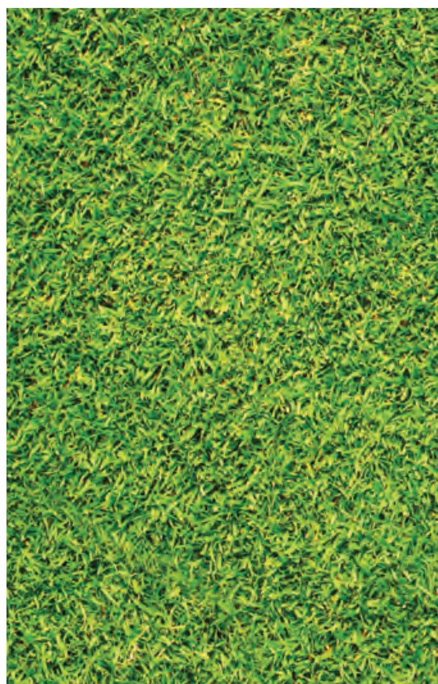
GREAVES
SINCE 1859

*Reimagining the future*

ANNUAL REPORT 2016-17

# REIMAGINING THE FUTURE





## 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.

*Happiness is the mantra around which our business is centered. It is the engine that drives our growth, and the core value proposition of our business.*


Engineered to deliver happiness to every stakeholder, everyday, the Greaves' operational model is built on the pillar of innovative efficiencies & customer centric solutions, backed by a diversified business approach.

From steering cost and operational efficiencies, to mapping new segments and regions of growth, enabling customers enhance productivity, and stretching services to ensure distinctive customer care, all our efforts are geared towards total customer satisfaction.

From empowering our people and distributors for strong collaborative commerce to creating a sustainable growth agenda, we are continuously striving to engineer happiness for stakeholders across our entire value chain. This approach is guiding our transformation to become a dynamic, agile and fast growing company.

FY17 saw us scale our efforts to engineer happiness to new heights. So let us take you through our journey of the year, while we ***re-imagine the future.***

# CHAIRMAN'S LETTER

Dear Shareholders,

I am pleased to present to you the Company's 2016-17 annual report at the end of an eventful but exciting year. Both domestic and global economies showed remarkable resilience in the midst of a challenging environment. While the global economy witnessed a revival despite the US election and Brexit surprises, the Indian economy continued to be the fastest growing large economy notwithstanding the shock of demonetization and certain policy moves.

The projections for the world and the Indian economy give us a reason to be optimistic about our future growth prospects. Driven by predictions of a good monsoon and favourable industry initiatives launched by the Indian government, the opportunity landscape for your Company remained growing and positive during the year under review, and continues to be positive going forward. India is finally on the cusp of implementing a much-awaited GST tax regime, subsuming multiple taxes, leading to an equitable economic growth. We are geared up for the implementation of the new GST regime with adequate training across various facilities.

Led by its inherent resilience and strengths, your Company reported marginal growth at the back of a slew of strategic initiatives, which led to a further deepening of our market penetration and enhanced customer engagement during the year. The dip in the Automotive sector did not affect our growth trajectory as good growth in the other segments of the Aftermarket, Farm Equipment, Auxiliary Power and International businesses took up the slack.

What steered this positivity during FY17, and promises to continue to propel growth in the coming years, is our strategic direction, which is defined by the changes in the macroeconomic environment. Led by a strong visionary focus, and backed by a future-centric approach, we have consistently and continuously aligned our growth plans to the transforming industry dynamics and the ever evolving needs of our customers. And I am happy to state that this strategy continues to yield rich dividends to your Company, enabling us to deliver better value to our stakeholders, year on year.

Our focus on moving strategically forward in sync with the macroeconomic environment has empowered us with the ability to make the most of the emerging global and domestic opportunities. We continue to effectively harness our manufacturing prowess to leverage the potential unleashed by the Government of India's 'Make in India' programme, investing regularly in our state-of-the-art facilities to enhance our manufacturing capabilities.

Equipped with world-class facilities, we are also gearing up to exploit the new opportunities burgeoning across the sectors of our presence. In this direction we have initiated steps to establish Greaves as a leading fuel agnostic powertrain solutions & services company. In the Automotive sector, for instance, the increasing shift towards electric vehicles offers a large opportunity landscape & we are scaling up our innovation and production strengths to take on the new opportunity in this arena. We are strengthening our position in providing solutions to deliver clean energy solutions for all types of vehicles, having already managed a smooth transition from BSIII to BSIV, and now ready to move to the next level of BSVI.

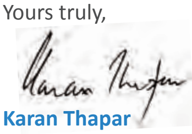
Similar capability-building is also being undertaken in the Company across other segments of business in both, the domestic and exports markets, as well as our aftermarket segment. We see a vast untapped potential in the aftermarket space, which we are all set to leverage with our newly launched multi-brand spares business, which has started catering to demand across categories, including engines, electrical, rubber parts, lubricant and body parts, through our extensive retail network. As a pioneering initiative for the three-wheeler vehicle industry, this move will, I am confident, help us deliver enhanced value to our customers while bridging the wide existing gap in the field. Our strong distribution and service network will facilitate our proposition in this business, which I see entrenching us further into the ₹ 3500 crore Indian spare parts market.

As we move forward, customer-centricity will continue to remain a strong propeller of our growth, giving us a clear edge in a tough market environment and enabling us to weather the external challenges effectively and efficiently. Technological advancements, driven by a strong R&D function, is another focus area with which we shall continue to drive product innovation and diversification to engineer growth for the Company and happiness for all our stakeholders.

Our sustained focus on product and market diversification will continue to be a key enabler of our ability to tap more opportunities for growth within and outside India, while strengthening our distribution channels to reach out better to customers in different locations across industries.

Let me, on this note, thank all our customers as well as members of the Greaves family for their support and faith in the Company. I would also like to take this opportunity to thank all shareholders, bankers, lenders, financial institutions, vendors & business partners for their continued cooperation, which has made it possible for us to sustain business growth year after year.

Yours truly,



**Karan Thapar**
Chairman

GREAVES SINCE 1859

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

Mr. Karan Thapar
*Chairman*

Mr. Nagesh Basavanhalli
*Managing Director & CEO*
*(w.e.f. 27th September, 2016)*

Mr. Vijay Rai

Mr. Vikram Tandon

Mr. Navneet Singh

Mr. Arvind Kumar Singhal

Mr. Kewal Handa

Ms. Sree Patel
*(w.e.f. 14th February, 2017)*

## CHIEF FINANCIAL OFFICER

Mr. Narayan Barasia

## COMPANY SECRETARY

Mr. Amit K. Vyas
*(w.e.f. 14th February, 2017)*

## AUDITORS

Deloitte Haskins & Sells LLP

## COST AUDITORS

Dhananjay V. Joshi & Associates

## INTERNAL AUDITORS

KPMG

## BANKERS

State Bank of India
Bank of India
ICICI Bank
HDFC Bank

## REGISTRAR & SHARE TRANSFER AGENT

Karvy Computershare Private Limited
Karvy Selenium Tower B,
Plot 31-32, Gachibowli, Financial District,
Nanakramguda, Hyderabad - 500 032

Phone: 040 - 6716 2222
Fax No: 040 - 2342 0814
Email : einward.ris@karvy.com

## REGISTERED OFFICE

3rd Floor, Motilal Oswal Tower
Junction of Gokhale & Sayani Road
Prabhadevi, Mumbai - 400 025

## WORKS

**Maharashtra**
Chinchwad, Pune
Nighoje, Pune
Chikalthana, Aurangabad
Shendra, Aurangabad

**Tamil Nadu**
Ranipet

# BOARD OF DIRECTORS

## Mr. Karan Thapar

**Position -** Chairman of the Board

**Educational Qualification -** CA

**Expertise -** Managing companies, both private and public, having interest in diversified areas

## Mr. Nagesh A. Basavanhalli

**Position -** Managing Director & CEO

**Educational Qualification -** B.E. (Mechanical) - M.S, University of Texas, MBA - University of Chicago Booth School of Business

**Expertise -** Business & Product Strategy, Developing Business Vision, Building New Businesses & Brands, Strategic tie-up & Partnerships, Capability Development Initiatives, Multicultural Global Exposure

## Mr. Vijay Rai

**Position -** Independent Director

**Educational Qualification -** B. Tech. (Mechanical) IIT - Kharagpur

**Expertise -** Manufacturing management and agro inputs marketing

## Mr. Vikram Tandon

**Position -** Independent Director

**Educational Qualification -** B. Tech (Hons.), IIT - Delhi

**Expertise -** Corporate development and strategy

## Mr. Navneet Singh

**Position -** Independent Director

**Educational Qualification -** CA (England & Wales), CA (ICAI)

**Expertise -** Banking, regulatory compliances and operational risk management

## Mr. Arvind Kumar Singhal

**Position -** Independent Director

**Educational Qualification -** B. E. (Electronics & Communication), IIT - Roorkee, MBA - UCLA

**Expertise -** Retail marketing strategy and strategic business planning

## Mr. Kewal Handa

**Position -** Independent Director

**Educational Qualification -** M.Com, ACMA, ACS, Pfizer Leadership - Harvard USA, Marketing Programme - Colombia, USA, Sr. Management Residential - IIM, Ahmedabad

**Expertise -** Business strategy and planning, finance, people management and managing enterprises

## Ms. Sree Patel

**Position -** Independent Director

**Educational Qualification -** Bachelor of Commerce, H. R. College of Economics, Bombay University, Bachelor of Law, Government Law College, Bombay University

**Expertise -** Business Strategy & Advisory, Corporate Law, M&A, Divestment & Acquisition of business, Corporate Governance, Indirect Tax, Government Affairs and FCPA Compliance

# CREATING HAPPINESS, EMPOWERING CUSTOMERS

Every day, in many little ways, we are striving to scale the happiness levels of our customers to empower them to meet their future needs, seamlessly and effectively. A diversified product bouquet, aligned to the needs of customers across geographies, has emerged as a key strategic agenda of our customer-centric business model. Through our wide range of product offerings, we are enabling customers across a large expanse of the market spectrum to enhance productivity in their areas of operation. Thus, we ensure that our customers are able to "do more, get more, save more" from their day-to-day activities. Our strong aftermarket service portfolio further continues to create new avenues for delivering greater happiness and more value to our customers.

> Addition of new markets and services, globally, coupled with robust growth in our core areas of aftermarket, farm equipment and auxiliary power business, as well as enhanced operational efficiencies helped in boosting our revenue growth during the year under review.


## Crafting the transformation

Amid the transforming industry landscape, we continued to engineer new product innovations across the segments of our presence to further enhance customer satisfaction during the year. Leveraging our strong R&D core, we facilitated our customers by moving to the next-generation BS-IV engines, with smooth transition enabling faster supply, catering to the growing demand from various OEMs. With the strengthening government focus on emission-free engines paving the way for BS-VI implementation, we are now working on a cost effective and innovative solution to reach out to customers for BS-VI implementation. With our announcement of a strategic technology partnership with Pinnacle Engines, a US-based mobility technologies company, Greaves aims to offer BS VI compliant high power and fuel efficient engines with lower maintenance cost will result in higher savings to the end customer. This partnership enables Greaves, currently the market leader in the 3-Wheeler diesel engine space, to enter the larger 3-wheeler petrol/CNG space, with a powerful customer value proposition

> With strong R&D focus and an ISO 9001 certified state-of-the-art production facility, we are well equipped to deliver a value-for-money product range, backed by reliable after-sales service through our excellent pan India service network.

## Taking a service leap

From aftermarket to multi-brand spares business, we have taken a huge leap in our service proposition as part of our holistic efforts to augment customer happiness. Backed by our pan India network of over 3,500 retail outlets, this business will provide our customers with the complete range of multi-brand spares across categories – engines, transmission, electrical, rubber parts, lubricants and body parts, backed by quick and affordable repairs and services by Company-trained mechanics. This new service proposition makes us the first in the 3-wheeler segment to offer spares across all categories, and a one-shop window for 3-wheelers and commercial vehicles to meet their spare part requirements across brands. We plan to expand this network to cater to the evolving needs of a wider base of customers in the last mile transport segment in FY2017-18, and hope to translate our growth vision in this business into more and more happy customers.

