Secretary and the Deputy Company Secretary of the Company. Share transfer requests accompanied by complete documents are usually approved within 15 days from the date of receipt. Requests received for dematerialization of shares are normally confirmed by the Registrar & Share Transfer Agent within 15 days to the Depositories. A summary of the transfer, transmission etc., as approved, is placed before the Stakeholders' Relationship and Share Transfer Committee. The Company obtains a half yearly compliance certificate as required under Clause 47 (c) of the Listing Agreement with the Stock Exchanges from a Company Secretary in whole time practice and files the same with the Stock Exchanges.

VIII. Shareholding Pattern as on 31st March, 2014

Category	**Number of Shares of ₹ 2 each held**	**Percentage of Shareholding**
Promoters	12,59,21,566	51.56
Mutual Funds and UTI	5,10,66,035	20.91
Banks, Financial Institutions, Insurance Companies (Central/ State Govt. Institutions/Non Government Institutions)	2,84,74,009	11.66
Corporate Bodies	72,41,615	2.97
Non-residents and Foreign Institutional Investors	1,01,85,593	4.17
Resident Individuals	2,13,17,977	8.73
Total	**24,42,06,795**	**100.00**

IX. Distribution of Shareholding as on 31st March, 2014

Number of Shares	Number of Shareholders	Percentage	Number of Shares of ₹ 2 each	Percentage
Upto 5,000	40,112	97.88	1,32,74,220	5.43
5,001 to 10,000	483	1.17	33,65,178	1.38
10,001 to 20,000	191	0.47	26,43,418	1.08
20,001 to 30,000	64	0.16	15,50,866	0.64
30,001 to 40,000	16	0.04	5,32,766	0.22
40,001 to 50,000	17	0.04	8,01,363	0.33
50,001 to 1,00,000	36	0.09	27,10,966	1.11
1,00,001 & above	61	0.15	21,93,28,018	89.81
Total	**40,980**	**100.00**	**24,42,06,795**	**100.00**

X. Dematerialization of Shares and Liquidity

The Equity Shares of the Company can be traded on the Stock Exchanges only in dematerialized form. As on 31st March, 2014, 98.38% of the total Equity Share Capital was held in dematerialized form.

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

The details of the Equity Shares held in dematerialized and in physical form as on 31st March, 2014 are given hereunder:

Particulars of Equity Shares	Equity Shares of ₹ 2 each		Shareholders	
	Number	% of total	Number	% of total
Dematerialised form				
NSDL	22,17,63,193	90.81	20,467	49.95
CDSL	1,84,82,917	7.57	6,124	14.94
Sub- total		**98.38**		**64.89**
Physical form	39,60,685	1.62	14,389	35.11
Total	24,42,06,795	100.00	40,980	100.00

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

XI. Outstanding GDRS / ADRs / Warrants or any Convertible Instruments

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

XII. 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 issued remained undelivered due to various reasons like incorrect / incomplete address, change in address not communicated, address not traceable, etc.

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

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

Types of Security	As on 1st April, 2013		Shares transferred in favour of the concerned shareholders during the year		Balance as on 31st March, 2014	
	Number of		Number of		Number of	
	Cases	Shares	Cases	Shares	Cases	Shares
Equity Shares	5,114	6,55,665	20	8,385	5,094	6,47,280

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

XIII. Reconciliation of Share Capital Audit

As stipulated by Securities and Exchange Board of India, a qualified practicing Company Secretary carries out the Secretarial Audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total Issued and Listed Share Capital of the Company. This audit is carried out every quarter and the report thereon is submitted to the Stock Exchanges, NSDL and CDSL and is also placed before the Board of Directors. The audit, inter alia, confirms that the total Listed and Paid-up Capital of the Company is in agreement with the aggregate of the total number of Shares in dematerialised form (held with NSDL and CDSL) and total number of Shares in physical form.

XIV. Transfer of Unclaimed amounts to Investor Education and Protection Fund (IEPF)

Pursuant to Section 205C of the Companies Act, 1956 read with the Investor Education and Protection Fund (Awareness and Protection of Investors) Rules, 2001, during the financial year 2013-14, the Company has credited the following amounts lying unclaimed for a period of seven years to the IEPF:

Particulars of Unclaimed Amount	Date of Transfer	Amount of Transfer (₹)
3rd Interim Dividend 2005-06	27th May, 2013	7,49,585
Final Dividend 2005-06	27th November, 2013	3,86,459
1st Interim Dividend 2006-07	13th December, 2013	7,81,370
2nd Interim Dividend 2006-07	21st March, 2014	8,20,347
Unclaimed Fixed Deposit	2nd August, 2013	10,000
Unclaimed Fixed Deposit	19th September, 2013	32,000
Unclaimed Fixed Deposit	22nd October, 2013	10,000

The Company has credited the following amounts lying unclaimed for a period of seven years to the IEPF after closure of the financial year 2013-14 and before the date of preparation of this Report:

Particulars of Unclaimed Amount	Date of Transfer	Amount of Transfer (₹)
3rd Interim Dividend 2006-07	30th April, 2014	8,12,308
Unclaimed Fixed Deposit	9th April, 2014	10,000
Unclaimed Fixed Deposit	9th April, 2014	10,000

The due dates for transfer of the unclaimed dividends and fixed deposits to the IEPF during the financial year 2014-15 are as follows:

Particulars of Unclaimed Amount	Due Date of Transfer	Amount of Transfer (₹)
Final Dividend 2006-07	29th October, 2014	2,97,556
1st Interim Dividend 2007-08	28th November, 2014	5,62,702
2nd Interim Dividend 2007-08	15th February, 2015	6,00,250
Unclaimed Fixed Deposit	25th May, 2014	15,000
Unclaimed Fixed Deposit	25th June, 2014	30,000
Unclaimed Fixed Deposit	10th August, 2014	10,000
Unclaimed Fixed Deposit	15th August, 2014	25,000
Unclaimed Fixed Deposit	31st August, 2014	10,000
Unclaimed Fixed Deposit	13th September, 2014	15,000
Unclaimed Fixed Deposit	22nd November, 2014	20,000

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.

As required under the Investors Education and Protection Fund (Uploading of Information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on the date of last Annual General Meeting, that is as on 30th July, 2013, on the websites of the Company as well as of the Ministry of Corporate Affairs.

XV. Plant 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 District, Khed, Pune
Light Engines Unit –I	J-2, MIDC Industrial Area Chikalthana Aurangabad - 431 210	Petrol Engines Unit	F62 & 63, Sipcot Industrial Complex Puppankuppam Village, Gummidipoondi Chennai - 601 201
Light Engines Unit –II	Plot No.72 Sipcot Industrial Complex Ranipet - 632 403	Heavy Engineering Unit I & II	D-18, Sipcot Industrial Complex Gummidipoondi Tiruvallur District, 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 Tiruvallur District, Chennai - 601 201
Light Engine Unit –V	A-1/3, Shendra Five Star Industrial Area, Shendra Aurangabad – 431 001		

XVI. Address for Correspondence

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

XVII. Adoption of Non-mandatory requirements

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

I. Remuneration Committee: The Company has constituted a Nomination and Remuneration Committee comprising Non-executive Directors. The details of the Committee have been mentioned earlier in this Report.

II. Shareholder Rights: The statements of financial results of the Company are published in newspapers on an all India basis and are also posted on the Company's website www.greavescotton.com. Significant events and milestones are also posted on the Company's website.

III. Audit Qualifications: There are no audit qualifications.

IV. Training of Board Members: Presentations are made at the Board and the Committee Meetings on businesses, the Company's performance, updates on regulatory changes, etc.

V. 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 in due course will be considered by the Company.

Note: The information given hereinabove is as at 31st March, 2014, unless otherwise stated.

DECLARATION

(As required by Clause 49 I (D) (ii) of the Listing Agreement)

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, 2014.

For Greaves Cotton Limited

Sunil Pahilajani
Managing Director & CEO

Place: Mumbai
Date: 26th April, 2014

CERTIFICATION

(As required by Clause 49 V of the Listing Agreement)

We, Sunil Pahilajani, Managing Director & CEO, and Narayan Barasia, 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 year ended as on 31st March, 2014 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 financial year 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

For Greaves Cotton Limited

Sunil Pahilajani
Managing Director & CEO

Narayan Barasia
Chief Financial Officer

Place: Mumbai
Date: 26th April, 2014

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, 2014, 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 LLP
Chartered Accountants
Firm Registration No: 001076 N

Khushroo B. Panthaky
Partner
Membership No. F-42423

Mumbai
30th April, 2014

INDEPENDENT AUDITOR'S 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 2014, 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 notified under the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. 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, but not for the purpose of expressing an opinion on the effectiveness of Company's internal control. 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.

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 2014;

   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 notified under the Companies Act, 1956 read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013; and

f. on the basis of written representations received from the directors, as at 31 March 2014 and taken on record by the Board of Directors, none of the directors is disqualified as at 31 March 2014 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act.

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

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

Mumbai
30 April 2014

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT

of even date to the members of Greaves Cotton Limited,on the financial statements for the year ended 31 March 2014

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 material discrepancies noticed on physical verification have been properly dealt with in the books of account.

(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 loan, 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 ₹ 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 income-tax, sales-tax, wealth tax, service tax, customs duty, excise duty, cess on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount (₹ crores)	Amount Paid Under Protest (₹ crores)	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	0.62	-	2008-09 2009-10 2010-11 2011-12 2012-13	Supreme Court
		0.03	-	2002-03	High Court
		0.13	-	2001-02 2003-04 2004-05 2010-11	Revision Board
		1.17	0.23	1994-95 1996-97 1998-99 1999-00 2000-01 2001-02 2002-03 2004-05	Appellate Tribunal (VAT)
		0.36	0.36	2008-09 2010-11	Commissioner of Sales Tax
		3.09	0.51	1991-92 1992-93 1999-00 2000-01 2001-02 2002-03 2003-04 2005-06 2006-07 2007-08 2008-09 2009-10 2010-11	Assistant/ Joint/ Additional/ Deputy Commissioner of Sales Tax
Central Excise Act, 1944	Disallowance of input credit and penalty	0.41	-	2006-07 2007-08 2008-09 2012-13	Appellate Tribunal
		1.93	-	1997-98 2007-08 2008-09 2009-10 2010-11 2011-12 2012-13 2013-14	Commissioner (Appeals)
		0.31	-	2008-09	Commissioner
		0.37	-	2009-10 2011-12	Additional Commissioner
		0.11	-	2009-10 2012-13 2013-14	Deputy Commissioner
		0.01	-	2013-14	Superintendent (Technical) Commissioner

Name of the statute	Nature of dues	Amount (₹ crores)	Amount Paid Under Protest (₹ crores)	Period to which the amount relates (financial year)	Forum where dispute is pending
Central Excise Act, 1944	Disallowance of input credit and penalty	0.25		1991-92 1997-98 2009-10	High Court
Income Tax Act, 1961	Minimum Alternate Tax	2.97	2.97	2003-04 2005-06	Income Tax Appellate Tribunal
		0.31	0.31	2004-05	Commissioner (Appeals)
	Income Tax	6.78	6.78	2006-07 2007-08 2009-10	Income Tax Appellate Tribunal
Octroi Rules, 2001	Demand based on rate difference	0.73	0.61	1999-00 2005-06	Civil Judge Senior Division, Pune (District Court)

(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) The Company has not given any guarantees for loans taken by others from banks or financial institutions. Accordingly, the provisions of clause 4(xv) of the Order are not applicable.

(xvi) In our opinion, the term loans were applied for the purpose for which the loans were obtained, though idle/surplus funds which were not required for immediate utilization had been invested in liquid investments.

(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 LLP**
(formerly Walker, Chandiok & Co)
Chartered Accountants
Firm Registration No.: 001076N

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

Mumbai
30 April 2014

BALANCE SHEET

₹ Crore

	Note No.	As at 31.03.2014		As at 31.03.2013
I. EQUITY AND LIABILITIES:				
1. SHAREHOLDERS' FUNDS:				
(a) Share Capital	3	**48.84**		48.84
(b) Reserves and Surplus	4	**769.13**		693.20
			817.97	742.04
2. NON CURRENT LIABILITIES:				
(a) Long-Term Borrowings	5	-		0.04
(b) Deferred Tax Liabilities (Net)	6	**33.36**		34.72
(c) Other Long-Term Liabilities	7	**3.95**		3.78
(d) Long-Term Provisions	8	**12.60**		13.17
			49.91	51.71
3. CURRENT LIABILITIES:				
(a) Short-Term Borrowings	9	-		2.20
(b) Trade Payables	10	**186.44**		232.92
(c) Other Current Liabilities	11	**66.07**		62.62
(d) Short-Term Provisions	12	**79.68**		88.34
			332.19	386.08
TOTAL			**1,200.07**	1,179.83
II. ASSETS:				
1. NON-CURRENT ASSETS:				
(a) Fixed Assets:	13			
(i) Tangible Assets		**349.42**		360.29
(ii) Intangible Assets		**18.68**		7.75
(iii) Capital Work-in-progress		**5.10**		5.33
(iv) Intangible assets under development		**0.23**		2.69
		373.43		376.06
(b) Non-Current Investments	14	**23.72**		25.35
(c) Long-Term Loans and Advances	15	**26.70**		21.15
(d) Other Non-Current Assets	16	**1.68**		1.41
			425.53	423.97
2. CURRENT ASSETS :				
(a) Current Investments	17	**154.34**		68.54
(b) Inventories	18	**158.10**		160.99
(c) Trade Receivables	19	**333.03**		374.65
(d) Cash and Cash Equivalents	20	**33.99**		41.35
(e) Short -Term Loans and Advances	21	**93.38**		110.10
(f) Other Current Assets	22	**1.70**		0.23
			774.54	755.86
TOTAL			**1,200.07**	1,179.83
The Notes are an integral part of these financial statements	1 to 51			

As per our report of even date attached
For **Walker Chandiok & Co LLP**
(Formerly Walker, Chandiok & Co)
Chartered Accountants