## From lighting moments to powering lives

The Greaves genset witnessed good growth during the year under review. The fast growing Greaves genset business has been a vital aspect of the development of various residential & commercial complexes, including hospitals, educational institutions, dairy farms, banking, data centers, malls, airports, railways & many other critical installations. From small portable gensets of 2.5kVA range to larger ones of 500kVA band, our wide range of products has successfully lit up lives by fostering uninterrupted power supply and ensuring continuity resulting in non-stop operations.

## From boosting mechanization to harvesting happiness

The growth potential in the farm equipment business, which has emerged as a strong driver of our growth, has encouraged us to expand aggressively in this segment. With a wide range of product offerings from petrol & diesel pump sets, power tillers & light agri equipment range, we enable farmers to perform better and extract higher yield from every acre of land. The widely accepted and fast growing range of Power tiller, Weeder, Reaper, Brush cutter, Sprayer, has enabled farmers to do things faster and in a more efficient manner. Greaves aims to introduce "Made-in-India" Power tillers very soon to the Indian market. These initiatives will augment our presence in this segment and open more windows of happiness for our customers.


## Leading innovative engineering beyond borders

Our happiness charter is not confined to the domestic boundaries but extends way beyond, inspiring us to foray continuously into new product innovations and markets of growth in the international arena. During the year, we launched CPCB-II Phase-II Diesel Generators in the international markets, besides introducing new D Series engine driven 400 kVA & 500 kVA DG sets in the Philippines market. The growing number of happy customers around the world are a testimony to our global appeal, which is propelled by our strong core of expertise and experience in delivering customized, out-of-the-box solutions.

# FINANCIAL HIGHLIGHTS

(₹ in crores)

| Particulars | 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 | 14-15 Apr-Mar 12 mths | 15-16* Apr-Mar 12 mths | 16-17 Apr-Mar 12 mths |
|---|---|---|---|---|---|---|---|---|---|---|
| Revenue from Operations (Gross) | 1316 | 1152 | 1462 | 1370 | 1926 | 2096 | 1915 | 1856 | 1800 | 1819 |
| EBIDTA (before exceptional item) | 162 | 115 | 206 | 193 | 237 | 242 | 194 | 200 | 267 | 243 |
| EBIDTA (%) | 12% | 10% | 14% | 14% | 12% | 12% | 10% | 11% | 15% | 13% |
| EBIT | 147 | 101 | 186 | 185 | 211 | 219 | 177 | 177 | 269 | 247 |
| Profit before Tax | 138 | 80 | 173 | 184 | 251 | 200 | 164 | 109 | 295 | 252 |
| Profit after Tax | 110 | 56 | 118 | 127 | 185 | 138 | 113 | 82 | 199 | 181 |
| Total Comperhensive Income | - | - | - | - | - | - | - | - | 200 | 181 |
| ROCE (%) | 38% | 22% | 39% | 48% | 34% | 30% | 22% | 21% | 31% | 27% |
| Equity | 48.84 | 48.84 | 48.84 | 48.84 | 48.84 | 48.84 | 48.84 | 48.84 | 48.84 | 48.84 |
| Earnings Per Share(₹) | 4.51 | 2.29 | 4.83 | 5.21 | 7.60 | 5.65 | 4.63 | 3.34 | 8.17 | 7.40 |
| Net Worth | 371 | 404 | 437 | 522 | 645 | 738 | 814 | 816 | 887 | 921 |
| Debt | 49 | 44 | 5 | 6 | 20 | 2 | - | - | - | - |
| Capital Employed | 434 | 478 | 471 | 558 | 700 | 779 | 851 | 832 | 906 | 938 |
| Debt : Equity | 0.13 | 0.11 | 0.01 | 0.01 | 0.03 | 0.00 | - | - | - | - |
| Dividend (%) | 60 | 40 | 150 | 75 | 110 | 80 | 65 | 125 | 280 # | 250 # |

* Comparative of FY 15-16 is as per Ind-AS to match with the corresponding figures of FY 16-17 in which year Ind-AS has been implemented

# Represents dividends actually paid, excludes proposed dividends in FY 15-16 & 16-17

EBIDTA does not include Other Income and EBIT includes Other Income.

EBIDTA - Earning Before Interest, Depreciation, Taxes and Amortization

EBIT - Earning Before Interest and Tax

ROCE - Return On Capital Employed

PBT - Profit Before Tax

PAT - Profit After Tax

EPS - Earning Per Share (₹)

# Directors' Report

The Directors have pleasure in presenting the 98th Annual Report for the financial year ended 31st March, 2017.

## FINANCIAL HIGHLIGHTS

(₹ in Crore)

| Particulars | Year ended 31st March 2017 | Year ended 31st March 2016 |
|---|---|---|
| Total Revenue | 1,869.28 | 1,847.68 |
| Profit Before Tax and Exceptional Items | 246.15 | 268.22 |
| Gain on Exceptional Items | 5.98 | 26.39 |
| Profit Before Tax | 252.13 | 294.61 |
| Less: Provision for Tax | 68.02 | 93.50 |
| Profit after Tax | 184.11 | 201.11 |
| Loss from discontinued operations (Net of Tax) | -3.48 | -1.74 |
| Profit for the year | 180.63 | 199.37 |
| Total Comprehensive Income for the year | 181.29 | 200.36 |
| Dividend paid and Tax on Dividend | 147.15 | 165.06 |
| Transfer to General Reserve | - | 28.15 |
| Balance of the Profit carried forward | 490.02 | 455.88 |

## REVIEW OF OPERATIONS

The business landscape in the Company's operating segments was challenging during the year due to changing economic conditions. Despite this business environment, the inherent strength & clear strategic directions helped the Company to overcome smoothly.

The Company registered total revenue of ₹ 1,869.28 crore during the year under review as against ₹ 1847.68 crore in the previous financial year. The profit after tax was ₹ 180.63 crore for the year under review as against ₹ 199.37 crore in the previous financial year. The profit after tax for the year under review includes an exceptional gain of ₹ 5.98 crore as against ₹ 26.39 crore in the previous financial year.

The profit before tax and exceptional items as a percentage of total revenue for the year under review was at 13.17% as against 14.52% in the previous financial year.

The outlook of each business has been discussed in detail in the 'Management Discussion and Analysis' which forms a part of this Annual Report.

## DIVIDEND

The Directors have recommended a final dividend of ₹ 1.50 per share which together with the interim dividend of ₹ 4.00 per share of face value of ₹ 2 paid during the year, aggregates to ₹ 5.50 per share of ₹ 2 which is same as of previous year. The total dividend for the year (interim and final dividend) under review, excluding tax on dividend is ₹ 134.31 crore which is same as of previous year. Dividend as a percentage of Profit for the year is 74.36% as compared to 67.37% in the previous year.

## PUBLIC DEPOSITS

The Company discontinued its Fixed Deposit Scheme in April, 2005. During the year under review, the Company did not accept any deposits within the meaning of Chapter V of the Companies Act, 2013, read with the Companies (Acceptance of Deposits) Rules, 2014.

## INVESTOR EDUCATION AND PROTECTION FUND

Pursuant to the applicable provisions, 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 dividend in respect of the 2nd interim dividend and final dividend for the financial year ended 30th June, 2009, 1st and 2nd interim dividend for the financial year ended 30th June, 2010 have been transferred to the IEPF.

Members, who have not yet en-cashed or claimed the dividends that are yet to be transferred to the IEPF, are requested to contact the Company's Registrar and Share Transfer Agent, at the earliest.

In terms of the requirements of Section 124 (6) of the Companies Act, 2013 read with the Investor Education and Protection Fund (IEPF) Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 as amended ("the Rules"), the Company is required to transfer the shares in respect of which the dividend has remained unpaid or unclaimed for a period of seven consecutive years to the IEPF Account.

Members are requested to take note of the same and claim their unclaimed dividends immediately to avoid transfer of the underlying shares to the IEPF Account. The shares transferred to the IEPF Account can be claimed back by the concerned Members from IEPF Authority after complying with the procedure prescribed under the Rules.

## REPORT ON PERFORMANCE OF SUBSIDIARIES

During the year, no company became or ceased to be a subsidiary of the Company. The details of the performance of the subsidiary companies are as follows:

**Greaves Leasing Finance Limited (GLFL)**

GLFL, a wholly owned subsidiary of the Company, is a non-banking finance company. It reported a total revenue of ₹ 0.50 crore and profit before tax of ₹ 0.30 crore.

**Dee Greaves Limited (DGL)**

DGL, a wholly owned subsidiary of GLFL, did not undertake any business during the year under review. It reported a marginal profit during the year.

**Greaves Cotton Middle East FZC (GCME)**

GCME, United Arab Emirates, a wholly owned step-down subsidiary of the Company through GLFL, is engaged in trading and after sales services of the Company's products in the Middle East. For the year under review, GCME recorded total revenue of ₹ 0.34 crore and reported a loss of ₹ 0.24 crore. Due to continuous losses, it was decided to liquidate GCME. This would reduce the expenditures and also the compliance obligations.

A statement containing salient features of the Financial Statements in Form AOC-1, as required under Section 129 (3) of the Companies Act, 2013, forms a part of this Annual Report. The audited Financial Statements of each subsidiary company shall be kept open for inspection at the Registered Office of the Company on every working day of the Company between 10 a.m. to 12 noon up to the date of the forthcoming 98th Annual General Meeting.

## CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated Financial Statements, prepared in accordance with the applicable Accounting Standards issued by the Institute of Chartered Accountants of India and the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the SEBI (LODR) Regulations"), forms a part of this Annual Report. The Auditors' Report on the Consolidated Financial Statements is also attached. The same is with unmodified opinion (unqualified).

## MANAGEMENT DISCUSSION AND ANALYSIS

Detailed review by the Management of the operations, performance and future outlook of the Company and its business, pursuant to Schedule V of the SEBI (LODR) Regulations, is presented in a separate section - Management Discussion and Analysis, which forms a part of this Annual Report.

## CORPORATE GOVERNANCE REPORT

The Company follows the principles of Corporate Governance in letter and spirit. Requirements relating to Board of Directors, its Committees, related party transactions, disclosures etc. as prescribed under Schedule V of the SEBI (LODR) Regulations, have been duly complied with. The quarterly Corporate Governance Report confirming that the Company has complied with statutory provisions has been filed with the Stock Exchanges, where the shares of the Company are listed and also placed before the Board of Directors. A detailed report on Corporate Governance and a certificate from the Statutory Auditors confirming compliance of conditions of the Corporate Governance, forms a part of this Annual Report.

## BUSINESS RESPONSIBILITY REPORT

The Business Responsibility Report, as required pursuant to Regulation 34(2)(f) of SEBI (LODR) Regulations forms part of this Annual Report.

## COMPLIANCE WITH THE CODE OF CONDUCT

A declaration signed by the Managing Director & CEO affirming compliance with the Company's Code of Conduct by the Directors and Senior Management, for the financial year 2016 - 17, as required under Schedule V of the SEBI (LODR) Regulations, forms a part of this Annual Report.

## ENVIRONMENT, HEALTH AND SAFETY

The Company has various safety guidelines in place which help identify unsafe actions or conditions in the Company premises. These guidelines form the corner stone on which the Company can operate smoothly devoid of any mishap or accidents at the work place. The Company's manufacturing units are governed by "Environment, Occupational Health and Safety Policy" and are certified ISO 14001 and Occupational Health and Safety Assessment Series 18001 Standards.