For and on behalf of the Board
Navneet Singh
Director

Khushroo B. Panthaky
Partner

Narayan Barasia
Chief Financial Officer

Monica Chopra
Company Secretary &
Executive Vice President-Legal

Sunil Pahilajani
Managing Director & CEO

Mumbai
30th April 2014

Mumbai
30th April 2014

STATEMENT OF PROFIT AND LOSS

₹ Crore

	Note No.	Year Ended 31.03.2014		Year Ended 31.03.2013
INCOME				
Revenue from Operations (Gross)	26		**1,914.88**	2,096.33
Less:Excise duty			**195.97**	223.04
Revenue from Operations (Net)			**1,718.91**	1,873.29
Other Income	27		**26.81**	15.55
TOTAL REVENUE			**1,745.72**	1,888.84
EXPENDITURE				
Cost of Materials Consumed	28		**1,127.39**	1,260.80
Purchase of Stock-in-Trade	29		**56.15**	38.91
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	30		**(2.50)**	13.18
Employee Benefits Expense	31		**161.92**	147.92
Finance Costs	32		**4.64**	1.12
Depreciation and Amortisation Expense	33	**43.54**		39.03
Less: Transferred from Revaluation Reserve		**0.07**		0.07
			43.47	38.96
Other Expenses	34		**182.39**	170.19
			1,573.46	1,671.08
Profit Before Exceptional Items and Tax			**172.26**	217.76
Less / (Add): Exceptional Items	35		**7.99**	17.61
Profit Before Tax			**164.27**	200.15
Tax Expense:				
Current Tax		**47.00**		58.50
Tax Adjustment in respect of earlier years		**5.54**		(1.07)
Deferred Tax		**(1.36)**		4.76
			51.18	62.19
Profit for the year			**113.09**	137.96
Earnings per share (Face Value of ₹ 2/- per share)	49			
(i) Basic			**4.63**	5.65
(ii) Diluted			**4.63**	5.65
The Notes are an integral part of these financial statements	1 to 51			

As per our report of even date attached
For **Walker Chandiok & Co LLP**
(Formerly Walker, Chandiok & Co)
Chartered Accountants

For and on behalf of the Board
Navneet Singh
Director

Khushroo B. Panthaky
Partner

Narayan Barasia
Chief Financial Officer

Monica Chopra
Company Secretary &
Executive Vice President-Legal

Sunil Pahilajani
Managing Director & CEO

Mumbai
30th April 2014

Mumbai
30th April 2014

CASH FLOW STATEMENT

₹ Crore

		Year Ended 31.03.2014	Year Ended 31.03.2013
A	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Profit before tax	**164.27**	200.15
	Adjustment for:		
	Depreciation / Amortisation	**43.47**	38.96
	Impairment of Assets	**2.60**	-
	(Profit) / Loss on sale of land and building	**(36.33)**	-
	(Profit) / Loss on sale of investments	**(2.64)**	(0.01)
	Provision for diminution in value of investment	**39.00**	14.18
	Interest income	**(1.33)**	(0.92)
	Finance costs	**4.64**	1.12
	(Profit) / Loss on sale of fixed assets (net)	**(3.40)**	(4.24)
	Dividend from non-current investments	**(0.30)**	(1.71)
	Dividend from current investments	**(5.05)**	(4.91)
	Unrealised (gain)/ loss on exchange fluctuation	**0.26**	(0.49)
	Operating profit before working capital changes	**205.19**	242.13
	Adjustment for:		
	(Increase) / decrease in inventories	**2.89**	8.98
	(Increase) / decrease in trade receivables	**41.22**	(117.87)
	(Increase) / decrease in other receivables	**7.08**	(1.37)
	Increase / (decrease) in trade payables / provisions	**(42.23)**	32.34
	Cash from operating activities	**214.15**	164.21
	Direct taxes refunded / (paid) (net)	**(57.50)**	(59.59)
	Net cash from operating activities	**156.65**	104.62
B	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Purchase of fixed assets	**(52.78)**	(71.05)
	Sale of fixed assets	**43.17**	4.89
	Investment in subsidiaries	**(37.38)**	(0.15)
	Purchase / (sale) / reinvestment of current investments (net)	**(83.16)**	(9.99)
	Redemption of investments	**-**	13.50
	Dividend from non-current investments	**0.75**	1.79
	Dividend from current investments	**5.05**	4.91
	Interest received	**1.48**	1.02
	Net cash used in investing activities	**(122.87)**	(55.08)
C	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Repayment of long term borrowings	**(0.13)**	(0.20)
	Increase / (decrease) in short term borrowings (net)	**(2.20)**	(17.85)
	Finance Costs	**(4.65)**	(1.12)
	Dividend (including dividend tax) paid	**(34.16)**	(59.27)
	Net cash used in financing activities	**(41.14)**	(78.44)
	NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**(7.36)**	(28.90)
	Cash and cash equivalents as at the beginning of the year	**41.35**	70.25
	Cash and cash equivalents as at the end of the year	**33.99**	41.35

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 LLP**
(Formerly Walker, Chandiok & Co)
Chartered Accountants

Khushroo B. Panthaky
Partner

Mumbai
30th April 2014

For and on behalf of the Board

Navneet Singh
Director

Narayan Barasia
Chief Financial Officer

Monica Chopra
Company Secretary &
Executive Vice President-Legal

Sunil Pahilajani
Managing Director & CEO

Mumbai
30th April 2014

NOTES TO THE FINANCIAL STATEMENTS

31st March 2014

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 one direct and two indirect subsidiaries having operations in India 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 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.

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 2014

	(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.

d) Export incentives are recognised when the right to receive the benefit is established.

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).

NOTES TO THE FINANCIAL STATEMENTS

31st March 2014

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 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:

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.

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:

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

NOTES TO THE FINANCIAL STATEMENTS

31st March 2014

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.

2.10 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. Where there are unabsorbed business losses and/or unabsorbed depreciation, deferred tax assets 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. 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.

NOTES TO THE FINANCIAL STATEMENTS

31st March 2014

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.

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.

₹ Crore

		As at 31.03.2014	As at 31.03.2013
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 2014

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

Name of the shareholder	As at 31.03.2014		As at 31.03.2013	
	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	**1,37,41,705**	**5.63**	1,43,76,342	5.89
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**	1,36,07,199	5.57

d) Terms / Rights attached to equity shares

(i) The Company has only one class of equity shares having a face value of ₹ 2 per share. Each holder of equity shares is entitled to one vote per share. Any fresh issue of equity shares shall rank pari-passu with the existing shares.

(ii) In the event of liquidation of the Company, the holder of equity shares will be entitled to receive the remaining assets of the Company, after distribution of all preferential amounts, if any, in proportion to the number of equity shares held by the shareholders.

₹ Crore

	As at 31.03.2014		As at 31.03.2013
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	**4.02**		4.09
Less: Transferred to Statement of Profit and Loss	**0.07**		0.07
		3.95	4.02
General Reserve:			
As per last Balance Sheet	**293.03**		268.03
Add: Transferred from Surplus in Statement of Profit and Loss	**25.00**		25.00
		318.03	293.03
Surplus in Statement of Profit and Loss:			
As per last Balance Sheet	**360.22**		292.48
Profit for the period	**113.09**		137.96
Less: Appropriations			
Interim Dividend	**17.09**		26.86
Proposed Final Dividend	**14.65**		12.21
Tax on Dividend	**5.35**		6.15
Transfer to General Reserve	**25.00**		25.00
		411.22	360.22
		769.13	693.20

NOTES TO THE FINANCIAL STATEMENTS

31st March 2014

₹ Crore

		As at 31.03.2014		As at 31.03.2013
5.	**Long-Term Borrowings:**			
	Unsecured:			
	Interest-free Sales Tax Loan and Special Incentive Loan		-	0.04
			-	0.04
	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 2009-10 with last installment in May 2014			
6.	**Deferred Tax Liabilities (Net):**			
	Deferred Tax Liabilities:			
	Depreciation		**41.91**	41.25
	Deferred Tax Assets:			
	Provision for Doubtful Debts	**4.34**		2.72
	Provision for Compensated Absence	**3.22**		2.82
	Others	**0.99**		0.99
			8.55	6.53
			33.36	34.72
7.	**Other Long-Term Liabilities:**			
	Deposits received from Dealers		**3.95**	3.78
			3.95	3.78
8.	**Long-Term Provisions:**			
	Compensated Absence		**8.04**	7.07
	Gratuity		**4.56**	6.10
			12.60	13.17
9.	**Short-Term Borrowings:**			
	Secured:			
	Cash Credit / Short Term Finance from Banks *		-	2.20
			-	2.20

* Cash Credit and Short Term Finance from Banks were 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 ₹ 25.36 crore (Previous Year ₹ 44.87 crore) and ₹ 5.52 crore (Previous Year ₹ 5.04 crore) respectively.

		As at 31.03.2014	As at 31.03.2013
10.	**Trade Payables:**		
	Sundry Creditors (Refer Note No. 47)	**186.44**	232.92
		186.44	232.92

NOTES TO THE FINANCIAL STATEMENTS

31st March 2014

₹ Crore

	As at 31.03.2014	As at 31.03.2013
11. Other Current Liabilities:		
Current Maturities of Long Term Borrowings	**0.04**	0.13
Unpaid Dividends *	**1.59**	1.60
Unclaimed Matured Fixed Deposits *	**0.02**	0.02
Interest Accrued on Matured Fixed Deposits *	**-**	0.01
Advance from Customers	**9.51**	6.20
Employee Benefits Payable	**6.21**	4.75
Statutory Dues Including Provident Fund and Tax Deducted at Source	**6.39**	9.79
Capital Creditors	**3.26**	4.30
Others		
Provision for Expenses	**39.05**	35.42
Forward Contract Liabilities and Miscelleneous Deposits	**-**	0.40
	66.07	62.62

* There are no amounts due and outstanding to be credited to Investor Education and Protection Fund as at 31st March 2014 under section 205C of the Companies Act, 1956.

12. Short-Term Provisions:		
Provision for Employee Benefits:		
Compensated Absence	**1.43**	1.23
Others - Provision for Bonus, Commission etc.	**5.68**	5.11
Other Provisions :		
Warranty	**8.48**	9.34
Provision for Tax (Current Year)	**47.00**	58.50
Proposed Dividend	**14.65**	12.21
Provision for Tax on Dividend	**2.44**	1.95
	79.68	88.34

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	**9.34**	9.99
Additional provision made during the year	**9.05**	8.78
Amount used during the year	**9.91**	9.43
Balance as at the end of the year	**8.48**	9.34

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 2014

13. Fixed Assets:

₹ Crore

		GROSS BLOCK				DEPRECIATION					NET BLOCK	
		1st April 2013	Additions	Disposals/ adjustments	31st March 2014	1st April 2013	For the year	Impairment loss	Deductions / adjustments	31st March 2014	31st March 2014	31st March 2013
TANGIBLE ASSETS												
Freehold Land		3.55	0.10	0.21	**3.44**	0.04	-	-	0.04	**-**	**3.44**	3.51
Leasehold Land		21.78	-	-	**21.78**	0.93	0.24	-	-	**1.17**	**20.61**	20.85
Freehold Building		122.51	8.08	3.15	**127.44**	21.31	3.90	-	0.45	**24.76**	**102.68**	101.20
Leasehold Building		0.25	-	-	**0.25**	0.24	-	-	-	**0.24**	**0.01**	0.01
Plant & Equipment		391.21	25.07	11.76	**404.52**	168.63	31.89	2.60	9.54	**193.58**	**210.94**	222.58
Office Equipments		4.87	0.80	0.08	**5.59**	2.25	0.77	-	0.07	**2.95**	**2.64**	2.62
Furniture and Fixtures		19.78	1.34	0.01	**21.11**	10.40	1.84	-	0.01	**12.23**	**8.88**	9.38
Vehicles		0.88	0.15	0.15	**0.88**	0.74	0.07	-	0.15	**0.66**	**0.22**	0.14
Total	**A**	**564.83**	**35.54**	**15.36**	**585.01**	**204.54**	**38.71**	**2.60**	**10.26**	**235.59**	**349.42**	-
31st March 2013		502.50	76.47	14.14	**564.83**	181.56	36.47	-	13.49	**204.54**	**-**	360.29
Capital work-in-progress											**5.10**	5.33
INTANGIBLE ASSETS												
Technical Know-how		8.10	11.63	-	**19.73**	4.85	1.67	-	-	**6.52**	**13.21**	3.25
Computer software		16.52	4.13	0.13	**20.52**	12.02	3.16	-	0.13	**15.05**	**5.47**	4.50
Total	**B**	**24.62**	**15.76**	**0.13**	**40.25**	**16.87**	**4.83**	**-**	**0.13**	**21.57**	**18.68**	-
31st March 2013		19.32	5.30	-	**24.62**	14.31	2.56	-	-	**16.87**	**-**	7.75
Intangible Assets Under Development											**0.23**	2.69
TOTAL including Capital work-in-progress & Intangible Assets Under Development	**C**	**589.45**	**51.30**	**15.49**	**625.26**	**221.41**	**43.54**	**2.60**	**10.39**	**257.16**	**373.43**	-
31st March 2013		521.82	81.77	14.14	**589.45**	195.87	39.03	-	13.49	**221.41**	**-**	376.06

NOTES : (I) Net block of Freehold Land and Building includes ₹ 3.95 crore (Previous Year ₹ 4.02 crore) added on revaluation as on 31st May 1987.

(II) Freehold Building includes ₹ 6.05 crore (Previous Year ₹ 9.20 crore) towards cost of ownership flats in Co-operative Housing Societies / Condominium and cost of 10 shares (Previous Year 25 shares) of ₹ 50/- each.

GREAVES
SINCE 1859

NOTES TO THE FINANCIAL STATEMENTS

31st March 2014

₹ Crore

	As at 31.03.2014		As at 31.03.2013
14. Non-Current Investments: (Long Term)			
Trade Investments (unquoted): (at Cost)			
1) Fully Paid Equity Shares in Subsidiaries			
2,07,81,069 Shares (Previous Year 17,85,545) of ₹ 10/- each of Greaves Leasing Finance Limited		**23.70**	8.62
{During the year Greaves Leasing Finance Limited converted 1,50,82,689 (Previous Year Nil) 6% Cumulative Redeemable Preference Shares of ₹10 each into 1,50,82,689 Equity shares of ₹ 10 each and issued 39,12,835 (Previous Year Nil) Bonus Shares of ₹ 10 each }			
50,000 Shares (Previous Year 50,000) of ₹ 10/- each of Greaves Auto Limited	**0.05**		0.05
Less: Provision for diminution in value of investment {Refer Note No. 35(a)(i)}	**(0.05)**		-
		-	0.05
93,73,000 Shares (Previous Year 49,05,000) of Euro 1/- each of Greaves Cotton Netherland BV	**67.32**		29.94
Less: Provision for diminution in value of investment / Written off on Liquidation of Company	**(67.32)**		(28.36)
{Refer Note No. 35(a)}		-	1.58
10 Shares (Previous Year 10) of AED 1,500/- each of Greaves Cotton Middle East FZC *(Formerly Ascot International FZC)*		**0.02**	0.02
2) Fully Paid Preference Shares in Subsidiary			
Nil - 6% Cumulative Redeemable Preference Shares (Previous Year 1,50,82,689) of ₹ 10 /- each of Greaves Leasing Finance Limited		-	15.08
{During the year, Greaves Leasing Finance Limited redeemed Nil, 6% Cumulative Redeemable Preference Shares at ₹ 10 each (Previous Year 58,09,661) and converted 1,50,82,689 6% Cumulative Redeemable Preference Shares (Previous Year Nil) into 1,50,82,689 Equity shares of ₹10 each}			
		23.72	25.35
Aggregate amount of unquoted investments		**23.72**	25.35
Aggregate provision for diminution in value / write off of unquoted investments		**67.37**	28.36
15. Long-Term Loans and Advances:			
Unsecured, considered good (unless otherwise stated):			
Capital Advances		**9.69**	6.56
Security Deposits		**8.50**	6.00
Advance Income Tax {Net of Provisions of ₹ 302.22 crore (Previous Year ₹ 238.38 crore)}		**6.53**	4.53
Advances recoverable in cash or in kind or for value to be received			
Considered good		**1.98**	4.06
Considered doubtful	**3.50**		3.19
Less: Provision for doubtful advances	**(3.50)**		(3.19)
		-	-
		26.70	21.15
16. Other Non-Current Assets:			
Margin Money Deposits with banks		**1.68**	1.41
		1.68	1.41

NOTES TO THE FINANCIAL STATEMENTS

31st March 2014

₹ Crore

	As at 31.03.2014	As at 31.03.2013
17. Current Investments:		
Mutual Funds (unquoted): At cost or market value, whichever is less		
20,170 Units (Previous Year Nil) of ₹ 1000/- each, Axis Banking Debt Fund - Direct Plan - Daily Dividend Reinvestment	**2.03**	-
20,00,000 Units (Previous Year Nil) of ₹ 10/- each, Axis Fixed Term Plan - Direct Plan - Dividend Payout	**2.00**	-
53,861 Units (Previous Year Nil) of ₹ 1000/- each, Axis Liquid Fund - Direct Plan - Daily Dividend Reinvestment	**5.39**	-
Nil Units (Previous Year 5,018) of ₹ 1000/- each, Axis Liquid Fund - Daily Dividend Reinvestment	**-**	0.50
Nil Units (Previous Year 20,028) of ₹ 1000/- each, Baroda Pioneer Liquid Fund Plan A - Daily Dividend Reinvestment	**-**	2.00
30,114 Units (Previous Year Nil) of ₹ 1000/- each, Baroda Pioneer Treasury Advantage Fund - Plan B - Daily Dividend Reinvestment	**3.03**	-
15,49,277 Units (Previous Year 48,62,678) of ₹ 100/- each, BIRLA Sun Life Cash Plus - Direct Plan - Daily Dividend Reinvestment	**15.52**	5.14
52,24,969 Units (Previous Year Nil) of ₹ 10/- each, BIRLA Sun Life Dynamic Bond Fund-Retail Plan-Monthly Dividend-Regular Plan Reinvestment	**5.36**	-
2,00,283 Units (Previous Year Nil) of ₹ 100/- each, BIRLA Sun Life Floating Rate Fund - Short Term Plan - Daily Dividend Reinvestment	**2.00**	-
Nil Units (Previous Year 7,22,055) of ₹ 100/- each, BIRLA Sunlife Cash Plus - Daily Dividend - Regular Plan	**-**	7.23
Nil Units (Previous Year 1,60,973) of ₹ 10/- each, DWS Cash Opportunities Fund-Regular Plan- Daily Dividend	**-**	0.16
54,15,627 Units (Previous Year Nil) of ₹ 10/- each, HDFC Cash Management Fund-Saving Plan -Direct Plan-Daily Dividend Reinvestment	**5.76**	-
Nil Units (Previous Year 3,22,820) of ₹ 10/- each, HDFC Cash Management Fund Saving Plan - Daily Dividend Reinvestment	**-**	0.34
9,20,642 Units (Previous Year Nil) of ₹ 20/- each, HDFC Floating Rate Income Fund - Short Term Plan -Direct Plan-Wholesale Option-Growth Option	**2.00**	-
10,00,000 Units (Previous Year Nil) of ₹ 10/- each, HDFC FMP 90D January 2014 Series 29 - Direct Normal Dividend -Payout	**1.00**	-
29,72,755 Units (Previous Year Nil) of ₹ 10/- each, ICICI Prudential Banking And PSU Debt Fund-Direct Plan - Daily Dividend Reinvestment	**3.06**	-
9,07,144 Units (Previous Year Nil) of ₹ 10/- each, ICICI Prudential Interval II - Quarterly Interval Plan B - Direct Plan - Growth	**1.00**	-
28,52,145 Units (Previous Year Nil) of ₹ 10/- each, ICICI Prudential Interval Fund II Quarterly Interval Plan A - Direct Plan - Growth	**3.00**	-
14,60,163 Units (Previous Year Nil) of ₹ 10/- each, ICICI Prudential Interval Fund Quarterly Interval Plan 1 - Direct Plan - Growth	**2.00**	-
10,75,458 Units (Previous Year Nil) of ₹ 100/- each, ICICI Prudential Liquid Super Direct Plan - Daily Dividend Reinvestment	**10.76**	-
39,93,969 Units (Previous Year Nil) of ₹ 10/- each, ICICI Prudential Ultra Short Term - Direct Plan - Daily Dividend Reinvestment	**4.04**	-
Nil Units (Previous Year 18,949) of ₹ 100/- each, ICICI Prudential Liquid- Regular Plan- Daily Dividend Reinvestment	**-**	0.19
20,00,000 Units (Previous Year Nil) of ₹ 10/- each, IDFC Fixed Term Plan Series 82 Direct Plan - Growth	**2.00**	-
Nil Units (Previous Year 30,06,054) of ₹ 10/- each, IDFC Ultra Short Term Fund-Daily Dividend- Direct Plan	**-**	3.01

NOTES TO THE FINANCIAL STATEMENTS

31st March 2014

₹ Crore

	As at 31.03.2014	As at 31.03.2013
1,31,24,786 Units (Previous Year Nil) of ₹ 10/- each, JP Morgan India Liquid Fund -Direct Daily Dividend Reinvestment	**13.14**	-
Nil Units (Previous Year 79,66,244) of ₹ 10/- each, JP Morgan India Liquid Fund Super Inst Fund- Daily Dividend Reinvestment	**-**	7.97
60,10,497 Units (Previous Year Nil) of ₹ 10/- each, Kotak Banking & PSU Debt Fund - Direct Daily Dividend Reinvestment	**6.05**	-
60,983 Units (Previous Year Nil) of ₹ 1000/- each, Kotak Floater Short Term - Direct Daily Dividend Reinvestment	**6.17**	-
Nil Units (Previous Year 1,11,107) of ₹ 10/- each, Kotak Floater Long Term Fund- Daily Dividend	**-**	0.11
Nil Units (Previous Year 1,02,821) of ₹ 1000/- each, Kotak Floater Short Term Fund- Daily Dividend	**-**	10.40
10,000 Units (Previous Year Nil) of ₹ 1000/- each, Pramerica Fixed Duration Fund - Series 17 -Direct Plan -Dividend - Payout	**1.00**	-
20,00,000 Units (Previous Year Nil) of ₹ 10/- each, Reliance Fixed Horizon Fund - XXVI - Series 3 - Direct Plan Dividend Plan - Payout	**2.00**	-
91,687 Units (Previous Year Nil) of ₹ 1000/- each, Reliance Liquid Treasury Plan - Direct - Daily Dividend Reinvestment	**14.02**	-
17,36,002 Units (Previous Year Nil) of ₹ 10- each, Reliance Quarterly Interval Fund - Series II - Direct Growth Plan Growth Option	**3.00**	-
Nil Units (Previous Year 29,525) of ₹ 1000/- each, Reliance Liquid Fund Treasury Plan- Daily Dividend Option- Dividend Reinvestment	**-**	4.52
Nil Units (Previous Year 1,08,376) of ₹ 10/- each, Reliance Medium Term Fund- Daily Dividend Plan- Dividend Reinvestment	**-**	0.19
32,530 Units (Previous Year Nil) of ₹ 1000/- each, Religare Invesco Credit Opportunities Fund-Direct Plan Daily Dividend Reinvestment	**3.25**	-
79,921 Units (Previous Year Nil) of ₹ 1000/- each, Religare Invesco Short Term Fund- Direct Plan Daily Dividend Reinvestment	**8.02**	-
30,297 Units (Previous Year Nil) of ₹ 1000/- each, Religare Invesco Ultra Short Term Fund Direct Plan Daily Dividend Reinvestment	**3.05**	-
Nil Units (Previous Year 1,04,42,722) of ₹ 10/- each, Religare Credit Opportunities Fund- Daily Dividend	**-**	10.45
Nil Units (Previous Year 40,106) of ₹ 1000/- each, Religare Ultra Short Term Fund- Daily Dividend- Direct Plan	**-**	4.02
47,634 Units (Previous Year Nil) of ₹ 1000/- each, SBI Magnum Insta Cash Fund - Direct Plan - Daily Div Reinvestment	**7.97**	-
Nil Units (Previous Year 29,829) of ₹ 1000/- each, SBI Magnum Insta Cash Fund- Liquid Floater- Direct Plan Daily Dividend	**-**	3.01
65,069 Units (Previous Year Nil) of ₹ 1000/- each, Tata Money Market Fund Direct Plan -Daily Dividend Reinvestment	**6.52**	-
58,72,944 Units (Previous Year Nil) of ₹ 10/- each, Templeton India Low Duration Fund- Direct-Monthly Dividend Reinvestment	**6.15**	-
20,23,701 Units (Previous Year Nil) of ₹ 10/- each, Templeton India Ultra Short Bond Fund - Super Institutional Plan - Direct-Daily Dividend Reinvestment	**2.03**	-
20,172 Units (Previous Year Nil) of ₹ 1000/- each, Union KBC Ultra Short Term Debt Fund –Direct Plan-Daily Dividend Reinvestment	**2.02**	-
Nil Units (Previous Year 2,525) of ₹ 1000/- each, Templeton India Treasury Management Account Super Institutional Plan- Daily Dividend Reinvestment	**-**	0.25
Nil Units (Previous Year 48,35,825) of ₹ 10/- each, Templeton India Low Duration Fund- Monthly Dividend Reinvestment	**-**	5.03

NOTES TO THE FINANCIAL STATEMENTS

31st March 2014

₹ Crore

			As at 31.03.2014	As at 31.03.2013
	Nil Units (Previous Year 37,312) of ₹ 1000/- each, UTI Floating Rate Fund STP-Regular Plan- Direct Plan- Daily Dividend Reinvestment		-	4.02
			154.34	68.54
	Aggregate amount of unquoted investments		**154.34**	68.54
18.	**Inventories:**			
	Stores and Spares		**3.85**	3.53
	Loose Tools		**4.24**	4.34
	Raw & Packing Materials { (Including In-Transit ₹ 0.70 crore, (Previous Year ₹ 1.27 crore) }		**78.16**	83.77
	Work-in-Progress		**14.82**	12.97
	Finished Goods		**52.71**	49.65
	Stock- in-Trade { Including In-Transit ₹ 2.64 crore, (Previous Year ₹ Nil) }		**4.32**	6.73
			158.10	160.99
	Details of Inventory:			
	a) Work-In-Progress:			
	Engines and Gensets, Spares		**5.05**	5.70
	Vibratory Compactors, Rollers, High Pressure Pumps,Transit Mixers and Spares		**9.62**	6.71
	Power Tillers		**0.15**	0.56
			14.82	12.97
	b) Finished Goods: *			
	Engines and Gensets, Spares		**31.51**	39.08
	Vibratory Compactors, Rollers, High Pressure Pumps, Transit Mixers and Spares		**13.20**	10.30
	Power Tillers		**1.29**	0.27
	Others		**6.71**	-
			52.71	49.65
	c) Stock-in-Trade: *			
	Power Tillers		**1.53**	0.72
	Motor Graders, Milling Machines and Pavers		**2.54**	5.69
	Lub Oil		**0.05**	0.32
	Others		**0.20**	-
			4.32	6.73

* Traded Spares and goods have been identified to the extent information was available with the Company.

			As at 31.03.2014	As at 31.03.2013
19.	**Trade Receivables: (unsecured)**			
	Outstanding for a period exceeding six months from the date they became due			
	Considered good		**30.38**	15.43
	Considered doubtful	**9.27**		4.82
	Less: Provision for Doubtful Debts	**(9.27)**		(4.82)
			-	-
	Others		**302.65**	359.22
			333.03	374.65

NOTES TO THE FINANCIAL STATEMENTS

31st March 2014

₹ Crore

	As at 31.03.2014	As at 31.03.2013
20. Cash and Cash Equivalents:		
Cash on hand	**0.03**	0.04
Cheques on hand	**10.06**	11.16
Bank balance :		
In Current Accounts	**17.31**	13.54
In Fixed Deposits	**5.00**	15.01
In Unpaid Dividend Accounts	**1.59**	1.60
	33.99	41.35
21. Short Term Loans and Advances: (Unsecured, Considered good)		
Loans and Advances to Related Parties	**-**	23.55
Other Loans and Advances		
Advance Income Tax (Current Year)	**52.43**	60.97
Prepaid Expenses	**1.50**	1.39
Others	**18.57**	9.61
Balances with Customs, Port Trust, Central Excise etc.	**20.88**	14.58
	93.38	110.10
22. Other Current Assets:		
Unsecured, Considered Good:		
Interest Accrued on Deposits	**-**	0.15
Unamortised Expense:		
Unamortised Premium on Forward Contract	**0.04**	0.08
Assets held for Sale	**1.66**	-
	1.70	0.23
23. Contingent Liabilities:		
a) Sales Tax liability that may arise in respect of matters in appeal	**5.40**	6.45
b) Sales Tax Liability that may arise on account of uncollected C Forms	**5.50**	-
c) Excise Duty liability that may arise in respect of matters in appeal	**3.39**	1.71
d) Income Tax liability that may arise in respect of matters in appeal	**-**	2.84
e) Claims made against the Company, not acknowledged as debts	**35.90**	15.09
f) Bonds executed in favour of Collector of Customs/Central Excise	**11.44**	11.98
g) Guarantees given on behalf of another company	**0.25**	14.05
h) Wage demand not acknowledged by the Company in respect of matter in appeal	**0.76**	-

NOTES :

1. The Company does not expect any reimbursement in respect of the above contingent liabilities.
2. It is not practical to estimate the timing of cash outflows, if any, in respect of matters (a) to (e) and (h) 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).	**19.77**	25.01

NOTES TO THE FINANCIAL STATEMENTS

31st March 2014

	As at 31.03.2014	As at 31.03.2013
25. Proposed Dividend:		
The Proposed Final Dividend for the year is 30 % (Previous Year 25%) on Equity Shares of ₹ 2 each		
Amount of Dividend Proposed	**14.65**	12.21
Dividend Per Equity Share	**₹ 0.60**	₹ 0.50

NOTE : The total dividend for the year ended 31st March 2014 amounts to ₹ 1.30 per share, including two interim dividends totalling to ₹ 0.70 per share (Previous Year total dividend ₹ 1.60 per share)

₹ Crore

	Year Ended 31.03.2014	Year Ended 31.03.2013
26. Revenue from Operations:		
Sale of Products		
Finished Goods	**1,828.21**	2,022.72
Service Income	**1.80**	1.12
Stock-in-Trade	**75.42**	67.06
Other Operating Income		
Royalty	**3.03**	1.23
Duty Drawback	**1.11**	0.70
Others	**5.31**	3.50
	1,914.88	2,096.33
Details of Sales: (Finished Goods)		
Engines, Gensets, Agro Products and Spares	**1,705.18**	1,850.66
Vibratory Compactors, Rollers, High Pressure Pumps,Transit Mixers and Spares	**123.03**	172.06
	1,828.21	2,022.72
Details of Sales: (Stock-in-Trade) *		
Power Tillers	**41.00**	40.44
Motor Graders, Milling Machines and Pavers	**9.92**	6.30
Lub Oil	**8.44**	9.17
Others	**16.06**	11.15
	75.42	67.06

* Traded Spares and goods have been identified to the extent information was available with the Company.