The Company has taken various steps to promote environment, health and safety measures across the Company which, inter alia, includes:

1. Annual Health Check for all the employees wherein Emergency Health card is also provided.
2. Successfully implemented project for "Energy Conservation", "Water Conservation", "Ventilation", as well as increased illumination level at work place.
3. Successfully implemented "Rain Harvesting" called "Varsha Jal" project at plant level.
4. Initiated new systems like Work Permit System with checklist, Monthly Theme Base Safety Inspection, Monthly legal MIS, Safety Management Audit Training, Visitor Safety Guidelines, Daily Head Count Activity, etc.
5. Conducted various competitions like Posters, Slogans, Essay & Poems during National Safety Week and World Environmental Day Celebration.

6. Conducted various camps like Blood Donation, Neuropathy, Eye check-up, Tetanus Toxoid vaccination camp for employees regularly.

7. Initiated & implemented various low cost automations at workplace area to reduce Ergonomic hazards.

## HUMAN RESOURCES

Your Directors place on record their appreciation for the employees' valuable contribution at all levels. Overall, our industrial relations continue to be cordial.

The total number of permanent employees of the Company as on 31st March, 2017 was 1,778 (1,894 as on 31st March, 2016).

During the year under review, the Company continued to focus on talent conservation and talent development. Every employee is required to undergo minimum 7 man days of training for skill sets.

Pursuant to the requirements under the Prevention of 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 and constituted Internal Complaints Committee. There were no cases filed during the year under review. The required annual report has been filed with appropriate authority.

## DIRECTORS AND KEY MANAGERIAL PERSONNEL

Ms. Sree Patel has been appointed as an Additional Director of the Company with effect from 14th February, 2017 to hold office upto the date of the forthcoming 98th Annual General Meeting and is eligible to be appointed as an Independent Director. It is proposed to appoint Ms. Patel as an Independent Director, not liable to retire by rotation for a period of three years, and accordingly, Members' approval is being sought at the forthcoming 98th Annual General Meeting.

Mr. Karan Thapar retires by rotation at the forthcoming 98th Annual General Meeting, and being eligible, offers himself for re-appointment.

Mr. Nagesh Basavanhalli has been appointed as an Additional Director of the Company with effect from 27th September, 2016 to hold office upto the date of the forthcoming 98th Annual General Meeting and is eligible to be appointed as a Director. He was also appointed as the Managing Director & CEO of the Company for a period of 3 years effective 27th September, 2016 till 26th September, 2019. Members' approval is being sought for the appointment of Mr. Basavanhalli as the Managing Director & CEO and the remuneration paid/payable to him as stated in the Notice of AGM.

Profiles of these Directors, as required by Regulation 36 (3) of the SEBI (LODR) Regulations and Secretarial Standard - 2 on General Meetings, are given in the Notice of the forthcoming 98th Annual General Meeting.

The above appointments and re-appointments form a part of the Notice of the forthcoming 98th Annual General Meeting and the Resolutions are recommended for Members' approval.

During the year under review, Mr. Sunil Pahilajani, Managing Director & CEO and Ms. Monica Chopra, Executive Director-Legal & Company Secretary, resigned with effect from 16th September, 2016 and 26th December, 2016 respectively. The Board places on record its sincere appreciation of the valuable contribution made by them to the Company.

Mr. Amit K. Vyas was appointed as the Company Secretary, Head- Legal & Internal Audit of the Company with effect from 14th February, 2017.

Mr. Nagesh Basavanhalli, Managing Director & CEO, Mr. Narayan Barasia, Chief Financial Officer and Mr. Amit K. Vyas, Company Secretary, Head - Legal & Internal Audit are the Key Managerial Personnel of the Company within the meaning of Sections 2 (51) and 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

## STATEMENT ON DECLARATION GIVEN BY THE INDEPENDENT DIRECTORS

As required under Section 149 (7) of the Companies Act, 2013, each of the Independent Directors has given the necessary declaration about meeting the criteria of independence as specified in Section 149 (6) of the Companies Act, 2013.

## DIRECTORS' RESPONSIBILITY STATEMENT

In terms of Section 134 (5) of the Companies Act, 2013, the Directors state that to the best of their knowledge and belief and according to the information and explanations obtained by them:

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

2. The Directors had selected such accounting policies and applied them consistently and made judgments 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, 2017 and of the profit of the Company for that period;

3. The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

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

5. The Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and

6. The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## POLICY ON APPOINTMENT AND REMUNERATION OF DIRECTORS

The Company has constituted a Nomination and Remuneration Committee and formulated the criteria for determining the qualifications, positive attributes and independence of a Director ("the Criteria"). The said Committee has recommended to the Board a policy relating to the remuneration for Directors, Key Managerial Personnel and other employees, as required under Section 178 (1) of the Companies Act, 2013. The Remuneration Policy is given in **Annexure 1** to this Directors' Report. The criteria includes, inter alia, a person to be appointed on the Board of the Company should possess in addition to the fundamental attributes of character and integrity, appropriate qualifications, skills, experience and knowledge in one or more fields of engineering, banking, management, finance, marketing and legal, a proven track record, etc.

As required under Section 197 (14) of the Companies Act, 2013, the Executive Director of the Company confirms that he does not receive any remuneration or commission from any subsidiary of the Company.

## RATIO OF REMUNERATION OF EACH DIRECTOR TO THE MEDIAN REMUNERATION OF THE EMPLOYEES

The information as required under Section 197 of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is available. In terms of Section 136 (1) read with its relevant provisio of the Companies Act, 2013, the Annual Report excluding the aforesaid information is being sent to the Members of the Company and others entitled thereto.

The said information shall be kept open for inspection at the Registered Office of the Company on every working day of the Company between 10 a.m. to 12 noon up to the date of the forthcoming 98$^{th}$ Annual General Meeting.

## FAMILIARISATION PROGRAMME FOR DIRECTORS

The Company follows a structured orientation programme including presentations by key personnel, information about the various codes, policies, etc. to familiarize the Directors with the Company's operations. In addition, Plant visits are organised to familiarise the Directors with the Company's products, production process, etc. Presentations made at the Board / Committee Meetings, inter alia, cover the business strategies, human resource matters, budgets, initiatives, risks, operations of subsidiaries, etc. where the Directors get an opportunity to interact with the Senior Management.

The Directors' Familiarisation Programme is displayed on the Company's website www.greavescotton.com.

## EVALUATION OF PERFORMANCE OF BOARD, ITS COMMITTEES AND INDIVIDUAL DIRECTORS

The Board has established a comprehensive and participative annual process to evaluate its own performance, its Committees and the individual Directors. The performance evaluation matrix defining the criteria of evaluation for each of the above was prepared by the Nomination and Remuneration Committee. The criteria for performance evaluation includes, inter alia, relevant experience and skills, ability and willingness to speak up, ability to carry others, ability to disagree, stand his / her ground, integrity, focus on shareholder value creation and high governance standards. The performance evaluation of the Independent Directors was carried out by the entire Board (excluding the Director being evaluated).

A Meeting of the Independent Directors, with Mr. Vikram Tandon as the Lead Director, was held on 4$^{th}$ May, 2017 to review the performance of the Non-independent Directors, the Board as a whole and the Chairman on the parameters of effectiveness and to assess the quality, quantity and timeliness of the flow of information between the Management and the Board.

As an outcome of the evaluation process, the Directors were informed by the Chairman about their respective strengths, areas of improvements, focus areas for the future, etc. In turn, the Lead Director provided feedback to the Chairman.

## LOANS, GUARANTEES AND INVESTMENTS

Particulars of loans, guarantees and investments as on the 31$^{st}$ March, 2017 are given in the Notes to the Financial Statements.

## CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES

During the year under review, the Company did not enter into any Material transaction (as defined in the Company's Policy on Related Party Transactions) with related parties. All other transactions of the Company with related parties were in the ordinary course of business and at an arm's length. Details of transactions with related parties are disclosed in the Notes to the Standalone Financial Statements, forming a part of this Annual Report.

The Form AOC - 2 as required under Section 134 (3) (h) of the Companies Act, 2013, read with Rule 8 (2) of the Companies (Accounts) Rules, 2014, is given in **Annexure 2** to this Directors' Report.

## NUMBER OF MEETINGS OF THE BOARD

The details of the number of Meetings of the Board and other Committees are given in the Corporate Governance Report which forms a part of this Annual Report.

## EXTRACT OF ANNUAL RETURN

As required under Section 134 (3) (a) of the Companies Act, 2013, an extract of Annual Return in the prescribed Form MGT - 9, is given in **Annexure 3** to this Directors' Report.

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

Particulars of conservation of energy, technology absorption, foreign exchange earnings and outgo, as prescribed in Rule 8 (3) of the Companies (Accounts) Rules, 2014 are given in **Annexure 4** to this Directors' Report.

## RISK MANAGEMENT POLICY

The Company has constituted a Risk, CSR and Strategy Committee of Directors to oversee the risk management efforts. The Company has put in place a robust Enterprise Risk Management (ERM) Policy which covers strategic risks, operational risks, regulatory risks and catastrophic risks and provides a clear identification of "Risks That Matter (RTM)". These RTMs are periodically monitored by the Management and the Risk, CSR and Strategy Committee. Implementation of this ERM Policy effectively supports the Board and the Management in ensuring that risks, if any, which may significantly impact the Company are adequately highlighted and mitigation actions are implemented in a time-bound manner to reduce the risk impact. There are no risks, which in the opinion of the Board threaten the existence of the Company. However, the risks that may pose a concern are set out in the Management Discussion and Analysis which forms a part of this Annual Report.

## CORPORATE SOCIAL RESPONSIBILITY

Pursuant to the provisions of Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014, the Company has adopted a Corporate Social Responsibility (CSR) Policy, as recommended by the Risk, CSR and Strategy Committee covering the objectives, initiatives, outlay, implementation, monitoring, etc. The CSR Policy is displayed on the Company's website www.greavescotton.com.

A report on the CSR activities in the format prescribed under the Companies (Corporate Social Responsibility Policy) Rules, 2014, duly signed by the Managing Director & CEO and the Chairman of the Risk, CSR and Strategy Committee, is given in **Annexure 5** to this Directors' Report.

The Company believes that CSR is a process by which an organization thinks about its relationships with the stakeholders and integrates its economic, environmental and social objectives in such a manner that it will contribute for the social good. The CSR initiatives have an underlying rationale of 'benefitting the community at large'. The Company is focussed on identifying the communities/beneficiaries of the projects and understanding their needs. The Company has adopted the CSR Theme of ''Training and Re-skilling for gainful employment and better livelihood'' covering the aspect of 'Re-skilling' as top priority. Re-skilling would cover local mechanics to entrepreneurs under the project PRIME (Program on Real Independence and Mechanic Development). As a part of its CSR initiatives the Company also seeks to support the farming fraternity by addressing small and marginal farmers, in respect of upskilling of farmers to improve their productivity. Inventory pooling for productivity increase is also been envisaged. The implementation of the said initiatives is monitored by the Risk, CSR & Strategy Committee.

## VIGIL MECHANISM

The Company has established a vigil mechanism, through a Whistle Blower Policy, where under, the Directors and employees can voice their genuine concerns or grievances about any unethical or unacceptable business practice. A whistle-blowing mechanism not only helps the Company in detection of fraud, but is also used as a corporate governance tool leading to prevention and deterrence of misconduct. It provides direct access to the employees of the Company to approach the Compliance Officer or the Chairman of the Audit Committee, where necessary. The Company ensures that genuine Whistle Blowers are accorded complete protection from any kind of unfair treatment or victimisation.

## INTERNAL FINANCIAL CONTROLS RELATED TO FINANCIAL STATEMENTS

The Company has in place adequate internal financial controls related to Financial Statements. During the year, such controls were tested and no reportable material weaknesses in the design or operation were observed. Some of the controls are outlined below:

- The Company has adopted accounting policies, which are in line with the Accounting Standards and other applicable provisions of the Companies Act, 2013;
- Changes in policies, if any, are approved by the Audit Committee in consultation with the Auditors;
- In preparing the Financial Statements, judgements and estimates have been made based on sound policies. The basis of such judgements and estimates are approved by the Auditors and the Audit Committee;
- The stand alone accounts are reviewed every quarter by the Auditors;
- The policies to ensure uniform accounting treatment are prescribed to the subsidiaries of the Company. The accounts

of the subsidiary companies are audited and certified by their respective Statutory Auditors for consolidation.

## INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Details of the Internal Control Systems and their adequacy are provided in the Management Discussion and Analysis which forms a part of this Annual Report.

## STATUTORY AUDITORS

Deloitte Haskins & Sells LLP, Chartered Accountants, were appointed as the Statutory Auditors of the Company at the 96th Annual General Meeting (AGM) held on 6th August, 2015 to hold office from the conclusion of the 96th AGM till the conclusion of the 101st AGM of the Company. As required under Section 139 of the Companies Act, 2013, the appointment of the Statutory Auditors has to be placed for ratification at every Annual General Meeting. Accordingly, the ratification of the appointment of Deloitte Haskins & Sells LLP, Chartered Accountants, as Statutory Auditors of the Company, forms a part of the Notice convening the forthcoming 98th Annual General Meeting and the Resolution is recommended for your approval.

Wrigley Partington, U.K., the Auditors of the Company's Branch in Cheshire, London (U.K.), retire at the forthcoming 98th Annual General Meeting. The re-appointment of the Branch Auditors forms a part of the Notice convening the forthcoming 98th Annual General Meeting and the Resolution is recommended for your approval.

## STATUTORY AUDITORS' REPORTS

Reports issued by the Statutory Auditors on the Standalone and Consolidated Financial Statements for the financial year ended 31st March, 2017 are with unmodified opinion (unqualified).

## SECRETARIAL AUDITORS

Pursuant to the provisions of Section 204 of the Companies Act, 2013 read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, the Company engaged the services of Pradeep Purwar & Associates, Company Secretary in Practice, Thane to conduct the secretarial audit of the Company for the financial year ended 31st March, 2017.

The Secretarial Audit Report (Form MR – 3) is attached as **Annexure 6** to this Directors' Report. The said report is unqualified.

## COST AUDITORS

Pursuant to the provisions of Section 148 (3) of the Companies Act, 2013, the Board has appointed 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 ending 31st March, 2018. The remuneration payable to the Cost Auditors is subject to approval of the Members at the Annual General Meeting. Accordingly, the remuneration payable to the Cost Auditors forms a part of the Notice convening the forthcoming 98th Annual General Meeting and the Resolution is recommended for your approval.

## DIVIDEND DISTRIBUTION POLICY

Securities and Exchange Board of India, by its notification dated 8th July, 2016, has amended the SEBI LODR Regulations, introducing new Regulation 43A mandating the top 500 listed entities, based on market capitalization calculated as on 31st March of every financial year, to formulate a Dividend Distribution Policy and disclose the same in their Annual Reports and on their websites.

Accordingly, the Board of the Company has adopted a Dividend Distribution Policy, which is attached as **Annexure 7**. The Policy is also available on the website of the Company under the "Investors" section.

## OTHER DISCLOSURES

The Directors confirm that during the financial year under review-

- there were no significant material orders passed by the Regulators or Courts or Tribunals impacting the going concern status of the Company and its operations;
- there was no issue of equity shares with differential rights as to dividend, voting or otherwise; there was no issue of shares (including sweat equity shares) to the employees of the Company under any scheme.

## ACKNOWLEDGEMENT

The Board wishes to place on record its appreciation for all the employees for their hard work, solidarity, cooperation and dedication during the year.

The Board sincerely conveys its appreciation to other stakeholders for their continued support.

For and on behalf of the Board

Mumbai
4th May, 2017

**Karan Thapar**
Chairman

# Annexure 1

## Remuneration Policy for Management Staff

### 1. PREAMBLE

This Policy concerns the remuneration and benefits of employment in Greaves Cotton Limited for the Management Staff. This Policy is applicable from 1st April, 2017 onwards and may be reviewed periodically by the Nomination and Remuneration Committee.

### 2. AIMS AND OBJECTIVES

This Policy aims to design and implement compensation structure to reward the Management Staff for sustained financial and operating performance and leadership excellence, to align their interest with those of our shareowners and to encourage them to remain with the Company for long and productive careers.

### 3. ELEMENTS OF REMUNERATION

Remuneration consists of two parts:

a. Fixed Pay: It is based on role and responsibilities, business, grade and level in the organization.

b. Variable Pay: It is based on the individual and organization's performance for the given assessment year.

### 4. IMPLEMENTATION OF ELEMENTS OF REMUNERATION

#### INCREMENT POLICY

a. Fixed Pay: Increments will be given each year effective 1st April, based on the performance and potential of the employee, additional responsibility that he/she is taking and the worth of the position. It is not based on years of experience and education, but on merit as well as market standards. Quantum of increment will be based on capacity of the Company to pay.

b. Variable Pay: Variable Pay for the Management Staff will be based on evaluation of overall performance of the Company, the individual's business / function performance and assessment of the individual's performance against stated goals and objectives which were established at the beginning of the year based on the Company's strategic business plan and budget towards driving growth.

c. Long Term Incentive Program: This is applicable to the Managing Director and his direct reports (M1 and M2) only.

d. Benefits: Apart from remuneration, the following benefits are provided to retain the employees:

- Holiday homes (Club Mahindra)
- Mediclaim insurance scheme
- Group Life and Personal Accident Insurance
- Mobile monthly usage charges
- Paid Leaves

### 5. NORMALIZATION

To remain competitive in the market place, we follow the bell curve pattern and reward high performing employees by paying them better compensation than the lower performing employees.

Following normalization pattern is followed for level wise increments:

| Performance Rating | Percentage Distribution For M1 to M6 |
|---|---|
| 5 | 10% |
| 4 | 15% |
| 3 | 60% |
| 2 | 10% |
| 1 | 05% |

### 6. GOVERNANCE OF THE REMUNERATION POLICY

i. The Executive Directors' remuneration will be recommended by the Nomination and Remuneration Committee and approved by the Board of Directors including the annual increments based on principle of elements of remuneration.

ii. Management Staff remuneration will be decided and approved by the Managing Director based on principle of elements of remuneration.

For and on behalf of the Board

Mumbai
4th May, 2017

**Karan Thapar**
Chairman

# Annexure 2

## Form AOC – 2

**Pursuant to Section 134 (3) (h) of the Companies Act, 2013 read with Rule 8 (2) of the Companies (Accounts) Rules, 2014**

Form for disclosure of particulars of contract / arrangements entered into by the Company with the Related Parties referred to in sub-Section 188 (1) of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

1. Details of contracts or arrangements or transactions not at arm's length basis

   There were no contracts or arrangements or transactions entered into by the Company with Related Parties during the year ended 31st March, 2017, which were not at arm's length basis.

2. Details of material contracts or arrangement or transactions at arm's length basis

   All transactions with Related Parties are at arm's length. There were no material contracts or arrangement or transactions at arm's length basis for the year ended 31st March, 2017.

For and on behalf of the Board

Mumbai
4th May, 2017

**Karan Thapar**
Chairman

# Annexure 3

**Extract of Annual Return as on 31st March, 2017 pursuant to Sections 92 (3), 134 (3) (a) of the Companies Act, 2013 and Rule 12 (1) of the Companies (Management and Administration) Rules, 2014**

**Form MGT-9**

(as on the financial year ended 31st March, 2017)

## I. REGISTRATION AND OTHER DETAILS:

| Sr. No. | Particulars | Details |
|---|---|---|
| 1 | Corporate Identity Number | L99999MH1922PLC000987 |
| 2 | Registration Date | 29th March, 1922 |
| 3 | Name of the Company | Greaves Cotton Limited |
| 4 | Category of the Company | Public Company |
| 5 | Sub-Category of the Company | Limited by Shares |
| 6 | Address of the Registered office and contact details | 3rd Floor, Motilal Oswal Tower<br>Junction of Gokhale & Sayani Road, Prabhadevi,<br>Mumbai – 400 025<br>Tel : +91 22 33551700<br>Fax: +91 22 33812799<br>Email: investorservices@greavescotton.com<br>Website: www.greavescotton.com |
| 7 | Whether listed company | Yes |
| 8 | Name, Address and Contact details of Registrar and Transfer Agent, if any | Karvy Computershare Private Limited<br>Karvy Selenium Tower B, Plot 31-32, Gachibowli,<br>Financial District Nanakramguda, Hyderabad – 500 032<br>Phone: +91 40 6716 2222<br>Fax No:+91 40 2342 0814<br>Email: einward.ris@karvy.com<br>Website: www.karvycomputershare.com |

## II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the Company shall be stated:-

| Sr. No. | Name and Description of main products / services | NIC Code of the Product / Service | % to total turnover of the Company |
|---|---|---|---|
| 1 | Engines | 2811 | 97% |

## III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

| Sr. No. | Name and Address of the Company | CIN | Holding / Subsidiary / Associate | % of Shares held | Applicable Section |
|---|---|---|---|---|---|
| 1 | Greaves Leasing Finance Limited 3rd Floor, Motilal Oswal Tower, Junction of Gokhale & Sayani Road, Prabhadevi, Mumbai - 400025 | U29299MH1958PLC011250 | Subsidiary Company | 100% | 2(87) |
| 2 | Dee Greaves Limited 3rd Floor, Motilal Oswal Tower, Junction of Gokhale & Sayani Road, Prabhadevi, Mumbai - 400025 | U28920MH1960PLC011788 | Step-down Subsidiary Company | 100% | 2(87) |
| 3 | Greaves Cotton Middle East (FZC) P.O. Box 8241 SHJ, Sharjah United Arab Emirates | Not Applicable | Step-down Subsidiary Company | 100% including 90% held through Greaves Leasing Finance Limited | 2(87) |

## IV. SHARE HOLDING PATTERN

(Equity Share Capital Breakup as percentage of Total Equity Category-wise shareholding)

### (A) Category wise shareholding

| | Category of Shareholder | Number of Shares held at the beginning of the year | | | | Number of Shares held at the end of the year | | | | % Change during the year |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| **(A)** | **Promoters** | | | | | | | | | |
| **(1)** | **Indian** | | | | | | | | | |
| (a) | Individuals / H.U.F | - | - | - | - | - | - | - | - | - |
| (b) | Central Government | - | - | - | - | - | - | - | - | - |
| (c) | State Government | - | - | - | - | - | - | - | - | - |
| (d) | Bodies Corporate | 12,45,53,726 | - | 12,45,53,726 | 51.00 | 12,45,53,726 | - | 12,45,53,726 | 51.00 | - |
| (e) | Financial Institutions / Banks | - | - | - | - | - | - | - | - | - |
| (f) | Any Other (specify) | - | - | - | - | - | - | - | - | - |
| | **Sub-Total (A)(1)** | **12,45,53,726** | **-** | **12,45,53,726** | **51.00** | **12,45,53,726** | **-** | **12,45,53,726** | **51.00** | **-** |
| **(2)** | **Foreign** | | | | | | | | | |
| (a) | Non Resident Individuals | - | - | - | - | - | - | - | - | - |
| (b) | Other Individuals | - | - | - | - | - | - | - | - | - |
| (c) | Bodies Corporate | - | - | - | - | - | - | - | - | - |
| (d) | Financial Institutions/Banks | - | - | - | - | - | - | - | - | - |
| (e) | Any Other (specify) | - | - | - | - | - | - | - | - | - |
| | **Sub Total (A)(2)** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| | **Total Shareholding of Promoter (A)= (A)(1) + (A)(2)** | **12,45,53,726** | **-** | **12,45,53,726** | **51.00** | **12,45,53,726** | **-** | **12,45,53,726** | **51.00** | **-** |

| | Category of Shareholder | Number of Shares held at the beginning of the year | | | | Number of Shares held at the end of the year | | | | % Change during the year |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| **(B)** | **Public Shareholding** | | | | | | | | | |
| **(1)** | **Institutions** | | | | | | | | | |
| (a) | Mutual Funds | 5,78,12,556 | - | 5,78,12,556 | 23.67 | 4,52,14,162 | - | 4,52,14,162 | 18.51 | -5.16 |
| (b) | Financial Institutions / Banks | 1,08,385 | 22,370 | 1,30,755 | 0.05 | 1,73,937 | 21,995 | 1,95,932 | 0.08 | 0.03 |
| (c) | Central Government | - | - | - | - | - | - | - | - | - |
| (d) | State Government | - | - | - | - | - | - | - | - | - |
| (e) | Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| (f) | Insurance Companies | 2,11,53,382 | 10,525 | 2,11,63,907 | 8.67 | 2,04,64,418 | 10,525 | 2,04,74,943 | 8.38 | -0.28 |
| (g) | Foreign Portfolio Investors | 1,29,37,340 | - | 1,29,37,340 | 5.30 | 1,60,14,435 | - | 1,60,14,435 | 6.56 | 1.26 |
| (h) | Foreign Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| (i) | Any other | - | - | - | - | - | - | - | - | - |
| | **Sub-Total (B)(1)** | **9,20,11,663** | **32,895** | **9,20,44,558** | **37.69** | **8,18,66,952** | **32,520** | **8,18,99,472** | **33.54** | **-4.15** |
| **(2)** | **Non Institutions** | | | | | | | | | |
| (a) | Bodies Corporate | | | | | | | | | |
| | i) Indian | 36,12,040 | 35,635 | 36,47,675 | 1.49 | 61,61,210 | 35,635 | 61,96,845 | 2.54 | 1.04 |
| | ii) Overseas | - | - | - | - | - | - | - | - | - |
| (b) | Individuals - | | | | | | | | | |
| | i) Individual shareholders holding nominal share capital up to ₹ 1 lakh | 1,62,02,943 | 26,93,689 | 1,88,96,632 | 7.74 | 2,10,91,221 | 26,19,750 | 2,37,10,971 | 9.71 | 1.97 |
| | ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh | 25,78,377 | 58,540 | 26,36,917 | 1.08 | 47,13,345 | 58,540 | 47,71,885 | 1.95 | 0.87 |
| (c) | Any Other | | | | | | | | | |
| (c-i) | Non Domestic Companies | - | 7,75,000 | 7,75,000 | 0.32 | - | 7,75,000 | 7,75,000 | 0.32 | 0.00 |
| (c-ii) | Non Resident Individuals | 9,58,205 | 40,125 | 9,98,330 | 0.41 | 16,20,168 | 40,125 | 16,60,293 | 0.68 | 0.27 |
| (c-iii) | Trusts | 7,567 | 21,175 | 28,742 | 0.01 | 16,958 | 100 | 17,058 | 0.01 | 0.00 |
| (c-iv) | Share lying in unclaimed shares demat suspense account | 6,25,215 | - | 6,25,215 | 0.26 | 6,21,545 | - | 6,21,545 | 0.25 | 0.00 |
| | **Sub-Total (B)(2)** | **2,39,84,347** | **36,24,164** | **2,76,08,511** | **11.31** | **3,42,24,447** | **35,29,150** | **3,77,53,597** | **15.46** | **4.15** |
| | **Total Public shareholding (B)=(B)(1)+ (B)(2)** | **11,59,96,010** | **36,57,059** | **11,96,53,069** | **49.00** | **11,60,91,399** | **35,61,670** | **11,96,53,069** | **49.00** | **0.00** |
| **(C)** | **Shares held by Custodians for GDRs & ADRs** | - | - | - | - | - | - | - | - | - |
| | **GRAND TOTAL (A)+(B)+( C)** | **24,05,49,736** | **36,57,059** | **24,42,06,795** | **100.00** | **24,06,45,125** | **35,61,670** | **24,42,06,795** | **100.00** | - |

**(B) Shareholding of Promoters**

| Sr. No. | Shareholders' Name | Shareholding as on 1st April, 2016 | | | Shareholding as on 31st March, 2017 | | | % change in shareholding during the year |
|---|---|---|---|---|---|---|---|---|
| | | Number of Shares | % of total shares of the Company | % of shares pledged/ encumbered to total shares | Number of Shares | % of total shares of the Company | % of shares pledged/ encumbered to total shares | |
| 1 | DBH International Pvt. Ltd. | 9,84,69,662 | 40.32 | - | 9,84,69,662 | 40.32 | - | 0.00 |
| 2 | Bharat Starch Products Pvt. Ltd. | 1,37,75,865 | 5.64 | - | 1,37,75,865 | 5.64 | - | 0.00 |
| 3 | Karun Carpets Pvt. Ltd. | 1,23,08,199 | 5.04 | - | 1,23,08,199 | 5.04 | - | 0.00 |
| | | **12,45,53,726** | **51.00** | **-** | **12,45,53,726** | **51.00** | **-** | **0.00** |

**(C) Change in Promoters' Shareholding**

| Sr. No. | Shareholders' Name | Shareholding | | Date of transaction | Increase / Decrease in shareholding | Reason | Cumulative Shareholding during the year (01.04.2016 to 31.03.2017) | |
|---|---|---|---|---|---|---|---|---|
| | | Number of Shares at the beginning (01.04.2016)/ end of the year 31.03.2017 | % of total shares of the Company | | | | No. of shares | % of the total shares of the Company |
| 1 | DBH International Pvt. Ltd. | 9,84,69,662 | 40.32 | 01.04.2016 | - | | | |
| | | 9,84,69,662 | 40.32 | 31.03.2017 | - | no change | 9,84,69,662 | 40.32 |
| 2 | Bharat Starch Products Pvt. Ltd | 1,37,75,865 | 5.64 | 01.04.2016 | - | | | |
| | | 1,37,75,865 | 5.64 | 31.03.2017 | - | no change | 1,37,75,865 | 5.64 |
| 3 | Karun Carpets Pvt. Ltd. | 1,23,08,199 | 5.04 | 01.04.2016 | - | | | |
| | | 1,23,08,199 | 5.04 | 31.03.2017 | - | no change | 1,23,08,199 | 5.04 |
| | | **12,45,53,726** | **51.00** | | | | **12,45,53,726** | **51.00** |

**(D) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)**

| Sr. No. | Shareholders' Name | Shareholding | | Date of transaction | Increase / Decrease in shareholding | Reason | Cumulative Shareholding during the year (01.04.2016 to 31.03.2017) | |
|---|---|---|---|---|---|---|---|---|
| | | Number of Shares at the beginning (01.04.2016)/ end of the year 31.03.2017 | % of total shares of the Company | | | | No. of shares | % of the total shares of the Company |
| 1 | IDFC Premier Equity Fund | 1,12,65,000 | 4.61 | 01.04.2016 | | | | |
| | | | -0.04 | 02.12.2016 | -86,646 | sold | 1,11,78,354 | 4.58 |
| | | | -0.03 | 09.12.2016 | -63,944 | sold | 1,11,14,410 | 4.55 |
| | | 1,11,14,410 | 4.55 | 31.03.2017 | | | | |
| 2 | Reliance Capital Trustee Company Limited A/C Reliance Growth Fund | 89,05,147 | 3.65 | 01.04.2016 | | | | |
| | | | -3.65 | 29.04.2016 | -89,05,147 | sold | - | 0.00 |
| | | | 3.65 | 29.04.2016 | 89,05,147 | bought | 89,05,147 | 3.65 |
| | | | 0.01 | 27.05.2016 | 25,000 | bought | 89,30,147 | 3.66 |
| | | | 0.01 | 03.06.2016 | 25,000 | bought | 89,55,147 | 3.67 |
| | | | 0.04 | 05.08.2016 | 1,00,000 | bought | 90,55,147 | 3.71 |
| | | | 0.01 | 19.08.2016 | 25,000 | bought | 90,80,147 | 3.72 |
| | | | 0.01 | 26.08.2016 | 25,000 | bought | 91,05,147 | 3.73 |
| | | | 0.01 | 09.09.2016 | 25,000 | bought | 91,30,147 | 3.74 |
| | | | 0.01 | 11.11.2016 | 15,000 | bought | 91,45,147 | 3.74 |
| | | | 0.01 | 25.11.2016 | 15,000 | bought | 91,60,147 | 3.75 |
| | | | -0.01 | 09.12.2016 | -25,000 | sold | 9,135,147 | 3.74 |
| | | | 0.01 | 30.12.2016 | 30,000 | bought | 91,65,147 | 3.75 |
| | | | 0.01 | 13.01.2017 | 15,000 | bought | 91,80,147 | 3.76 |
| | | | -0.41 | 24.02.2017 | -10,00,000 | sold | 81,80,147 | 3.35 |
| | | | -0.01 | 31.03.2017 | -24,700 | sold | 81,55,447 | 3.34 |
| | | 81,55,447 | 3.34 | 31.03.2017 | | | | |
| 3 | The New India Assurance Company Limited | 63,81,732 | 2.61 | 01.04.2016 | | | | |
| | | 63,81,732 | 2.61 | 31.03.2017 | | | | |
| 4 | SBI Magnum Midcap Fund | 23,10,663 | 0.95 | 01.04.2016 | | | | |
| | | | 0.82 | 23.09.2016 | 20,00,000 | bought | 43,10,663 | 1.77 |
| | | | 0.82 | 30.09.2016 | 20,00,000 | bought | 63,10,663 | 2.58 |
| | | 63,10,663 | 2.58 | 31.03.2017 | | | | |
| 5 | General Insurance Corporation of India | 62,00,000 | 2.54 | 01.04.2016 | | | | |
| | | | -0.03 | 09.12.2016 | -75,023 | sold | 61,24,977 | 2.51 |
| | | | -0.01 | 16.12.2016 | -24,977 | sold | 61,00,000 | 2.50 |
| | | | -0.01 | 17.02.2017 | -25,000 | sold | 60,75,000 | 2.49 |
| | | 60,75,000 | 2.49 | 31.03.2017 | | | | |

| Sr. No. | Shareholders' Name | Shareholding | | Date of transaction | Increase / Decrease in shareholding | Reason | Cumulative Shareholding during the year (01.04.2016 to 31.03.2017) | |
|---|---|---|---|---|---|---|---|---|
| | | Number of Shares at the beginning (01.04.2016)/ end of the year 31.03.2017 | % of total shares of the Company | | | | No. of shares | % of the total shares of the Company |
| 6 | Life Insurance Corporation of India | 59,34,813 | 2.43 | 01.04.2016 | | | | |
| | | 59,34,813 | 2.43 | 31.03.2017 | | | | |
| 7 | Franklin India Smaller Companies Fund | 36,00,653 | 1.47 | 01.04.2016 | | | | |
| | | | 0.41 | 03.02.2017 | 10,00,000 | bought | 46,00,653 | 1.88 |
| | | | -0.33 | 24.02.2017 | -8,00,000 | sold | 38,00,653 | 1.56 |
| | | | -0.06 | 31.03.2017 | -1,50,000 | sold | 36,50,653 | 1.49 |
| | | 36,50,653 | 1.49 | 31.03.2017 | | | | |
| 8 | Armor Qualified, Lp | 9,52,801 | 0.39 | 01.04.2016 | | | | |
| | | | 0.01 | 08.04.2016 | 22,310 | bought | 9,75,111 | 0.40 |
| | | | 0.01 | 15.04.2016 | 12,733 | bought | 9,87,844 | 0.40 |
| | | | 0.04 | 08.07.2016 | 1,05,413 | bought | 10,93,257 | 0.45 |
| | | | 0.05 | 30.09.2016 | 1,10,215 | bought | 12,03,472 | 0.49 |
| | | | 0.08 | 07.10.2016 | 1,95,817 | bought | 13,99,289 | 0.57 |
| | | | 0.00 | 11.11.2016 | 1,565 | bought | 14,00,854 | 0.57 |
| | | | 0.01 | 25.11.2016 | 19,314 | bought | 14,20,168 | 0.58 |
| | | | 0.36 | 20.01.2017 | 8,81,524 | bought | 23,01,692 | 0.94 |
| | | | 0.07 | 24.02.2017 | 1,68,744 | bought | 24,70,436 | 1.01 |
| | | 24,70,436 | 1.01 | 31.03.2017 | | | | |
| 9 | L and T Mutual Fund Trustee Ltd-L and T Tax Advantage | 24,02,100 | 0.98 | 01.04.2016 | | | | |
| | | | -0.02 | 20.05.2016 | -50,000 | sold | 23,52,100 | 0.96 |
| | | 23,52,100 | 0.96 | 31.03.2017 | | | | |
| 10 | Franklin Templeton Mutual Fund A/C Franklin India Prima Plus | 35,50,000 | 1.45 | 01.04.2016 | | | | |
| | | | -0.16 | 24.06.2016 | -4,00,000 | sold | 31,50,000 | 1.29 |
| | | | -0.02 | 30.06.2016 | -48,511 | sold | 31,01,489 | 1.27 |
| | | | -0.01 | 01.07.2016 | -34,489 | sold | 30,67,000 | 1.26 |
| | | | -0.05 | 08.07.2016 | -1,10,012 | sold | 29,56,988 | 1.21 |
| | | | -0.09 | 15.07.2016 | -2,09,988 | sold | 27,47,000 | 1.12 |
| | | | -0.18 | 24.02.2017 | -4,47,000 | sold | 23,00,000 | 0.94 |
| | | 23,00,000 | 0.94 | 31.03.2017 | | | | |