	Year Ended 31.03.2014	Year Ended 31.03.2013
27. Other Income:		
Dividend- Non Current Investments - Subsidiary Company	**0.30**	1.71
Dividend- Current Investments	**5.05**	4.91
Interest -Others	**1.33**	0.92
Profit on Sale of Fixed Assets (net)	**3.40**	4.24
Profit on Sale of Current Investments	**2.64**	0.01
Scrap Sales	**2.57**	2.11
Miscellaneous Income	**11.52**	1.65
	26.81	15.55

NOTES TO THE FINANCIAL STATEMENTS

31st March 2014

₹ Crore

	Year Ended 31.03.2014		Year Ended 31.03.2013
28. Cost of Materials Consumed:			
Raw & Packing Materials and Components Consumed: (Refer Note No. 41)			
Opening Inventory	**83.77**		80.18
Add : Purchases	**1,121.78**		1,264.39
	1,205.55		1,344.57
Less : Closing Inventory	**(78.16)**		(83.77)
		1,127.39	1,260.80
29. Purchase of Stock-in-Trade:			
Power Tillers		**29.35**	22.89
Motor Graders, Milling Machines & Pavers		**7.56**	0.65
Lube Oil		**4.47**	5.30
Others		**14.77**	10.07
		56.15	38.91
30. Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade:			
(Increase) / Decrease in Inventory			
Closing Inventory	**14.82**		12.97
Work-In-Progress	**52.71**		49.65
Finished Goods	**4.32**		6.73
Stock-in-Trade	**71.85**		69.35
Opening 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
		(2.50)	13.18
31. Employee Benefits Expense:			
Salaries, Wages and Bonus		**133.97**	118.85
Contribution to Provident, Gratuity, Superannuation and other Funds		**15.92**	17.67
Staff Welfare		**12.03**	11.40
		161.92	147.92

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 2014 towards Provident Fund (including admin charges), ESIC contribution and Superannuation is ₹ 7.34 crore (Previous Year ₹ 7.93 crore), ₹ 0.45 crore (Previous Year ₹ 0.60 crore) and ₹ 3.62 crore (Previous Year ₹ 3.03 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 2014

₹ Crore

			Year Ended 31.03.2014 Wholly Funded	Year Ended 31.03.2013 Wholly Funded
a)	Amounts recognised in Balance Sheet:			
	i)	Present Value of Defined Benefits obligations	**31.44**	29.79
		Less: Fair value of Plan Assets	**26.88**	23.69
		Amount to be recognised as Liability / (Assets)	**4.56**	6.10
	ii)	Amounts reflected in the Balance Sheet		
		Liabilities	**4.56**	6.10
		Net Liabilities / (Assets)	**4.56**	6.10
b)	Amounts recognised in Statement of Profit and Loss			
	i)	Current Service Cost	**1.66**	1.36
	ii)	Past Service Cost	**-**	-
	iii)	Interest Cost	**2.19**	2.10
	iv)	Expected (Return) on Plan Assets	**(2.09)**	(1.89)
	v)	Actuarial losses/(gains)	**2.70**	4.53
	Total Expense		**4.46**	6.10
c)	Actual Return on Plan Assets		**1.12**	2.58
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	**29.79**	27.81
	ii)	Add: Current Service Cost	**1.66**	1.36
	iii)	Add: Past Service Cost	**-**	-
	iv)	Add: Interest Cost	**2.19**	2.10
	v)	Add: Actuarial (Gain)/Losses	**1.95**	5.24
	vi)	(Less): Benefits paid during the year	**(4.15)**	(6.72)
	vii)	Closing balance of the present value of Defined Benefits Obligations	**31.44**	29.79
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	**23.69**	23.48
	ii)	Add: Expected Return on Plan Assets	**2.09**	1.89
	iii)	Add: Actuarial Gain/(Losses)	**(0.75)**	0.71
	iv)	Add: Contribution by the employer	**6.00**	4.33
	v)	(Less): Benefits paid during the year	**(4.15)**	(6.72)
	vi)	Closing balance of Plan Assets	**26.88**	23.69
f)	The major categories of plan assets as a percentage of total plan assets are as follows:			
	i)	Bank Deposits	**0.82%**	0.45%
	ii)	Government Securities	**0.72%**	0.86%
	iii)	Group Gratuity Scheme of Insurance Companies	**98.42%**	98.65%
	iv)	Others	**0.04%**	0.04%
g)	Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):			
	i)	Discount rate per annum	**9.20%**	7.90%
	ii)	Expected rate of Return on Plan Assets	**8.50%**	8.50%
	iii)	Expected salary increase per annum	**6% to 8%**	5% to 7%
	iv)	Average past service of employees	**13 Years**	14 Years
	v)	Mortality rate	**Indian Assured Lives Mortality (2006-08) ULT**	Indian Assured Lives Mortality (2006-08) ULT

NOTES TO THE FINANCIAL STATEMENTS

31st March 2014

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 ₹ 1.17 crore (Previous Year ₹ 1.39 crore).

C) Retirement Pension Scheme:

For UK branch employees, based on actuarial valuation, the Company has recognised a charge of ₹ Nil, equivalent to GBP Nil (Previous year ₹ 1.36 crore, equivalent to GBP 157,350) towards present value of post retirement pension. The year end balance amounts to ₹ 3.35 crore, equivalent to GBP 335,800 (Previous year ₹ 3.17 crore, equivalent to GBP 381,900).

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.

₹ Crore

	Year Ended 31.03.2014	Year Ended 31.03.2013
32. Finance Costs:		
Interest	**4.33**	0.69
Other Borrowing Cost	**0.31**	0.43
	4.64	1.12
33. Depreciation and Amortisation Expense:		
Depreciation on Tangible Assets	**38.71**	36.47
Amortisation on Intangible Assets	**4.83**	2.56
	43.54	39.03
34. Other Expenses:		
Stores and Spares Consumed	**10.55**	9.74
Excise Duty	**-**	0.11
Power, Fuel and Electricity	**18.01**	21.28
Repairs and Maintenance		
Building	**1.28**	1.09
Plant & Equipment	**5.27**	5.11
Others	**2.19**	1.94
Brokerage and Commission	**5.52**	6.57
Rent	**10.39**	9.93
Insurance	**1.88**	1.34
Bad Debts	**3.07**	-
Provision for Doubtful Debts/Advances	**4.76**	0.80
Rates and Taxes	**2.21**	1.55
Advertising and Sales Promotion	**6.12**	5.05
Travelling	**15.12**	13.62
Carriage and Freight	**23.28**	19.89
Directors' Sitting Fees	**0.12**	0.11
Printing and Stationery	**1.39**	1.15
Postage,Telephone and Fax	**3.29**	3.27
Legal, Professional and Consultancy Charges	**11.43**	18.72
Miscellaneous Expenses	**56.51**	48.92
	182.39	170.19

NOTES TO THE FINANCIAL STATEMENTS

31st March 2014

₹ Crore

	Year Ended 31.03.2014	Year Ended 31.03.2013
35. Exceptional Items:		
a) Provision for diminution in value of investment / Write off on Liquidation of Companies	**39.00**	14.18
b) Employee Separation Cost	**2.72**	3.43
c) Profit on Sale of Properties	**(36.33)**	-
d) Impairment of Assets	**2.60**	-
	7.99	17.61

a) i) Greaves Auto Limited (GAL), wholly owned subsidiary of the Company was liquidated as at 10th April 2014 using the Fast Track Exit Mode as prescribed in the Guidelines for Fast Track Exit Mode for defunct companies under section 560 of the Companies Act, 1956 . The liquidation loss in relation to this investment was accounted in the books of account. There were no operations in GAL since its inception.

ii) The Company's wholly owned subsidiary, Greaves Cotton Netherlands BV (GCN), held 100% stake in Greaves Farymann Diesel GmbH (GFD). The Company had provided Corporate Guarantee on behalf of GFD in the past. To meet the conditions of such Corporate Guarantee and also to enable GFD to settle its outstanding liabilities, the Company made further investment in GCN, which in turn invested the proceeds in GFD. GCN divested its stake in GFD in October 2013 at a loss. In December 2013, liquidation proceedings for GCN were initiated, which concluded in March 2014. The management has accounted for both impairment and liquidation loss in relation to its investments in GCN in the books of account as at 31st March 2014.

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 year, the Company sold two of its residential properties and earned profit thereon.

d) During the year, the Company closed its foundry. The fixed asset impairment on closure is recognised in the books by writing down the asset values to their estimated realisable value.

₹ Crore

	Year Ended 31.03.2014	Year Ended 31.03.2013
36. Auditors' Remuneration (excluding service tax):		
a) Payment to Statutory Auditors:		
i) Statutory audit	**0.23**	0.23
ii) Tax audit	**0.08**	0.07
iii) Certification work	**0.05**	0.03
iv) Other services	**0.13**	0.19
v) Reimbursement of out-of-pocket expenses	**0.05**	0.05
b) Foreign branch audit fees	**0.04**	0.04
c) Payments to Cost auditor:		
(i) Cost audit	**0.08**	0.07
(ii) Reimbursement of out-of-pocket expenses	**0.03**	0.01
37. Expenditure in Foreign Currency:		
Foreign Branch Expenses	**2.71**	2.21
Legal and Professional Expenses	**1.94**	0.47
Representative Office Expenses (China)	**0.77**	0.70
Travelling Expenses	**1.61**	1.48
Other matters	**2.56**	3.61

NOTES TO THE FINANCIAL STATEMENTS

31st March 2014

₹ Crore

	Year Ended 31.03.2014	Year Ended 31.03.2013
38. Value of Imports (on C.I.F. basis):		
Raw Materials	**54.25**	43.58
Components and Spare Parts	**41.15**	31.26
Capital Goods	**3.28**	8.93
39. Earnings in Foreign Currency:		
a) Export of goods on F.O.B. basis (including foreign branch)	**69.85**	59.69
40. Expenditure on Research & Development:		
a) Revenue expenditure charged to Statement of profit and loss (Under Note Nos. 28, 31, 33 & 34)	**28.15**	17.23
b) Capital Expenditure	**24.12**	5.70
41. Details of Raw & Packing Materials and Components Consumed:		
Steel Forgings, Steel Castings, Castings, Shafts and Forgings	**26.45**	28.53
Alloy Steel / Aluminium bronze bars	**0.54**	1.09
Steel, Structural Steel and Steel Plates	**12.42**	20.59
Engines	**10.37**	14.03
Bearings	**2.31**	3.24
Seamless Tubes	**0.96**	2.43
Electric Motors and Starters	**38.26**	39.84
Cylinder Heads, Cam Shafts, Crank Shafts and Connecting rods	**123.47**	111.15
Pistons, Flywheels, Fuel Pumps, Injectors, CSR pumps, gensets and marine gear boxes	**122.34**	132.78
Crank Cases	**82.73**	91.11
Motors	**7.07**	8.86
Panels	**1.99**	1.56
Fuel Tanks	**0.77**	1.05
Hydraulic Pumps	**6.44**	7.94
Others	**691.27**	796.60
Total	**1,127.39**	1,260.80

	% to Total Consumption	31.03.2014 ₹ Crore	% to Total Consumption	31.03.2013 ₹ Crore
Imported	**4.1%**	**46.64**	4.1%	51.37
Indigenous	**95.9%**	**1,080.75**	95.9%	1,209.43
	100.0%	**1,127.39**	100.0%	1,260.80

NOTES TO THE FINANCIAL STATEMENTS

31st March 2014

42. 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 :

Name of the Related Party	Relationship	Transactions during the year
Over which control exists		
Dee Greaves Limited	Wholly Owned Subsidiary of Greaves Leasing Finance Limited	Yes
Greaves Auto Limited	Wholly Owned Subsidiary	Yes
Greaves Cotton Middle East FZC *(Formerly Ascot International FZC)*	Subsidiary of Greaves Leasing Finance Limited	Yes
Greaves Cotton Netherlands B.V. (Upto 19-12-2013)	Wholly Owned Subsidiary	Yes
Greaves Farymann Diesel GmbH (Upto 10-10-2013)	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	No
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	Yes
Pembril Industrial & Engineering Company Private Limited	Associate Company	No
Premium Stephan BV.,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	2013-14			2012-13		
		Subsidiaries	Other Related Parties	Total	Subsidiaries	Other Related Parties	Total
1	Purchase of goods						
	Greaves Farymann Diesel GmbH	**0.16**	**-**	**0.16**	0.03	-	0.03
	Premium Transmission Limited	**-**	**0.06**	**0.06**	-	0.22	0.22
2	Sale of goods and contract revenue						
	Greaves Cotton Middle East FZC *(Formerly Ascot International FZC)*	**9.85**	**-**	**9.85**	12.17	-	12.17
	Greaves Farymann Diesel GmbH	**0.24**	**-**	**0.24**	2.84	-	2.84
	Premium Transmission Limited	**-**	**-**	**-**	-	1.25	1.25