**(E) Shareholding of Directors and Key Managerial Personnel**

| Sr. No. | Name | Shareholding | | Date of transaction | Increase / Decrease in shareholding | Reason | Cumulative Shareholding during the year (01.04.2016 to 31.03.2017) | |
|---|---|---|---|---|---|---|---|---|
| | | Number of Shares at the beginning (01.04.2016)/ end of the year 31.03.2017 | % of total shares of the Company | | | | No. of shares | % of the total shares of the Company |
| 1 | Mr. Vijay Rai Independent Director | 18,150 | 0.007 | 01.04.2016 | | | | |
| | | 18,150 | 0.007 | 31.03.2017 | - | no change | 18,150 | 0.007 |
| 2 | Mr. Vikram Tandon Independent Director | 500 | 0.000 | 01.04.2016 | | | | |
| | | | | 24.02.2017 | -500 | sold | - | - |
| | | - | - | 31.03.2017 | | | | |
| 3 | Ms. Monica Chopra Executive Director-Legal & Company Secretary* | 500 | 0.000 | 01.04.2016 | | | | |
| | | | | 26.12.2016 | -500 | Resignation | - | - |
| | | - | - | 31.03.2017 | | | | |
| 4 | Mr. Narayan Barasia-Chief Financial Officer | 500 | 0.000 | 01.04.2016 | | | | |
| | | | | 26.07.2016 | -500 | Sold | - | - |
| | | - | - | 31.03.2017 | | | | |

*resigned with effect from 26th December, 2016

None of the other Directors and Key Managerial Personnel hold any shares in the Company.

## V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding / accrued but not due for payment

(₹ in lakh)

| | Secured Loans excluding deposits | Unsecured Loans | Public Deposits | Total Indebtedness |
|---|---|---|---|---|
| Indebtedness at the beginning of the financial year | | | | |
| i) Principal Amount | - | - | - | - |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | - | - | - | - |
| **Total (i + ii + iii)** | - | - | - | - |
| Change in Indebtedness during the financial year | | | | |
| • Addition | - | - | - | - |
| • Reduction | - | - | - | - |
| **Net Change** | - | - | - | - |
| Indebtedness at the end of the financial year | | | | |
| i) Principal Amount | - | - | - | - |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | - | - | - | - |
| **Total (i + ii+ iii)** | - | - | - | - |

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. Remuneration to Managing Director, Whole-time Directors and/or Manager

(₹ in lakh)

| Particulars of Remuneration | Name of MD/WTD/Manager | | | Total Amount |
|---|---|---|---|---|
| | Mr. Nagesh Basavanhalli* | Mr. Sunil Pahilajani** | Ms. Monica Chopra*** | |
| Gross salary | | | | |
| (a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961 | 152.34 | 160.26 | 88.47 | 401.07 |
| (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | 23.03 | 0.60 | 0.77 | 24.40 |
| (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | - | - | - | - |
| Stock Option | - | - | - | - |
| Sweat Equity | - | - | - | - |
| Commission | | | | |
| - as % of profit | - | - | - | - |
| - others, specify | - | - | - | - |
| Others, please specify (Long term Incentive) | - | - | - | - |
| **Total (A)** | **175.37** | **160.86** | **89.24** | **425.47** |
| Ceiling as per the Act (being 10% of the Net Profits of the Company calculated as per Section 198 of the Companies Act, 2013) | | | | 2,199.60 |

*appointed as MD & CEO with effect from 27th September, 2016

**resigned as MD & CEO with effect from 16th September, 2016

***resigned as Executive Director- Legal & Company Secretary with effect from 26th December, 2016

### B. Remuneration to other directors

(₹ in lakh)

| Sr. No. | Particulars of Remuneration | Name of Directors | | | | | | | Total Amount |
|---|---|---|---|---|---|---|---|---|---|
| | | Mr. Karan Thapar | Mr. Vijay Rai | Mr. Vikram Tandon | Mr. Navneet Singh | Mr. Arvind Kumar Singhal | Mr. Kewal Handa* | Ms. Sree Patel** | |
| 1 | Independent Directors | | | | | | | | |
| | • Fee for attending Board / Committee Meetings | | 2.90 | 1.80 | 2.50 | 1.60 | 2.00 | 0.20 | 11.00 |
| 2 | • Commission | | 11.00 | 20.00 | 11.00 | 17.00 | 13.00 | 1.00 | 73.00 |
| | • Others, please specify | | - | - | - | - | - | - | - |
| | **Total (1)** | | **13.90** | **21.80** | **13.50** | **18.60** | **15.00** | **1.20** | **84.00** |
| | Non-executive Directors / Promoter | | | | | | | | |
| | • Fee for attending Board / Committee meetings | 3.05 | | | | | | | 3.05 |
| | • Commission | 144.00 | | | | | | | 144.00 |
| | • Others, please specify | - | | | | | | | - |
| | **Total (2)** | **147.05** | | | | | | | **147.05** |
| | **Total (B)=(1+2)** | | | | | | | | **231.05** |
| | Total Managerial Remuneration (A)+(B) (excluding sitting fees) | | | | | | | | 642.47 |
| | Overall Ceiling as per the Act (being 11% of the Net Profits of the Company calculated as per Section 198 of the Companies Act, 2013) | | | | | | | | 2419.56 |

*appointed with effect from 6th May, 2016

** appointed with effect from 14th February, 2017

**C. Remuneration to Key Managerial Personnel other than MD / Manager / WTD**

(₹ in lakh)

| Particulars of Remuneration | Key Managerial Personnel | | |
|---|---|---|---|
| | Mr. Narayan Barasia, Chief Financial Officer | Mr. Amit K. Vyas, Company Secretary* | Total |
| Gross salary | | | |
| (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 132.67 | 6.54 | 139.21 |
| (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | 0.84 | 0.10 | 0.94 |
| (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | - | - | - |
| Stock Option | | | |
| Sweat Equity | | | |
| Commission | | | |
| - as % of profit | | | |
| - others, specify | | | |
| Others, please specify (Long Term Incentive) | 44.24 | - | 44.24 |
| **Total** | **177.75** | **6.64** | **184.39** |

* appointed with effect from 14th February, 2017

## VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES

There were no penalties, punishment or compounding of offence for breach of any provisions of the Companies Act, 2013 by the Company during the year under review.

# Annexure 4

**Particulars of conservation of energy, technology absorption foreign exchange earnings and outgo, as prescribed in Rule 8 (3) of the Companies (Accounts) Rules, 2014**

## A. CONSERVATION OF ENERGY

### (i) Steps taken or impact on conservation of energy

1. Utilization of portable Air Compressors instead of high power consuming compressors during odd shift and holiday working.
2. Installed auto power shut off software for CNC machines.
3. Installation of transparent roof sheets to eliminate usage of lights on shop floor during day time.
4. Replacement of Metal halide lamps with LED lighting to improve lux levels with reduction in power consumption.
5. Optimization of Pumps and Motors in terms of Nos. and HP respectively in coolant system of VMC machines.
6. Timer circuit provided to Lighting and utilities during non-productive hours.
7. Star rated transformer installed in place of conventional transformers with lower KVA.
8. Real time clock incorporated for switching off the blowers during shift end and week end for accustic cells.
9. Control Contractors provided for all fume killers with machine and linked with machine idle power saving mode.
10. Ladder program introduced for Farm Equipment Machines to switch off the machine automatically when the machine is ideal for a specified time.

### (ii) The steps taken by the Company for utilizing alternate source of energy

1. Solar Street Lighting system installed at manufacturing facility in Aurangabad.

## B. TECHNOLOGY ABSORPTION

### (i) Efforts made towards technology absorption

1. Efforts are made to generate in-house solutions for emission compliance and service interval improvement.
2. Development of 1-cylinder diesel BS IV engine for cleaner environment with electronic fuel injection to cater to 3 wheeler application.
3. Design and development of Single Cylinder Diesel BS IV Electronic Fuel Injection engine for 0.7 T 4 Wheeler vehicles
4. Technology demonstration for Electric 4 Wheeler Micro Truck Vehicle.
5. Development of existing GL400 Gasoline engine for African market for 3 wheeler application.
6. Farm Equipment Business (FEB) has successfully developed 5HP Power Weeder and the same has been productionised. Power Reaper pilot production under progress. All the above equipment have been homologated with the appropriate certification agencies to ensure eligibility for state/national subsidy schemes.

### (ii) Benefits derived like product improvement, cost reduction, product development or import substitution

1. Cost improvement, improvements in emissions control, Noise Vibration Harshness and service interval.
2. Engine downsizing for 320 kVA rating resulting in improvement in package size, weight and cost.
3. With regard to FEB Business, MK10 & MK20 upgradation has been successfully completed with optimisation of Carb. The performance has been encouraging to take on competition in the market.
4. Reduced field failures and customer complaints.

### (iii) In case of imported technology

Details of Imported Technology: Not applicable

The year of import: Not applicable

Whether the Technology is fully absorbed: Not applicable

### (iv) Expenditure on R&D

| Particulars | Amount (₹ in crore) |
|---|---:|
| Capital | 7.23 |
| Revenue | 19.99 |
| **Total** | **27.22** |

The total R&D expenditure as a percentage of Revenue from Operations: 1.50% (2015-16: 1.24%)

## C. FOREIGN EXCHANGE EARNINGS AND OUTGO

| Particulars | Amount (₹ in crore) |
|---|---:|
| Inflow | 71.99 |
| Outflow | 44.37 |

For and on behalf of the Board

Mumbai
4th May, 2017

**Karan Thapar**
Chairman

# Annexure 5

**Annual Report on the CSR activities pursuant to Section 135 of the Companies Act, 2013 read with the Companies (Social Responsibility Policy) Rules, 2014**

1. A brief outline of the Company's CSR policy

   The Company believes that CSR is a process by which an organization thinks about its relationships with the stakeholders and integrates its economic, environmental and social objectives in such a manner that it will contribute for the social good.

   The CSR initiatives have an underlying rationale of 'benefitting the community at large'. The Company is focussed on identifying the communities/beneficiaries of the projects and understanding their needs. The Company has adopted the CSR Theme of ''Training and Re-skilling for gainful employment and better livelihood'' covering the aspect of 'Re-skilling' as top priority. Re-skilling would cover local mechanics to entrepreneurs under the project PRIME (program on real independence and mechanic development). As a part of its CSR initiatives the Company also seeks to support the farming fraternity by addressing small and marginal farmers, in respect of upskilling of farmers to improve their productivity. Inventory pooling for productivity increase is also been envisaged. The implementation of the said initiatives is monitored by the Risk, CSR & Strategy Committee.