NOTES TO THE FINANCIAL STATEMENTS

31st March 2014

₹ Crore

Sr No.	Transactions	2013-14			2012-13		
		Subsidiaries	Other Related Parties	Total	Subsidiaries	Other Related Parties	Total
3	Rendering of Services/ Reimbursement of expenses						
	Greaves Auto Limited	**0.04**	**-**	**0.04**	-	-	-
	Greaves Farymann Diesel GmbH	**0.01**	**-**	**0.01**	0.07	-	0.07
	Premium Transmission Limited	**-**	**0.96**	**0.96**	-	0.84	0.84
4	Receipt of Services						
	Greaves Cotton Middle East FZC *(Formerly Ascot International FZC)*	**0.38**	**-**	**0.38**	0.05	-	0.05
	Greaves Farymann Diesel GmbH	**-**	**-**	**-**	0.44	-	0.44
5	Commission and Sitting Fees						
	Mr. Karan Thapar	**-**	**1.27**	**1.27**	-	1.62	1.62
6	Lease Rent Expense						
	Greaves Leasing Finance Limited	**2.35**	**-**	**2.35**	2.94	-	2.94
7	Dividend received/accrued						
	Greaves Leasing Finance Limited	**0.30**	**-**	**0.30**	1.71	-	1.71
8	Purchase of Investments (Net)						
	Greaves Cotton Netherlands B.V.	**37.38**	**-**	**37.38**	0.15	-	0.15
9	Redemption of Investment						
	Greaves Leasing Finance Limited	**-**	**-**	**-**	13.50	-	13.50
10	Loan Given						
	Greaves Cotton Netherlands B.V.	**4.80**	**-**	**4.80**	1.79	-	1.79
11	Loan / Deposit Returned						
	Greaves Cotton Netherlands B.V.	**6.59**	**-**	**6.59**	-	-	-
	Premium Transmission Limited	**-**	**20.00**	**20.00**	-	-	-

III. Amount Due to / from related parties

Sr No.	Transactions	2013-14 Subsidiaries	2013-14 Other Related Parties	2013-14 Total	2012-13 Subsidiaries	2012-13 Other Related Parties	2012-13 Total
1	Loans and advances						
	Greaves Cotton Netherlands B.V.	**-**	**-**	**-**	1.79	-	1.79
	Greaves Farymann Diesel GmbH	**-**	**-**	**-**	1.01	-	1.01
	Greaves Leasing Finance Limited	**-**	**-**	**-**	0.75	-	0.75
	Premium Transmission Limited	**-**	**-**	**-**	-	20.00	20.00
2	Trade Receivables						
	Greaves Cotton Middle East FZC *(Formerly Ascot International FZC)*	**11.25**	**-**	**11.25**	8.93	-	8.93
	Greaves Farymann Diesel GmbH	**-**	**-**	**-**	4.94	-	4.94
	Premium Transmission Limited	**-**	**0.38**	**0.38**	-	0.89	0.89
3	Trade Payables						
	Greaves Cotton Middle East FZC *(Formerly Ascot International FZC)*	**0.01**	**-**	**0.01**	0.03	-	0.03
	Greaves Farymann Diesel GmbH	**-**	**-**	**-**	0.05	-	0.05
	Premium Transmission Limited	**-**	**0.12**	**0.12**	-	0.08	0.08

NOTES TO THE FINANCIAL STATEMENTS

31st March 2014

No amounts are written off / written back during the year except for Investment in Greaves Cotton Netherlands B.V of ₹ 67.32 crore (Previous year ₹ Nil) and Trade receivables from Greaves Farymann Diesel GmbH of ₹ 3.07 crore (Previous year ₹ Nil).

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 ₹ 2.22 crore (Previous Year ₹ 1.90 crore).

43. Segment Reporting

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

PRIMARY SEGMENTS (Business segments):

₹ Crore

Particulars	Engines		Infrastructure		Others		Total	
	Year Ended 31.03.2014	Year Ended 31.03.2013	Year Ended 31.03.2014	Year Ended 31.03.2013	Year Ended 31.03.2014	Year Ended 31.03.2013	Year Ended 31.03.2014	Year Ended 31.03.2013
Segment revenue (excluding excise duty)	**1,577.95**	1,703.74	**124.27**	162.02	**16.97**	11.24	**1,719.19**	1,877.00
Inter-segment revenue	**0.28**	3.71	**-**	-	**-**	-	**0.28**	3.71
Total revenue	**1,577.67**	1,700.03	**124.27**	162.02	**16.97**	11.24	**1,718.91**	1,873.29
Result:								
Segment Result	**255.46**	283.50	**(27.15)**	(8.98)	**1.47**	1.09	**229.78**	275.61
Add / Less : Unallocable								
Income /(Expenditure) (Net)							**(52.88)**	(56.73)
Operating Profit							**176.90**	218.88
Less: Interest expense							**(4.64)**	(1.12)
Profit before exceptional items							**172.26**	217.76
Exceptional items :								
Profit on Sale of Properties							**36.33**	-
Employee Separation Cost							**(2.72)**	(3.43)
Impairment of Assets							**(2.60)**	-
Provision for diminution in value of investment							**(39.00)**	(14.18)
Profit before Tax							**164.27**	200.15
Less: Provision for tax (Net of adjustment in respect of earlier years)							**(52.54)**	(57.43)
Add: Deferred tax (charge) / credit							**1.36**	(4.76)
Profit after tax							**113.09**	137.96
Other Information:								
Segment assets	**710.31**	728.84	**160.45**	169.55	**9.16**	5.55	**879.92**	903.94
Unallocable corporate assets							**320.15**	275.89
Total assets							**1,200.07**	1,179.83
Segment liabilities	**222.17**	254.19	**26.19**	45.98	**3.02**	4.46	**251.38**	304.63
Unallocable corporate liabilities							**130.72**	133.16
Total liabilities							**382.10**	437.79
Capital expenditure	**40.55**	57.04	**3.46**	7.74	**-**	-	**-**	-
Depreciation and amortisation	**35.75**	31.72	**2.91**	2.75	**-**	-	**-**	-
Non-cash expenses other than depreciation and amortisation	**2.60**	-	**-**	-	**-**	-	**-**	-

NOTES TO THE FINANCIAL STATEMENTS

31st March 2014

SECONDARY SEGMENTS (Geographical segments):

₹ Crore

Particulars	Domestic		Overseas		Total	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
External revenue by location of customers	**1,642.49**	1,809.47	**76.42**	63.82	**1,718.91**	1,873.29
Carrying amount of segment assets by location of assets	**876.43**	900.96	**3.49**	3.43	**879.92**	903.94
Cost incurred on acquisition of tangible and intangible fixed assets	**44.01**	64.78	**-**	-	**44.01**	64.78

Segment Identification, Reportable Segments and Segment Composition:

Segment Identification:

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

Reportable Segments:

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

Segment Composition:

1. Engines include Agro products and Gensets.
2. Infrastructure Equipment comprises of equipment used in road construction, bridges, dams, mining, etc.
3. Others includes products traded by International and After Market Business.

Primary / secondary Segment:

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

The expenses and incomes which are not directly attributable to the business segments are shown as unallocable income/ expenditure. Unallocable assets mainly comprise of investments, cash and bank balances, advance tax and unallocable liabilities mainly include loan funds, tax provisions and provisions for employee retirement benefits.

44. Details of Lease Transactions:

a) Certain properties, computers & 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:

₹ Crore

	Year Ended 31.03.2014	Year Ended 31.03.2013
Payable not later than one year	**4.60**	2.31
Payable later than one year and not later than five years	**7.33**	1.72

b) Rent expense in respect of operating lease, for year ended, 31st March 2014, was ₹ 10.39 crore (Previous Year ₹ 9.93 crore).

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.

NOTES TO THE FINANCIAL STATEMENTS

31st March 2014

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 31.03.2014		Year Ended 31.03.2013	
	Fx	**₹ Crore**	**Fx**	**₹ Crore**
Export of goods and services	**$39,95,383**	**24.01**	$37,36,122	20.32
	€ 949	**0.01**	€ 7,40,827	5.15

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

	Year Ended 31.03.2014		Year Ended 31.03.2013	
	Fx	**₹ Crore**	**Fx**	**₹ Crore**
Import of goods and services	**$19,22,238**	**11.55**	$33,64,379	18.30
	€ 47,689	**0.39**	€ 1,30,944	0.91
	-	**-**	¥ 61,770	0.01
	£32,363	**0.32**	£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.

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

Year Ended 31.03.2014			Year Ended 31.03.2013		
No. of Contracts	**Fx**	**₹ Crore Equivalent**	**No. of Contracts**	**Fx**	**₹ Crore Equivalent**
16	**$15,62,314**	**9.57**	3	$2,15,693	1.17
5	**€ 2,30,997**	**1.99**	11	€ 7,23,265	5.31
3	**¥6,27,28,988**	**3.88**	1	¥ 90,00,000	0.56

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

₹ Crore

		Year Ended 31.03.2014	Year Ended 31.03.2013
Revenue (Note No 26)	{(Gain)/ Loss}	**(2.78)**	(0.66)
Other Income (Note No. 27)	{(Gain)/ Loss}	**(1.27)**	-
Consumption (Note No 28 &29)	{(Gain)/ Loss}	**3.75**	(0.12)
Other Expenses (Note No. 34)	{(Gain)/ Loss}	**-**	0.50

NOTES TO THE FINANCIAL STATEMENTS

31st March 2014

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.

₹ Crore

		Year Ended 31.03.2014	Year Ended 31.03.2013
a)	Principal amount and Interest Due		
	Principal amount	**32.22**	30.33
	Interest Due	**0.43**	1.06
b)	Interest paid by Buyer in terms of Section 16 of MSMED Act	**-**	-
c)	Amount paid beyond the appointed day	**34.39**	9.23
d)	Interest due and payable to supplier, for payment already made under MSMED Act	**1.44**	0.13
e)	Amount of Interest accrued and remaining unpaid at the end of accounting year	**1.87**	1.19
f)	Amount of further interest remaining due and payable even in suceeding years	**-**	-

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)

₹ Crore

		Year Ended 31.03.2014	Year Ended 31.03.2013
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)	**113.09**	137.96
Basic EPS (₹)	(B / A)	**4.63**	5.65
Diluted EPS			
Weighted average number of shares issued of ₹ 2/- each	(C)	**24,42,06,795**	24,42,06,795
Diluted EPS (₹)	(B / C)	**4.63**	5.65

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 neccessary impairment as at 31st March 2014.

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

As per our report of even date attached
For **Walker Chandiok & Co LLP**
(Formerly Walker, Chandiok & Co)
Chartered Accountants

For and on behalf of the Board
Navneet Singh
Director

Khushroo B. Panthaky
Partner

Narayan Barasia
Chief Financial Officer

Monica Chopra
Company Secretary &
Executive Vice President-Legal

Sunil Pahilajani
Managing Director & CEO

Mumbai
30th April 2014

Mumbai
30th April 2014

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/-	2,07,81,069	100	20.78
(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. *(Upto 19-12-2013)*	Euro 1/-	48,83,000	100	29.79
(d) Greaves Farymann Diesel GmbH *(Upto 10-10-2013)* *(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) Greaves Cotton Middle East FZC *(Formerly Ascot International FZC)* *(90% of the share capital is held by Greaves Leasing Finance Limited)*	AED 1500/-	10	10	0.02

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

			₹ Crore	₹ Crore Previous Year
(i)	(a)	For the financial year ended 31st March 2014 of Greaves Leasing Finance Limited	**2.74**	1.20
	(b)	For the financial year ended 31st March 2014 of Dee Greaves Limited	**0.01**	0.01
	(c)	For the financial year ended 31st March 2014 of Greaves Cotton Netherlands B.V.	-	(0.25)
	(d)	For the financial year ended 31st March 2014 of Greaves Farymann Diesel GmbH	-	(5.18)
	(e)	For the financial year ended 31st March 2014 of Greaves Auto Limited	-	(₹ 10,957)
	(f)	For the financial year ended 31st March 2014 of Greaves Cotton Middle East FZC *(Formerly Ascot International FZC)*	**(1.02)**	0.04
(ii)		For previous financial years since they became subsidiaries :		
	(a)	Greaves Leasing Finance Limited	**4.82**	7.58
	(b)	Dee Greaves Limited	**0.08**	0.07
	(c)	Greaves Cotton Netherlands B.V	-	(0.89)
	(d)	Greaves Farymann Diesel GmbH	-	(18.07)
	(e)	Greaves Auto Limited	-	(0.37)
	(f)	Greaves Cotton Middle East FZC *(Formerly Ascot International FZC)*	**(0.39)**	(0.43)

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 2014 of Greaves Leasing Finance Limited	**0.30**	1.71
	(b)	For the financial year ended 31st March 2014 of Dee Greaves Limited	**NIL**	NIL
	(c)	For the financial year ended 31st March 2014 of Greaves Cotton Netherlands B.V.	**(67.32)**	NIL
	(d)	For the financial year ended 31st March 2014 of Greaves Farymann Diesel GmbH	**(0.05)**	NIL
	(e)	For the financial year ended 31st March 2014 of Greaves Auto Limited	**NIL**	NIL
	(f)	For the financial year ended 31st March 2014 of Greaves Cotton Middle East FZC *(Formerly Ascot International FZC)*	**NIL**	NIL
(ii)	For previous financial years since they became subsidiaries :			
	(a)	Greaves Leasing Finance Limited	**12.37**	10.66
	(b)	Dee Greaves Limited	**0.41**	0.41
	(c)	Greaves Cotton Netherlands B.V.	**NIL**	NIL
	(d)	Greaves Farymann Diesel GmbH	**NIL**	NIL
	(e)	Greaves Auto Limited	**NIL**	NIL
	(f)	Greaves Cotton Middle East FZC *(Formerly Ascot International FZC)*	**NIL**	NIL