   The Company has adopted a CSR Policy in compliance with the provisions of the Companies Act, 2013 and the same is placed on the Company's website and can be accessed through the following link http://www.greavescotton.com/Upload/Investor/CSR_Policy.pdf

2. Composition of the Committee: The Company has constituted a Risk, CSR & Strategy Committee to fulfill, interalia, its responsibility towards CSR. The composition of the Committee is as follows:

| Name | Category |
|---|---|
| Mr. Karan Thapar, Chairman | Non-executive Director |
| Mr. Sunil Pahilajani* | Managing Director |
| Mr. Navneet Singh** | Independent Director |
| Mr. Arvind Singhal | Independent Director |
| Mr. Kewal Handa*** | Independent Director |
| Mr. Nagesh Basavanhalli**** | Managing Director |

*Resigned with effect from 16th September, 2016
**Ceased to be member of the Committee with effect from 26th September, 2016
***Appointed as a member of the Committee with effect from 26th September, 2016
**** Appointed as a Member of the Committee with effect from 27th September, 2016

3. Average net profit of the Company for last three financial years : ₹ 184.67 crore;

4. Prescribed CSR Expenditure (2% of the amount as in Sr. No. 3 above) : ₹ 3.69 crore;

5. Details of CSR spend for the financial year:
   (a) Total amount to be spent for the financial year: ₹ 3.69 crore
   (b) Amount unspent: ₹ 3.69 crore;
   (c) Manner in which the amount spent during the financial year is detailed below.

| 1) | 2) | 3) | 4) | 5) | 6) | 7) | 8) |
|---|---|---|---|---|---|---|---|
| **S. No.** | **CSR project or activity identified** | **Sector in which the Project is covered** | **Projects or Programs 1) Local area or other 2) Specify the State and district where projects or programs was undertaken** | **Amount outlay (budget) project or programs wise** | **Amount spent on the projects or programs Sub-heads: 1) Direct Expenditure on projects or programs 2) Overheads** | **Cumulative expenditure upto the reporting period** | **Amount spent; Direct or through implementing agency** |
| Please see response under Sr. No. 6 below | | | | | | | |

6. In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board Report.

   The Company was focusing on identifying the communities/beneficiaries of the projects, understanding their needs and shortlisting the partnering agencies. The Company is poised to take necessary steps in this direction.

7. The CSR Committee affirms that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

**Nagesh Basavanhalli**
Managing Director & CEO

**Karan Thapar**
Chairman

Mumbai
4th May, 2017

# Annexure 6

## Secretarial Audit Report

**Form MR-3**

For the Financial Year ended 31st March, 2017
[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

**To,**

**The Members,**

**Greaves Cotton Limited**

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Greaves Cotton Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2017 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2017 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

(b) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

(c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

(d) The Securities and Exchange Board of India (Listing Obligations And Disclosure Requirements) Regulations, 2015;

Provisions of the following Act, Regulations and Guidelines were not attracted to the Company under the financial year under report:-

(i) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

(ii) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;

(iii) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(v) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;

We have also examined compliance with the applicable clauses of the Secretarial Standards issued by The Institute of Company Secretaries of India.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards etc. as mentioned above, to the extent applicable.

**We further report that** the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors and Woman Director.

The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is generally given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

**We further report that** there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**We further report that** during the audit period, there were no instances of:

(i) Public / Rights / Preferential issue of shares / debentures / sweat equity;

(ii) Redemption / buy-back of securities;

(iii) Major decisions taken by the Members in pursuance to Section 180 of the Companies Act, 2013;

(iv) Merger / amalgamation / reconstruction etc.

(v) Foreign technical collaborations.

**For Pradeep Purwar & Associates**
**Company Secretaries**

**Pradeep Kumar Purwar**
**Proprietor**
**C. P. No. 5918**

**Place :** Thane
**Date :** 4th May, 2017

# Annexure 7

## Dividend Distribution Policy

### 1. PREAMBLE

Greaves Cotton Limited has consistent dividend paying track record. This Dividend Distribution Policy is in terms of the Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015.

### 2. EFFECTIVE DATE

The Board of Directors of the Company at its meeting held on 14th February, 2017 has adopted the Dividend Distribution Policy of the Company. The Policy is effective from the financial year 2016-2017.

### 3. PARAMETERS FOR DECLARATION OF DIVIDEND

The Board of Directors of the Company shall declare dividends at its own discretion and at such periodicity as it may deem fit. The Board will consider the following parameters for declaration of Dividend:

**Financial Parameters / Internal Factors**

The Board of Directors of the Company would consider the Free Cash Flow projections for the year under consideration for declaring or recommending dividend to shareholders.

**External Factors**

The Board of Directors of the Company would consider the prevailing legal requirements, regulatory conditions or restrictions laid down under the applicable laws including tax laws for declaring or recommending dividend to shareholders.

**Circumstances under which the shareholders may or may not expect Dividend**

The shareholders of the Company may not expect Dividend under the following circumstances

a. In the event of Force Majeure events outside the control of the Company.

b. If the prevailing regulatory environment does not permit declaration or payment of dividend

**Utilization of retained earnings**

The Company may declare dividend out of the profits of the Company for the year or out of the profits for any previous year or years or out of the free reserves available for distribution of Dividend, after having due regard to the parameters laid down in this Policy.

**Parameters adopted with regard to various classes of shares**

a. At present, the issued and paid-up share capital of the Company comprises only equity shares.

b. The factors and parameters for declaration of dividend to different class of shares of the Company shall be in compliance with the existing laws, governing the dividend payout.

c. The payment of dividend shall be based on the respective rights attached to each class of shares as per their terms of issue.

### 4. GENERAL

a. This Policy would be subject to revision/amendment in accordance with the guidelines as may be issued by Ministry of Corporate Affairs, Securities and Exchange Board of India or such other regulatory authority as may be authorized, from time to time, on the subject matter.

b. The Company reserves its right to alter, modify, add, delete or amend any of the provisions of this Policy.

c. In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

For and on behalf of the Board

Mumbai
4th May, 2017

**Karan Thapar**
Chairman

# MANAGEMENT DISCUSSION & ANALYSIS

## Indian Economy

The Indian economy continued to be the fastest growing major economy in the world. A normal monsoon and falling inflation kept consumer confidence upbeat resulting in relative outperformance of the domestic economy in the global landscape. Besides, the passage of some crucial legislative bills and prudent fiscal policies by the Government improved global perception about India, which reflected in the strengthening Indian Rupee through the year.

Due to its inherent strengths, the Indian economy was able to tide over the turbulence created by demonetisation in November 2016. Further, massive public investments, rationalization of tax structure and various flagship programs of the Government are all steps in the right direction which are likely to yield positive results in FY2017-18. With predictions of a good monsoon and the Government's thrust to change the rural economy, the Indian economy is projected to grow at a brisk pace in FY2017-18. As per the IMF's estimates, India would grow at 7.2% in 2017 and 7.7% in 2018.

## Global Economy

The year 2016 was both interesting and eventful for the global economy. It showed signs of a strong revival in FY2016-17. Aided by cyclical recovery in investments, manufacturing and trade, the world economy registered a 3.1% growth in 2016. Commodities witnessed a sharp rebound and deflationary pressures faded.

As per IMF's estimates, the world economy will grow at 3.5% in 2017 and 3.6% in 2018.

## Company Performance

Enjoying over 150 years of established presence in India, the Company's products are a critical component of some of the major fast-growing industries and sectors of the Indian economy. The Company's core competency is engine technology development supported by a strong R&D. The Company's engineering technology, backed by modern manufacturing facilities, is focused on developing relevant engines and products that address the needs of the end-users. This approach has played an important role in ensuring that the Company's product portfolio offers its customers value-for-money. In addition to its technology differentiator, the Company's marketing and service network enables it to effectively reach out to and address the requirements of customers across the length and breadth of the country.

The Company mainly manufactures diesel engines for three-wheeled passenger vehicles, three-wheeled goods vehicles and four-wheeled mini trucks. The Company's endeavor to leverage indigenous technology and customize it to local conditions by mapping the needs of the market enables it to strengthen its position.

The performance of the Company during the year was affected due to weakening demand and the temporary setback experienced by the economy in the aftermath of demonetisation which affected the domestic business environment and sentiment across industries.

Despite the difficult business environment, the Company maintained the same Revenue as against the corresponding period last year. In FY2016-17, the Company reported a revenue of ₹ 1819 crore from operations against ₹ 1800 crore for the same period previous year. The Total comprehensive income for the year is reported at ₹ 181.29 crore as against ₹ 200.36 crore for the corresponding period previous year.

The Company remained committed to delivering superior customer service, strengthening its market reach and widening its geographic footprint. Improved performance in the Aftermarket, Farm Equipment and the Auxiliary Power Businesses contributed to the overall growth. International Business reported good traction despite prevailing challenges.

Financial Year 2016-17 was a challenging year due to Currency devaluation in major markets which resulted in a Global slowdown. Despite the odds, exports grew in farm equipment & automotive engine business over previous year.

The clear strategic focus and a well-executed operational plan enabled the Company to take on the prevailing challenges. The Company focused on executing initiatives to drive further operational efficiency and achieving cost optimisation.

## AUTOMOTIVE ENGINE BUSINESS

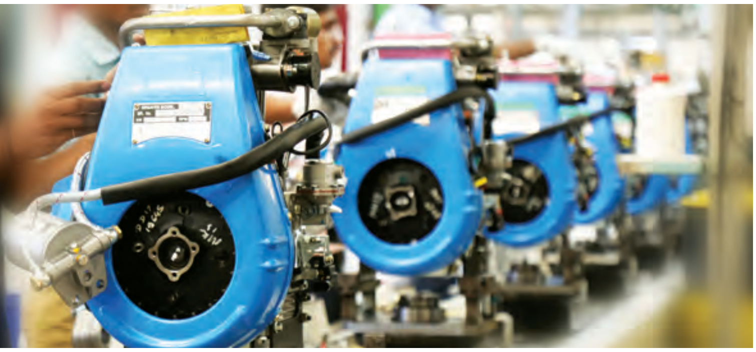
### Industry Overview

FY 2016-17 was a mixed bag for the automobile industry with the overall production of vehicles improving.

The Passenger Vehicle (PV) segment recorded significant improvement in demand due to new product launches, renewed demand for existing products, and better interest rates on consumer loans. Sales in the Commercial Vehicles (CV) segment and those in the Medium & Heavy Commercial Vehicles (M&HCVs) remained flat while the Light Commercial Vehicles segment recorded a good increase. Demonetisation negatively affected the demand in cash-sensitive segments such as 3-Wheelers. Although the setback has been temporary, it adversely impacted growth to a large extent in the last two quarters of FY 2016-17.

During the transition from BS-III to BS-IV, the Company worked closely with all its OEM partners to facilitate a smooth transition, well ahead of the deadline.

On the back of improving economic outlook and possible implementation of the Voluntary-Vehicle Modernization Programme (V-VMP), the commercial segment is expected to register an increase of about 4%-6% in FY 2017-18. The market, over the years, has evolved in favor of 4W SCVs as they are the popular choice of the freight and logistics sector. Notwithstanding the moderation in growth in FY 2016-17, the demand for LCVs is expected to remain buoyant over the long-term as these vehicles are preferred due to stringent restrictions on entry of heavy-duty trucks and expanding city limits. – (Source: The Society of Indian Automotive Manufacturers (SIAM): 2017-18)



It is anticipated that the 3W segment will grow at 1%-2% due to pent-up demand. Nonetheless, rapid urbanisation, and the growing need for better intra-city transportation may further spur the growth. CNG has been gaining more acceptability as a cleaner alternative to diesel and thus the footprint of CNG 3W vehicles is expected to increase to over 100 cities in 2020, from 50 cities at present.