For and on behalf of the Board
Navneet Singh
Director

Narayan Barasia
Chief Financial Officer

Mumbai
30th April 2014

Monica Chopra
Company Secretary &
Executive Vice President-Legal

Sunil Pahilajani
Managing Director & CEO

Mumbai
30th April 2014

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

₹ Crore

	Particulars	Greaves Leasing Finance Ltd.	Dee Greaves Ltd.	Greaves Auto Ltd.	Greaves Cotton Netherlands B.V.	Greaves Farymann Diesel GmbH	Greaves Cotton Middle East FZC *(Formerly Ascot International FZC)*
		Financial Year ended 31st March 2014					
					*	**	***
A)	Capital	20.78	0.13	0.05	-	-	0.19
B)	Reserves/ Surplus in profit & loss	7.56	0.09	(0.05)	-	-	(1.88)
C)	Total Assets	2.82	0.02	-	-	-	10.41
D)	Total Liabilities	0.91	-	-	-	-	12.10
E)	Investments (as per details attached)	26.17	0.20	-	-	-	-
F)	Turnover (including other income)	4.46	0.01	₹ 38,548	-	12.57	15.22
G)	Profit/ (Loss) before taxation	3.55	0.01	(₹ 4,17,395)	(36.03)	(3.51)	(1.03)
H)	Provision for taxation	0.51	-	-	-	-	-
I)	Profit/ (Loss) after taxation	3.04	0.01	(₹ 4,17,395)	(36.03)	(3.51)	(1.03)
J)	Proposed Dividend	0.30	-	-	-	-	-

Notes :

1. Exchange Rate: *** Balance Sheet at Closing rate @ 1 AED = ₹ 14.78

 * Statement of profit and loss at average rate @ 1 Euro= ₹ 81.22

 ** Statement of profit and loss at average rate @ 1 Euro= ₹ 80.04

 *** Statement of profit and loss at average rate @ 1 AED= ₹ 16.54

For and on behalf of the Board

Navneet Singh
Director

Narayan Barasia
Chief Financial Officer

Mumbai
30th April 2014

Monica Chopra
Company Secretary &
Executive Vice President-Legal

Sunil Pahilajani
Managing Director & CEO

Mumbai
30th April 2014

GREAVES SINCE 1859

INFORMATION ON SUBSIDIARY COMPANIES

Details of Investment of Subsidiaries as at 31st March 2014

₹ Crore

		As at 31.03.2014	As at 31.03.2013
Non-Current Investments: (at cost)			
Greaves Leasing Finance Limited			
Trade Investments: (Unquoted):			
Fully Paid Preference Shares:			
	Nil - 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 10) 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 1) 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 10) 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	-	-
30	Shares (Previous Year 30) 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	-	-
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 5) 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
		0.01	20.76
Quoted investments			
- Book value		**0.01**	0.01
- Market value		**0.03**	0.30
Unquoted investments			
- Book value		**0.01**	20.76

INFORMATION ON SUBSIDIARY COMPANIES

₹ Crore

	As at 31.03.2014	As at 31.03.2013
Current Investments : (at lower of Cost or market value, whichever is lower)		
Greaves Leasing Finance Limited		
Mutual Funds (Unquoted):		
20,29,272.157 Units (Previous Year Nil) of ₹ 10.03/- of Kotak Banking and PSU Debt Fund - Daily Dividend	**2.04**	-
1,006.327 Units (Previous Year Nil) of ₹ 10.1/- of Peerless Liquid fund - Daily Dividend	**-**	-
25,302.334 Units (Previous Year Nil) of ₹ 1,675.03/- of L086DD SBI Magnum Insta Cash Fund - Daily Dividend	**4.24**	-
16,375.832 Units (Previous Year Nil) of ₹ 1,003.25/- of L072DD SBI Magnum Insta Cash Fund - Daily Dividend	**1.64**	-
50,00,000 Units (Previous Year Nil) of ₹ 10/- of SBI Debt Fund Series	**5.00**	-
29,99,910 Units (Previous Year Nil) of ₹ 10/- of ICICI Prudential Mutual Fund	**3.00**	-
30,00,000 Units (Previous Year Nil) of ₹ 10/- of Reliance Fixed Horizon Fund	**3.00**	-
22,50,000 Units (Previous Year Nil) of ₹ 10/- of Axis Fixed Term Plan	**2.25**	-
50,00,000 Units (Previous Year Nil) of ₹ 10/- of IDFC Fixed Term Plan	**5.00**	-
Nil Units(Previous Year 8,178.398) of ₹ 10/- of Kotak Floater Short Term-daily dividend	**-**	0.82
Nil Units(Previous Year 15,209.342) of ₹ 1000/- of SBI Magnum Insta Cash Fund Liquid Floater Plan	**-**	1.54
	26.17	2.36
Dee Greaves Limited		
19,957 Units (Previous Year 18,683) of ₹ 100/- of ICICI Prudential Sweep Plan-Cash Option-Daily Dividend	**0.20**	0.18
	26.37	2.54
Current Investments		
- Book value	**26.37**	2.54

For and on behalf of the Board

Navneet Singh
Director

Narayan Barasia
Chief Financial Officer

Mumbai
30th April 2014

Monica Chopra
Company Secretary &
Executive Vice President-Legal

Sunil Pahilajani
Managing Director & CEO

Mumbai
30th April 2014

INDEPENDENT AUDITOR'S 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 2014, 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, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. 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.

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 2014;

   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 ₹ 9.28 crore as at 31 March 2014; total revenues (after eliminating intra-group transactions) of ₹ 27.27 crore and net cash flows aggregating ₹ (0.56) 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 LLP**
(formerly Walker, Chandiok & Co)
Chartered Accountants
Firm Registration No.: 001076N

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

Mumbai
30 April 2014

CONSOLIDATED BALANCE SHEET

₹ Crore

	Note No.	As at 31.03.2014		As at 31.03.2013
I. EQUITY AND LIABILITIES:				
1. SHAREHOLDERS' FUNDS:				
(a) Share Capital	3	**48.84**		48.84
(b) Reserves and Surplus	4	**770.74**		684.46
			819.58	733.30
2. NON CURRENT LIABILITIES:				
(a) Long-Term Borrowings	5	**0.02**		0.07
(b) Deferred Tax Liabilities (Net)	6	**33.36**		34.72
(c) Other Long-Term Liabilities	7	**3.95**		3.78
(d) Long-Term Provisions	8	**12.95**		13.37
			50.28	51.94
3. CURRENT LIABILITIES:				
(a) Short-Term Borrowings	9	**-**		15.82
(b) Trade Payables	10	**186.45**		236.22
(c) Other Current Liabilities	11	**66.59**		64.80
(d) Short-Term Provisions	12	**80.24**		89.39
			333.28	406.23
TOTAL			**1,203.14**	1,191.47
II. ASSETS:				
1. NON-CURRENT ASSETS:				
(a) Fixed Assets:	13			
(i) Tangible Assets		**351.53**		365.16
(ii) Intangible Assets		**18.92**		8.03
(iii) Capital Work-in-progress		**5.10**		5.33
(iv) Intangible assets under development		**0.23**		2.69
		375.78		381.21
(b) Non-Current Investments	14	**0.01**		20.76
(c) Long-Term Loans and Advances	15	**26.99**		21.43
(d) Other Non-Current Assets	16	**1.68**		1.41
			404.46	424.81
2. CURRENT ASSETS :				
(a) Current Investments	17	**180.71**		71.09
(b) Inventories	18	**162.91**		180.22
(c) Trade Receivables	19	**325.57**		365.24
(d) Cash and Cash Equivalents	20	**34.20**		42.24
(e) Short -Term Loans and Advances	21	**93.59**		107.64
(f) Other Current Assets	22	**1.70**		0.23
			798.68	766.66
TOTAL			**1,203.14**	1,191.47
The Notes are an integral part of these financial statements	1 to 42			

As per our report of even date attached
For **Walker Chandiok & Co LLP**
(Formerly Walker, Chandiok & Co)
Chartered Accountants

Khushroo B. Panthaky
Partner

Mumbai
30th April 2014

For and on behalf of the Board

Navneet Singh
Director

Narayan Barasia
Chief Financial Officer

Monica Chopra
Company Secretary &
Executive Vice President-Legal

Sunil Pahilajani
Managing Director & CEO

Mumbai
30th April 2014

GREAVES
SINCE 1859

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

₹ Crore

	Note No.	Year Ended 31.03.2014		Year Ended 31.03.2013
INCOME				
Revenue from Operations (Gross)	25		**1,931.91**	2,129.16
Less:Excise duty			**195.97**	223.04
Revenue from Operations (Net)			**1,735.94**	1,906.12
Lease rentals (₹ NIL, Previous Year ₹ 29,620/-)			**-**	-
Other Income	26		**28.99**	15.93
TOTAL REVENUE			**1,764.93**	1,922.05
EXPENDITURE				
Cost of Materials Consumed	27		**1,124.17**	1,280.23
Purchase of Stock-in-Trade	28		**58.93**	39.97
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	29		**8.41**	6.82
Employee Benefits Expense	30		**172.11**	163.61
Finance Costs	31		**4.93**	1.54
Depreciation and Amortisation Expense	32	**44.71**		40.74
Less : Transferred from Revaluation Reserve		**0.07**		0.07
			44.64	40.67
Other Expenses	33		**184.60**	174.94
			1,597.79	1,707.78
Profit Before Exceptional Items and Tax			**167.14**	214.27
Less / (Add): Exceptional Items	34		**(7.95)**	3.43
Profit Before Tax			**175.09**	210.84
Tax Expense:				
Current Tax		**47.51**		59.31
Tax Adjustment in respect of earlier years		**5.54**		(1.07)
Deferred Tax		**(1.36)**		4.58
			51.69	62.82
Profit for the year			**123.40**	148.02
Earnings per share (Face Value of ₹ 2/- per share)	40			
(i) Basic			**5.05**	6.06
(ii) Diluted			**5.05**	6.06
The Notes are an integral part of these financial statements	1 to 42			

As per our report of even date attached
For **Walker Chandiok & Co LLP**
(Formerly Walker, Chandiok & Co)
Chartered Accountants

Khushroo B. Panthaky
Partner

Mumbai
30th April 2014

Narayan Barasia
Chief Financial Officer

Monica Chopra
Company Secretary &
Executive Vice President-Legal

For and on behalf of the Board
Navneet Singh
Director

Sunil Pahilajani
Managing Director & CEO

Mumbai
30th April 2014

CONSOLIDATED CASH FLOW STATEMENT

₹ Crore

		Year Ended 31.03.2014	Year Ended 31.03.2013
A	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Profit before tax	**175.09**	210.84
	Adjustment for:		
	Depreciation / Amortisation	**44.64**	40.67
	Impairment of Assets	**2.60**	-
	Foreign currency translation difference	**0.09**	(0.16)
	(Profit)/ loss on sale of land and building	**(36.33)**	-
	Loss on divestment in subsidiary	**23.06**	-
	(Profit)/ loss on sale of investments	**(2.64)**	(0.01)
	Interest income	**(1.34)**	(0.92)
	Finance costs	**4.93**	1.54
	(Profit)/ loss on sale of fixed assets (net)	**(3.50)**	(4.30)
	Dividend from investments	**(7.33)**	(6.67)
	Unrealised (gain)/ loss on exchange fluctuation	**0.26**	(0.49)
	Operating profit before working capital changes	**199.53**	240.50
	Adjustment for:		
	(Increase) / decrease in inventories	**17.31**	1.92
	(Increase) / decrease in trade receivables	**39.27**	(107.68)
	(Increase) / decrease in other receivables	**4.71**	0.08
	Increase / (decrease) in trade payables / provisions	**(47.18)**	33.42
	Cash from operating activities	**213.64**	168.24
	Direct taxes refunded / (paid) (net)	**(58.17)**	(60.40)
	Net cash from operating activities	**155.47**	107.84
B	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Purchase of fixed assets	**(52.87)**	(73.30)
	Sale of fixed assets	**45.01**	5.05
	Loss on divestment in subsidiary	**(23.06)**	-
	Purchase / (sale) / reinvestment of current investments (net)	**(106.98)**	1.81
	Redemption of investments	**20.75**	-
	Dividend received	**7.33**	6.67
	Interest received	**1.49**	1.02
	Net cash used in investment activities	**(108.33)**	(58.75)
C	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Increase / (decrease) in long term borrowings	**(0.13)**	(0.17)
	Increase / (decrease) in short term borrowings (net)	**(15.81)**	(17.03)
	Finance costs	**(4.94)**	(1.54)
	Dividend (including dividend tax) paid	**(34.30)**	(59.56)
	Net cash used in financing activities	**(55.18)**	(78.30)
	NET INCREASE /(DECREASE) IN CASH AND CASH EQUIVALENTS	**(8.04)**	(29.21)
	Cash and cash equivalents as at the beginning of the year	**42.24**	71.45
	Cash and cash equivalents as at the end of the year	**34.20**	42.24

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 LLP**
(Formerly Walker, Chandiok & Co)
Chartered Accountants

Khushroo B. Panthaky
Partner

Mumbai
30th April 2014

Narayan Barasia
Chief Financial Officer

Monica Chopra
Company Secretary &
Executive Vice President-Legal

For and on behalf of the Board
Navneet Singh
Director

Sunil Pahilajani
Managing Director & CEO

Mumbai
30th April 2014

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31st March 2014

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 one direct and two indirect subsidiaries having operations in India 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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31st March 2014

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.

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.

d) Export incentives are recognised when the right to receive the benefit is established.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31st March 2014

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 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31st March 2014

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".

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31st March 2014

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. Where there are unabsorbed business losses and/or unabsorbed depreciation, deferred tax assets 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. 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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31st March 2014

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.

₹ Crore

	As at 31.03.2014	As at 31.03.2013
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 31.03.2014		As at 31.03.2013	
	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	**1,37,41,705**	**5.63**	1,43,76,342	5.89
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**	1,36,07,199	5.57

d) (i) The Company has only one class of equity shares having a face value of ₹ 2 per share. Each holder of equity shares is entitled to one vote per share. Any fresh issue of equity shares shall rank pari-passu with the existing shares.

(ii) In the event of liquidation of the Company, the holder of equity shares will be entitled to receive the remaining assets of the Company, after distribution of all preferential amounts, if any, in proportion to the number of equity shares held by the shareholders.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31st March 2014

₹ Crore

		As at 31.03.2014		As at 31.03.2013
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	**4.02**		4.09
	Less: Transferred to Statement of Profit and Loss	**0.07**		0.07
			3.95	4.02
	Statutory Reserve:			
	As per last Balance Sheet	**4.49**		3.91
	Add: Transferred from Surplus in Statement of Profit and Loss	**0.61**		0.58
			5.10	4.49
	General Reserve:			
	As per last Balance Sheet	**292.01**		267.01
	Add: Transferred from Surplus in Statement of Profit and Loss	**25.00**		25.00
			317.01	292.01
	Foreign Currency Translation Reserve:			
	As per last Balance Sheet	**(0.28)**		(0.12)
	Add: Addition / (Deduction) during the year	**0.09**		(0.16)
			(0.19)	(0.28)
	Surplus in Statement of Profit and Loss			
	As per last Balance Sheet	**348.15**		271.22
	Profit for the year	**123.40**		148.02
	Less: Appropriations			
	Statutory Reserve	**0.61**		0.58
	Interim Dividend	**17.09**		26.86
	Proposed Final Dividend	**14.65**		12.21
	Tax on Dividend	**5.40**		6.44
	Transfer to General Reserve	**25.00**		25.00
			408.80	348.15
			770.74	684.46
5.	**Long-Term Borrowings:**			
	Secured:			
	Term Loans from:			
	Bank		**0.02**	0.03
	Unsecured:			
	Interest-free Sales Tax Loan and Special Incentive Loan		**-**	0.04
			0.02	0.07

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31st March 2014

₹ Crore

		As at 31.03.2014		As at 31.03.2013
6.	**Deferred Tax Liabilities (Net):**			
	Deferred Tax Liabilities			
	Depreciation		**41.91**	41.25
	Deferred Tax Assets			
	Provision for Doubtful Debts	**4.34**		2.72
	Provision for Compensated Absence	**3.22**		2.82
	Others	**0.99**		0.99
			8.55	6.53
			33.36	34.72
7.	**Other Long-Term Liabilities:**			
	Deposits received from Dealers		**3.95**	3.78
			3.95	3.78
8.	**Long-Term Provisions:**			
	Compensated Absence		**8.04**	7.07
	Gratuity		**4.91**	6.30
			12.95	13.37
9.	**Short-Term Borrowings:**			
	Secured:			
	Cash Credit / Short Term Finance from Banks		**-**	2.20
	Unsecured:			
	Bank Overdrafts		**-**	13.62
			-	15.82
10.	**Trade Payables:**			
	Due to Micro, Small & Medium Enterprises		**32.22**	30.33
	Others		**154.23**	205.89
			186.45	236.22
11.	**Other Current Liabilities:**			
	Current Maturities of Long Term Borrowings		**0.06**	0.14
	Unpaid Dividends *		**1.59**	1.60
	Unclaimed Matured Fixed Deposits *		**0.02**	0.02
	Interest Accrued on Matured Fixed Deposits *		**-**	0.01
	Advance from Customers		**9.52**	6.28
	Employee Benefits Payable		**6.21**	4.75
	Statutory Dues Including Provident Fund and Tax Deducted at Source		**6.43**	9.86
	Capital Creditors		**3.26**	4.30
	Others			
	Provision for expenses		**39.50**	37.06
	Forward Contract Liabilities and Miscelleneous Deposits		**-**	0.78
			66.59	64.80

* There are no amounts due and outstanding to be credited to Investor Education and Protection Fund as at 31st March 2014 under section 205C of the Companies Act, 1956.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31st March 2014

₹ Crore

	As at 31.03.2014	As at 31.03.2013
12. Short-Term Provisions:		
Provision for Employee Benefits:		
Compensated Absence	**1.43**	1.23
Others - Provision for Bonus, Commission etc.	**5.68**	5.10
Other Provisions		
Warranty	**8.48**	9.46
Provision for Tax (Current Year)	**47.51**	59.31
Proposed Dividend	**14.65**	12.21
Provision for Tax on Dividend	**2.49**	2.08
	80.24	89.39

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	**9.46**	10.11
Additional provision made during the year	**9.05**	8.85
Amount used during the year	**10.03**	9.50
Balance at the end of the year	**8.48**	9.46

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 2014

13. Fixed Assets:

₹ Crore

	GROSS BLOCK				DEPRECIATION					NET BLOCK	
	1st April 2013	Additions	Disposals/ adjustments	31st March 2014	1st April 2013	For the year	Impairment loss	Deductions / adjustments	31st March 2014	31st March 2014	31st March 2013
TANGIBLE ASSETS											
Freehold Land	3.55	0.10	0.21	**3.44**	0.04	-	-	0.04	**-**	**3.44**	3.51
Leasehold Land	21.78	-	-	**21.78**	0.93	0.24	-	-	**1.17**	**20.61**	20.85
Freehold Building	122.51	8.09	3.15	**127.45**	21.31	3.90	-	0.44	**24.77**	**102.68**	101.20
Leasehold Building	0.25	-	-	**0.25**	0.24	-	-	-	**0.24**	**0.01**	0.01
Plant & Equipment	398.14	25.07	12.94	**410.27**	174.68	31.90	2.60	9.87	**199.31**	**210.96**	223.46
Office Equipment	4.97	0.80	0.08	**5.69**	2.36	0.79	-	0.08	**3.07**	**2.62**	2.61
Furniture and Fixtures	23.67	1.43	3.85	**21.25**	13.46	2.09	-	3.27	**12.28**	**8.97**	10.21
Vehicles	6.29	0.15	1.16	**5.28**	2.98	0.95	-	0.89	**3.04**	**2.24**	3.31
TOTAL A	**581.16**	**35.64**	**21.39**	**595.41**	**216.00**	**39.87**	**2.60**	**14.59**	**243.88**	**351.53**	-
31st March 2013	517.20	78.71	14.75	**581.16**	192.06	37.94	-	14.00	**216.00**	**-**	365.16
Capital work-in-progress										**5.10**	5.33
INTANGIBLE ASSETS											
Goodwill	14.52	-	14.19	**0.33**	14.25	0.03	-	14.18	**0.10**	**0.23**	0.27
Technical Know-how	8.10	11.63	-	**19.73**	4.84	1.67	-	-	**6.51**	**13.22**	3.26
Computer software	17.97	4.12	1.58	**20.51**	13.47	3.14	-	1.57	**15.04**	**5.47**	4.50
TOTAL B	**40.59**	**15.75**	**15.77**	**40.57**	**32.56**	**4.84**	**-**	**15.75**	**21.65**	**18.92**	-
31st March 2013	35.28	5.31	-	**40.59**	29.76	2.80	-	-	**32.56**	**-**	8.03
Intangible Assets Under Development										**0.23**	2.69
TOTAL Including Capital work-in-progress and Intangible Assets under Development C	**621.75**	**51.39**	**37.16**	**635.98**	**248.56**	**44.71**	**2.60**	**30.34**	**265.53**	**375.78**	-
31st March 2013	552.48	84.02	14.75	**621.75**	221.82	40.74	-	14.00	**248.56**	**-**	381.21

NOTES : (I) Net block of Freehold Land and Building includes ₹ 3.95 crore (Previous Year ₹ 4.02 crore) added on revaluation as on 31st May 1987.

(II) Freehold Building includes ₹ 6.05 crore (Previous Year ₹ 9.20 crore) towards cost of ownership flats in Co-operative Housing Societies / Condominium and cost of 10 shares (Previous Year 25 shares) of ₹ 50/- each.

(III) Translation gain of ₹ 0.01 crore (Previous Year ₹ 0.05 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 2014

₹ Crore

		As at 31.03.2014		As at 31.03.2013
14.	**Non-Current Investments: (Long Term)**			
	Trade Investments (unquoted): (at Cost)			
	Fully Paid Preference Shares			
	NIL 5% Non Cumulative Redeemable Preference Shares (Previous Year 20,75,000) of ₹ 100/- each of Premium Transmission Limited		-	20.75
	Other Investments (quoted): (at Cost)			
	Fully Paid Equity Shares		**0.01**	0.01
			0.01	20.76
	Aggregate amount of unquoted investments		-	20.75
	Aggregate amount of quoted investments		**0.01**	0.01
	Market Value of quoted investments		**0.03**	0.03
15.	**Long-Term Loans and Advances:**			
	Unsecured, considered good (unless otherwise stated):			
	Capital Advances		**9.69**	6.56
	Security Deposits		**8.50**	6.00
	Advance Income Tax {Net of Provisions of ₹ 306.29 crore (Previous Year ₹ 241.75 crore)}		**6.76**	4.75
	Advances recoverable in cash or in kind or for value to be received:			
	Considered good		**2.04**	4.12
	Considered doubtful	**3.50**		3.19
	Less: Provision for doubtful advances	**3.50**		3.19
			-	-
			26.99	21.43
16.	**Other Non-Current Assets:**			
	Margin Money Deposits with banks		**1.68**	1.41
			1.68	1.41
17.	**Current Investments:**			
	Mutual Funds (unquoted) : at cost or market value, whichever is less		**180.71**	71.09
			180.71	71.09
	Aggregate amount of unquoted Investments		**180.71**	71.09
18.	**Inventories:**			
	Stores and Spares		**3.85**	3.53
	Loose Tools		**4.24**	4.34
	Raw & Packing Materials (Including In-Transit ₹ 0.70 crore, (Previous Year ₹ 1.27 crore))		**78.16**	87.28
	Work-in-progress		**14.83**	22.47
	Finished Goods		**52.71**	51.13
	Stock-in-Trade (Including In-Transit ₹ 2.64 crore, (Previous Year ₹ Nil))		**9.12**	11.47
			162.91	180.22

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31st March 2014

₹ Crore

	As at 31.03.2014	As at 31.03.2013
18. Inventories: (Contd.)		
Details of Inventory:		
a) Work-in-Progress:		
Engines and Gensets, Spares	**5.06**	15.20
Vibratory Compactors, Rollers, High Pressure Pumps,Transit Mixers and Spares	**9.62**	6.71
Power Tillers	**0.15**	0.56
	14.83	22.47
b) Finished Goods:*		
Engines and Gensets, Spares	**31.51**	40.56
Vibratory Compactors, Rollers, High Pressure Pumps,Transit Mixers and Spares	**13.20**	10.30
Power Tillers	**1.29**	0.27
Others	**6.71**	-
	52.71	51.13
c) Stock-in-Trade:*		
Power Tillers	**1.53**	0.72
Motor Graders, Milling Machines and Pavers	**2.54**	5.69
Lub Oil	**0.05**	0.32
Others	**5.00**	4.74
	9.12	11.47

* Traded Spares and goods have been identified to the extent information was available with the Company.

		As at 31.03.2014	As at 31.03.2013
19. Trade Receivables:(unsecured)			
Outstanding for a period exceeding six months from the date they became due			
Considered good		**30.38**	15.43
Considered doubtful	**9.55**		5.10
Less: Provision for Doubtful Debts	**9.55**		5.10
		-	-
Others		**295.19**	349.81
		325.57	365.24
20. Cash and Cash Equivalents:			
Cash on hand		**0.05**	0.05
Cheques on hand		**10.06**	11.16
Bank balance :			
In Current Accounts		**17.50**	14.38
In Fixed Deposits		**5.00**	15.05
In Unpaid Dividend Accounts		**1.59**	1.60
		34.20	42.24

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31st March 2014

₹ Crore

	As at 31.03.2014	As at 31.03.2013
21. Short Term Loans and Advances: (Unsecured, Considered good)		
Loans and Advances to Related Parties	-	20.00
Other Loans and Advances		
Advance Income Tax (Current Year)	**52.95**	61.64
Prepaid Expenses	**1.69**	1.51
Others	**18.07**	9.91
Balances with Customs, Port Trust, Central Excise etc.	**20.88**	14.58
	93.59	107.64
22. Other Current Assets:		
Unsecured, Considered Good:		
Interest Accrued on Deposits	-	0.15
Unamortised Expense:		
Unamortised Premium on Forward Contract	**0.04**	0.08
Assets held for Sale	**1.66**	-
	1.70	0.23
23. Contingent Liabilities:		
a) Sales Tax liability that may arise in respect of matters in appeal	**5.40**	6.45
b) Sales Tax Liability that may arise on account of uncollected C Forms	**5.50**	-
c) Excise Duty liability that may arise in respect of matters in appeal	**3.39**	1.71
d) Income Tax liability that may arise in respect of matters in appeal	-	2.84
e) Claims made against the group, not acknowledged as debts	**35.90**	15.09
f) Bonds executed in favour of Collector of Customs/Central Excise	**11.44**	11.98
g) Wage demand not acknowledged by the Company in respect of matter in appeal	**0.76**	-
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 (e) and (g) 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).	**19.77**	25.01

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31st March 2014

₹ Crore

		Year Ended 31.03.2014	Year Ended 31.03.2013
25. Revenue from Operations:			
Sale of Products			
Finished Goods		**1,840.35**	2,053.84
Service Income		**1.80**	1.12
Stock-in-Trade		**80.31**	68.77
Lease rentals (₹ NIL, Previous Year ₹ 29,620/-)			
Other Operating Income			
Royalty		**3.03**	1.23
Duty Drawback		**1.11**	0.70
Others		**5.31**	3.50
		1,931.91	2,129.16
Details of Sales: (Finished Goods)			
Engines, Gensets, Agro Products and Spares		**1,717.32**	1,881.78
Vibratory Compactors, Rollers, High Pressure Pumps,Transit Mixers and Spares		**123.03**	172.06
		1,840.35	2,053.84
Details of Sales: (Stock-in-Trade) *			
Power Tillers		**41.00**	40.44
Motor Graders, Milling Machines and Pavers		**9.92**	6.30
Lub Oil		**8.44**	9.17
Others		**20.95**	12.86
		80.31	68.77

* Traded Spares and goods have been identified to the extent information was available with the Company.

		Year Ended 31.03.2014	Year Ended 31.03.2013
26. Other Income:			
Dividend- Non Current Investments		**1.93**	1.04
Dividend- Current Investments		**5.40**	5.63
Interest -Others		**1.34**	0.92
Profit on sale of Fixed Assets (net)		**3.50**	4.30
Profit on sale of Current Investments		**2.64**	0.01
Scrap Sales		**2.57**	2.11
Miscellaneous Income		**11.61**	1.92
		28.99	15.93
27. Cost of Materials Consumed:			
Raw & Packing Materials and Components Consumed :			
Opening Inventory	**87.28**		82.99
Add : Purchases	**1,115.05**		1,284.52
	1,202.33		1,367.51
Less : Closing Inventory	**78.16**		87.28
		1,124.17	1,280.23

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31st March 2014

₹ Crore

		Year Ended 31.03.2014		Year Ended 31.03.2013
28.	**Purchase of Stock-in-Trade:**			
	Power Tillers		**29.35**	22.89
	Motor Graders, Milling Machines & Pavers		**7.56**	0.65
	Lub Oil		**4.47**	5.30
	Others		**17.55**	11.13
			58.93	39.97
29.	**Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade:**			
	(Increase) / Decrease in Inventory			
	Closing Inventory			
	Work-In-Progress	**14.83**		22.47
	Finished Goods	**52.71**		51.13
	Stock-in-Trade	**9.12**		11.47
		76.66		85.07
	Opening 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
			8.41	6.82
30.	**Employee Benefits Expense:**			
	Salaries, Wages and Bonus		**143.89**	134.15
	Contribution to Provident, Gratuity, Superannuation and other Funds		**16.18**	17.98
	Staff Welfare		**12.04**	11.48
			172.11	163.61

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 2014 towards Provident Fund (includes admin charges), ESIC contribution and Superannuation is ₹ 7.34 crore (Previous Year ₹ 7.93 crore), ₹ 0.45 crore (Previous Year ₹ 0.60 crore) and ₹ 3.62 crore (Previous Year ₹ 3.03 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 CONSOLIDATED FINANCIAL STATEMENTS

31st March 2014

₹ Crore

			Year Ended 31.03.2014 Wholly Funded	Year Ended 31.03.2013 Wholly Funded
a)	Amounts recognised in Balance Sheet:			
	i)	Present Value of Defined Benefits obligations	**31.44**	29.79
		Less: Fair value of Plan Assets	**26.88**	23.69
		Amount to be recognised as Liability or (Assets)	**4.56**	6.10
	ii)	Amounts reflected in the Balance Sheet		
		Liabilities	**4.56**	6.10
		Net Liabilities/(Assets)	**4.56**	6.10
b)	Amounts recognised in Statement of Profit and Loss			
	i)	Current Service Cost	**1.66**	1.36
	ii)	Past service cost	**-**	-
	iii)	Interest Cost	**2.19**	2.10
	iv)	Expected (Return) on Plan Assets	**(2.09)**	(1.89)
	v)	Actuarial losses/(gains)	**2.70**	4.53
	Total Expense		**4.46**	6.10
c)	Actual Return on Plan Assets		**1.12**	2.58
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	**29.79**	27.81
	ii)	Add: Current Service Cost	**1.66**	1.36
	iii)	Add: Past Service Cost	**-**	-
	iv)	Add: Interest Cost	**2.19**	2.10
	v)	Add: Actuarial (Gain)/Losses	**1.95**	5.24
	vi)	(Less) : Benefits paid during the year	**(4.15)**	(6.72)
	vii)	Closing balance of the present value of Defined Benefits Obligations	**31.44**	29.79
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	**23.69**	23.48
	ii)	Add: Expected Return on Plan Assets	**2.09**	1.89
	iii)	Add: Actuarial Gain/(Losses)	**(0.75)**	0.71
	iv)	Add: Contribution by the employer	**6.00**	4.33
	v)	(Less) : Benefits paid during the year	**(4.15)**	(6.72)
	vi)	Closing balance of Plan Assets	**26.88**	23.69
f)	The major categories of plan assets as a percentage of total plan assets are as follows:			
	i)	Bank Deposits	**0.82%**	0.45%
	ii)	Government Securities	**0.72%**	0.86%
	iii)	Group Gratuity Scheme of Insurance Companies	**98.42%**	98.65%
	iv)	Others	**0.04%**	0.04%
g)	Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):			
	i)	Discount rate per annum	**9.20%**	7.90%
	ii)	Expected rate of Return on Plan Assets	**8.50%**	8.50%
	iii)	Expected salary increase per annum	**6% to 8%**	5% to 7%
	iv)	Average past service of employees	**13 Years**	14 Years
	v)	Mortality rate	**Indian Assured Lives Mortality (2006-08) ULT**	Indian Assured Lives Mortality (2006-08) ULT

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31st March 2014

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 ₹ 1.17 crore (Previous Year ₹ 1.39 crore).

C) Retirement Pension Scheme :

For UK branch employees, based on actuarial valuation, the Company has recognised a charge of ₹ NIL, equivalent to GBP NIL (Previous year ₹ 1.36 crore, equivalent to GBP 157,350) towards present value of post retirement pension. The year end balance amounts to ₹ 3.35 crore, equivalent to GBP 335,800 (Previous year ₹ 3.17 crore, equivalent to GBP 381,900).

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.

₹ Crore

	Year Ended 31.03.2014	Year Ended 31.03.2013
31. Finance Costs:		
Interest	**4.62**	1.11
Other Borrowing Cost	**0.31**	0.43
	4.93	1.54
32. Depreciation and Amortisation Expense:		
Depreciation on Tangible Assets	**39.87**	37.94
Amortisation on Intangible Assets	**4.84**	2.80
	44.71	40.74
33. Other Expenses:		
Stores and Spares Consumed	**10.60**	9.89
Excise Duty	**-**	0.11
Power, Fuel and Electricity	**18.38**	22.35
Repairs and Maintenance		
Building	**1.42**	1.37
Plant & Equipment	**5.33**	5.25
Others	**2.44**	2.27
Brokerage and Commission	**5.22**	6.71
Rent	**9.30**	8.25
Insurance	**1.94**	1.64
Provision for Doubtful Debts/Advances	**4.76**	0.81
Rates and Taxes	**2.24**	1.55
Advertising and Sales Promotion	**6.25**	5.62
Travelling	**15.46**	14.06
Carriage and Freight	**23.80**	20.67
Directors' Sitting Fees	**0.12**	0.11
Printing and Stationery	**1.43**	1.20
Postage,Telephone and Fax	**3.57**	3.52
Legal, Professional and Consultancy Charges	**14.34**	19.02
Miscellaneous Expenses	**58.00**	50.54
	184.60	174.94

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31st March 2014

₹ Crore

	Year Ended 31.03.2014	Year Ended 31.03.2013
34. Exceptional Items:		
a) Employee Separation Compensation	**2.72**	3.43
b) Profit on Sale of Properties	**(36.33)**	-
c) Impairment of Assets	**2.60**	-
d) Loss on divestment in subsidiary	**23.06**	-
	(7.95)	3.43

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 year, the Company sold two of its residential properties and earned profit thereon.

c) During the year, the Company closed its foundry. The fixed asset impairment on closure is recognised in the books by writing down the asset values to their estimated realisable value.

d) (i) Greaves Auto Limited (GAL), wholly owned subsidiary of the Company was liquidated as at 10th April 2014 using the Fast Track Exit Mode as prescribed in the Guidelines for Fast Track Exit Mode for defunct companies under section 560 of the Companies Act, 1956. The liquidation loss in relation to this investment was accounted in the books of account. There were no operations in GAL since its inception.

(ii) The Company's wholly owned subsidiary, Greaves Cotton Netherlands BV (GCN), held 100% stake in Greaves Farymann Diesel GmbH (GFD). The Company had provided Corporate Guarantee on behalf of GFD in the past. To meet the conditions of such Corporate Guarantee and also to enable GFD to settle its outstanding liabilities, the Company made further investment in GCN, which in turn invested the proceeds in GFD. GCN divested its stake in GFD in October 2013 at a loss. In December 2013, liquidation proceedings for GCN were initiated, which concluded in March 2014. The management has accounted for both impairment and liquidation loss in relation to its investments in GCN in the books of account as at 31st March 2014.

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 31.03.2014
Greaves Leasing Finance Limited	India	100%
Dee Greaves Limited	India	100%
(wholly owned subsidiary of Greaves Leasing Finance Limited)		
Greaves Cotton Netherlands B.V. (Upto 19.12.2013)	Netherlands	100%
Greaves Farymann Diesel GmbH (Upto 10.10.2013)	Germany	100%
(wholly owned subsidiary of Greaves Cotton Netherlands B.V.)		
Greaves Auto Limited	India	100%
Greaves Cotton Middle East (FZC) *(Formerly known as Ascot International (FZC))*	UAE	100% *
(*10% held by Greaves Cotton Limited and 90% held by Greaves Leasing Finance Limited)		

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 ₹ 0.03 crore).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31st March 2014

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 31.03.2014		Year Ended 31.03.2013	
	Fx	₹ Crore	Fx	₹ Crore
Export of goods and services	**$20,95,997**	**12.76**	$20,90,727	11.39
	€ 949	**0.01**		

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

	Year Ended 31.03.2014		Year Ended 31.03.2013	
	Fx	₹ Crore	Fx	₹ Crore
Import of goods and services	**$19,22,238**	**11.55**	$33,64,379	18.30
	€ 47,689	**0.39**	€ 1,30,944	0.91
	-	-	¥ 61,770	0.01
	£32,363	**0.32**	£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.

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

Year Ended 31.03.2014			Year Ended 31.03.2013		
No. of Contracts	Fx	₹ Crore Equivalent	No. of Contracts	Fx	₹ Crore Equivalent
16	**$15,62,314**	**9.57**	3	$2,15,693	1.17
5	**€ 2,30,997**	**1.99**	11	€ 7,23,265	5.31
3	**¥6,27,28,988**	**3.88**	1	¥ 90,00,000	0.56

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

₹ Crore

		Year Ended 31.03.2014	Year Ended 31.03.2013
Revenue (Note No 25)	{(Gain)/ Loss}	**(2.78)**	(0.66)
Other Income (Note No. 26)	{(Gain)/ Loss}	**(1.27)**	-
Consumption (Note No 27 & 28)	{(Gain)/ Loss}	**3.75**	(0.12)
Others (Note No. 33)	{(Gain)/ Loss}	**-**	0.50

GREAVES
SINCE 1859

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31st March 2014

38. Segment Reporting

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

PRIMARY SEGMENTS (Business segments):

₹ Crore

Particulars	Engines		Infrastructure Equipment		Others		Total	
	Year Ended 31.03.2014	Year Ended 31.03.2013	Year Ended 31.03.2014	Year Ended 31.03.2013	Year Ended 31.03.2014	Year Ended 31.03.2013	Year Ended 31.03.2014	Year Ended 31.03.2013
Segment revenue (excluding excise duty)	**1,590.09**	1,734.90	**124.27**	162.02	**21.86**	12.91	**1,736.22**	1,909.83
Inter-segment revenue	**0.28**	3.71	**-**	-	**-**	-	**0.28**	3.71
Total revenue	**1,589.81**	1,731.19	**124.27**	162.02	**21.86**	12.91	**1,735.94**	1,906.12
Result:								
Segment Result	**259.64**	298.53	**(27.15)**	(8.98)	**3.96**	4.19	**236.45**	293.74
Add / Less : Unallocable								
Income /(Expenditure) (Net)							**(64.38)**	(77.93)
Operating Profit							**172.07**	215.81
Less: Interest expense							**(4.93)**	(1.54)
Profit before exceptional items							**167.14**	214.27
Exceptional items								
Profit on Sale of Properties							**36.33**	-
Employee Separation Compensation							**(2.72)**	(3.43)
Impairment of Assets							**(2.60)**	-
Loss on divestment in subsidiary							**(23.06)**	-
Profit before Tax							**175.09**	210.84
Less: Provision for tax (Net)							**(53.05)**	(58.24)
Add: Deferred tax (charge)/ credit							**1.36**	(4.58)
Profit after tax							**123.40**	148.02
Other Information:								
Segment assets	**710.31**	742.48	**160.45**	169.55	**7.22**	4.99	**877.98**	917.02
Unallocable corporate assets							**325.16**	274.45
Total assets							**1,203.14**	1,191.47
Segment liabilities	**222.17**	273.51	**26.19**	45.98	**3.87**	4.52	**252.23**	324.01
Unallocable corporate liabilities							**131.33**	134.16
Total liabilities							**383.56**	458.17
Capital expenditure	**40.55**	57.89	**3.46**	7.74	**0.09**	0.08		
Depreciation and amortisation	**35.96**	32.30	**2.91**	2.75	**0.06**	0.05		
Non-cash expenses other than depreciation and amortisation	**2.60**	-	**-**	-	**-**	-		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31st March 2014

SECONDARY SEGMENTS (Geographical segments)

₹ Crore

Particulars	Domestic		Overseas		Total	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
External revenue by location of customers	**1,642.49**	1,809.47	**93.45**	96.65	**1,735.94**	1,906.12
Carrying amount of segment assets by location of assets	**876.43**	900.96	**1.55**	16.06	**877.98**	917.02
Cost incurred on acquisition of tangible and intangible fixed assets	**44.01**	64.78	**0.09**	0.93	**44.10**	65.71

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:

1. Engines include Agro products and Gensets.
2. Infrastructure Equipment comprises of equipment used in road construction, bridges, dams, mining, etc.
3. Others includes products traded by International and After Market Business.

Primary / secondary segment reporting format:

1. 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.
2. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31st March 2014

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	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 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

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

Sl. No	Transactions	2013-14	2012-13
1	Purchase of goods		
	Premium Transmission Limited	**0.06**	0.22
2	Sale of goods and contract revenue		
	Premium Transmission Limited	**-**	1.25
3	Rendering of Services/ Reimbursement of expenses		
	Premium Transmission Limited	**0.96**	0.84
4	Commission and Sitting Fees		
	Mr. Karan Thapar	**1.27**	1.62
5	Redemption of Investments		
	Premium Transmission Limited	**20.75**	-
6	Dividend Received		
	Premium Transmission Limited	**1.93**	1.04
7	Loan / Deposit Returned		
	Premium Transmission Limited	**20.00**	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31st March 2014

III. Amount Due to / from related parties

₹ Crore

S. No	Transactions	31.03.2014	31.03.2013
1	Loans and advances		
	Premium Transmission Limited	-	20.00
2	Trade Receivables		
	Premium Transmission Limited	**0.38**	0.89
3	Trade Payables		
	Premium Transmission Limited	**0.12**	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 ₹ 2.22 crore (Previous Year ₹ 1.90 crore).

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

		Year Ended 31.03.2014	Year Ended 31.03.2013
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)	**123.40**	148.02
Basic EPS (₹)	(B / A)	**5.05**	6.06
Diluted EPS			
Weighted average number of shares issued of ₹ 2/- each	(C)	**24,42,06,795**	24,42,06,795
Diluted EPS (₹)	(B / C)	**5.05**	6.06

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 LLP**
(Formerly Walker, Chandiok & Co)
Chartered Accountants

For and on behalf of the Board
Navneet Singh
Director

Khushroo B. Panthaky
Partner

Narayan Barasia
Chief Financial Officer

Monica Chopra
Company Secretary &
Executive Vice President-Legal

Sunil Pahilajani
Managing Director & CEO

Mumbai
30th April 2014

Mumbai
30th April 2014

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