### Business Overview

The Company's Automotive Engines Business has a wide portfolio of automotive engines. The company is amongst the largest independent manufacturers of single cylinder diesel engines and has an expanding range of multi-cylinder engines. The Company continued to focus on delivering technologically superior product offerings and building a strong Aftermarket network. The transition from BS-III to BS-IV has already been achieved and the focus is now towards achieving BS-VI emission compliance.

On the back of tough market conditions in FY 2016-17 and the temporary setback to the industry due to demonetisation, the performance was subdued. In line with the industry's performance, Automotive Engine volumes of the Company dropped 12% in FY 2016-17.

### Risks & Concerns

Weaker demand in the 3W segment: In domestic as well as international markets, 3W volume growth remained fragile. Although the market seemed to be recovering from the temporary impact of demonetisation, the pickup in the 3W segment has been weak. Furthermore, challenging environment in the African markets negatively affected 3W export volumes of Indian companies. However, the Company has geared up to tackle the challenges. New products, newer geographies and further strengthening of distributors' network are expected to work well for the Company.

Change in pollution control policies: To lower the carbon footprint, the Government has been implementing stringent environmental norms. So far, the Indian market has largely preferred diesel engines, but, it is expected that alternate fuel engines are likely to gain ground in future. The Company's focus on R&D activities will help in keeping pace with the technological advancements in product development. The Company's fuel agnostic approach, and technological readiness to provide even BS-VI compliant engines will protect the market share and enable us to further strengthen our OEM partnerships for the future.

Commodity Prices: The rising commodity prices including those of crude oil are likely to affect the automobile industry negatively.

## Outlook

Although demonetization adversely affected auto sales especially in the last two quarters of FY 2016-17, it helped the banking system tap low-cost funds. As a result, the liquidity crunch in the system has eased off considerably. It is expected that this will result in better policy transmission going forward and banks and financial institutions are likely to pass on benefits of past policy rate actions to the borrowers. In this process, borrowing cost is likely to come down further which may boost the demand for automobiles. Implementation of the 7th Pay Commission will also be crucial for the auto sector.

The Government's focus on building smart cities and increased spends on infrastructure bode well for the industry. In the Union Budget 2017-18, the Government has announced a record-high allocation of ₹ 3.96 Lakh Crore for the infrastructure sectors, out of which ₹ 2.41 Lakh Crore will be spent on developing multi-modal transportation network. Furthermore, the thrust on developing smarter urban transport systems and better infrastructure facilities would result in faster mobility. Automotive sector will have a pivotal role to play in providing environmental friendly mobility solutions. As the economic activity gathers momentum

and trade volumes pick-up steam, the sector is likely to see improved demand in the future.

Overall, increasing Foreign Direct Investment, Government's thrust on 'Make-in-India' and pick-up in industrial activity, urbanization and increasing disposable incomes are all expected to push demand for last mile transportation segment in the long run.

## AUXILIARY POWER BUSINESS

### Industry Overview

Fully packaged modern power systems and large Gensets provide much needed back-up to large corporates, the Telecom, IT, ITES, Retail, Medical and Hospitality industries. This year, the Indian diesel Genset industry has recorded 5%-7% growth. Demonetization and real estate sector reforms had a bearing on the demand. However, higher Government spending on infrastructure, especially in the roadways and railways accelerated the need for diesel generators. Retail and real estate segments saw compliance-linked buying.

Indian Diesel Gensets industry's growth is largely decoupled from the traditional demand-supply gap of power and the quality of power supply has become a primary demand trigger.

### Business Overview

Greaves Cotton Ltd.'s Auxiliary Power Business has over five decades of experience in servicing retail, commercial & residential complexes, hotels, hospitals, BFSI sector, telecom, large educational institutes, other industries and manufacturing enterprises, defense and railways and other Government departments. The Company has a wide range of large sophisticated, CPCB (Central Pollution Control Board) compliant reliable Gensets as well as smaller capacity diesel Gensets.


The Auxiliary Power Business continued to develop new products, improve its aesthetic appeal and importantly look for ways to improve the reliability of the products through constant R&D efforts. The Company adopted a focused approach to engineer growth by anticipating demand across identified sectors and targeting identified geographies with enhanced marketing efforts. These efforts enabled the Auxiliary Power Business to improve its market share and record robust growth in volumes albeit on a relatively small base. The momentum of growth for the Auxiliary Power Business was supported by constant efforts to strengthen the service network and proactively engage with customers.

The Company will continue on its well defined strategy of evolving and improving its product range using advanced technology, enhanced marketing efforts across identified geographies and product categories.

## Risks & Concerns

Changing market preferences: Sharply falling energy deficit may have some impact on the demand for diesel generators. Renewable energy sources are further aiding in bridging the gap in the demand and supply of power. Portable and higher kVA Gensets and alternate fuel Gensets are likely to see an incremental demand in future. With more cities banning diesel Gensets, the demand for Gensets with hybrid capabilities is also likely to move up. The Company's endeavor is to enhance its product portfolio to cater to changing consumer preferences and shifts in the environmental norms.

Competition: The Genset market for the lower kVA range is extremely price-sensitive as the smaller players compete aggressively on pricing. The Company has been tackling this issue with a two-pronged strategy. It is developing new products and enhancing capabilities to address the demand for higher kVA range portable Gensets.

Weaker capex cycle: Institutional business depends primarily on the Government's expenditure programme and capacity additions by the private sector players. So far, the private sector capex cycle has failed to pick up. If this trend continues even in the future, the Genset market may see a weakening of demand. Higher brand recall, active participation in tendering across industries and the right product mix will assist the Company to gain market share

## Outlook

The Auxiliary Power industry has been going through a phase of transformation.

In the foreseeable future, the outlook of auxiliary power industry will depend upon growth expected from residential & commercial complexes.

# FARM EQUIPMENT BUSINESS

## Industry Overview

After two years of deficient monsoons, India received normal rainfall in FY2016-17. The Kharif season witnessed a good harvest this year and despite the impact of demonetisation, the Rabi season saw a significant surge in agricultural activity. As per the second advanced estimates for FY2016-17 released by the agriculture ministry, the total food grain production is expected to increase giving a boost to farm income.

Better farm income added to the buoyancy of demand for quality equipment as a means to infuse higher productivity and shortage of farm labour, coupled with the Government's thrust on farm mechanisation to improve agricultural output, has augured well for the business.

The Government has been working towards doubling the farmers' income by 2022. In the Union Budget of 2017-18, the

Government allocated ₹ 58,663 Crore for the development of agriculture and allied sectors. Further, the Government has increased its allocation to the rural development programmes and has announced the expansion of the coverage of Fasal Bima Yojana from 30% of crop area in FY2016-17 to 40% of the harvest area in FY2017-18. Under MNREGA, the Government aims to create 5 Lakh farm ponds. This is expected to address the problem of availability of water for the agricultural activities in many villages. To achieve the goal of "per drop more crop" the Government has infused additional ₹ 20,000 Crore in the long term irrigation fund set up under NABARD. A special micro-irrigation fund has also been established under NABARD with an assistance of ₹ 5,000 Crore.

## Business Overview

Greaves Cotton Ltd.'s Farm Equipment Business is oriented towards empowering small and marginal farmers to improve their productivity by reducing their dependence on manual labour and increasing levels of mechanisation. With strong R&D focus and an ISO 9001 certified production facility, the Company is equipped to deliver value for money products and through its pan India service network offer reliable after sales service.

On the back of a satisfactory monsoon this year, the Farm Equipment Business of the Company flourished, even after considering the temporary impact of demonetisation. Increasing cost of labour has been accelerating the wave of mechanisation in the agriculture sector. The Company has an extensive range of products that address the needs of small and marginal farmers.

The Company's strategy of making a gradual shift from the trading oriented business model to an R&D oriented manufacturing model is now paying off handsomely. Multiple products in the farm equipment division have clocked a double-digit growth in FY 2016-17.

The Company launched an indigenous Greaves Weeder with 1520 engine and planned for seeding a new Power Tiller in the market place.

A three-dimensional strategy of entering new geographies, offering new products and strengthening the distribution network has contributed immensely to the satisfactory performance of the farm equipment division.

Macro factors like strong favourable policy, increased credit availability and the Minimum Support Price ushers opportunity for expanding our footprint.

## Risks and Concerns

Rain-fed nature of the agriculture sector: Although the Government has been taking a number of initiatives to empower the farmers and improve irrigation facilities, Indian agriculture still remains largely dependent on the monsoon. Erratic weather conditions and the effects of global warming also bear upon farm sector output. Indian Meteorological Department (IMD) has predicted a normal rainfall in FY 2017-18. This is a good indicator for the Company as it will continue to expand its product portfolio in the farm equipment division.

Subsidy regime: Subsidies play a vital role in deciding the performance of the farm equipment manufacturers, especially those that cater to the needs of small and marginal farmers. The Government will have a conflicting task of providing relief to the farmers and containing the fiscal deficit. Nonetheless, the wave of digitisation may improve the pace of subsidy transfer and reduce pilferages.

Competition: Competition from the unorganised sector and imports are the biggest threats to the domestic farm equipment manufacturers in the organised sector. The competition from the Chinese manufacturers has become less intense now, in comparison with its persistence in the past.

## Outlook

The Government's commitment to doubling farmers' income, massive investments in rural infrastructure development, faster subsidy payments and growing reach of the crop insurance scheme are the several positives. These factors would further facilitate the mechanisation wave to gather pace. Prospects of the light agriculture market appear promising, and the demand for indigenous products is likely to increase.

With its extensive range of technologically superior products, the Company is geared up to increase its market share in the light agri-business.

# INDUSTRIAL ENGINES BUSINESS

## Industry Overview

The demand for industrial engines remained subdued in FY 2016-17. Debt overhang and excess capacity situation in many sectors and the relatively weak demand for consumer products delayed private sector capex. Protracted elections in large states of the country coupled with demonetisation delayed industrial recovery. Nonetheless, higher public spending partially compensated for the weakness experienced in the private sector capex cycle.

## Business Overview

The Industrial Engine Business was set up in the year 2009 with a view to use the strong domain knowledge to customize engines for expanding into new and promising sectors that provide a visible opportunity horizon. In the Industrial Engines segment, the Company primarily supplies Non-Automotive Small Engines (NASE) and large industrial engines.

Through its industrial engine business, the Company provides cost-effective engineering solutions to manufacturers in industries such as marine, mining, construction and road building. Cost effectiveness, high customisation and product superiority enabled the Company to do relatively well under challenging market conditions.

On the back of strong growth in the Non-Automotive Engines and execution of new deals from the defence sector, the Industrial Engine business registered double digit growth in FY2016-17. Moreover, industries such as construction, oil & gas and agricultural machinery provided good traction.

In FY 2016-17, the Company continued to expand its product portfolio and deepen OEM relationships.

Industrial Engine Business is committed to developing various application engineering solutions to garner a higher share of market in the long run.

## Risks & Concerns

Economic growth: Weaker economic and industrial growth negatively affects the demand for industrial engines. The Company has been trying to tackle this issue by offering cost effective customised products, delivering value through technical superiority and entering new markets.

Weak revival in the private sector capex cycle: The Government has been trying to encourage companies to expand their capacities and has been working to improve India's ranking on ease of doing business.

## Outlook

Economic growth, improvement in the asset quality of banks and recovery in consumer demand remain the factors to watch out for. Deeper engagement with clients and the ability to offer customised solutions will help the Company to deal with tough market conditions. Changes in the emission norms will open up new opportunities for the business. Superior product quality and proven execution capabilities will help the Company to cater to the defence sector demand.

# AFTERMARKET BUSINESS

## Industry Overview

Trends in the Indian Aftermarket for engineering products are changing rapidly.

As awareness about vehicle care and asset maintenance has been growing in India, Aftermarket has started offering exciting growth opportunities. The sophistication of technologies is increasingly shifting the growth momentum of the industry in favour of organised players, as they are benefiting immensely from economies of scale. This trend will further accelerate once the GST is fully implemented. Companies that can leverage their position through strategic tie-ups are best placed to reap significant benefits in the future

## Business Overview

The Aftermarket business provides the Company an opportunity to move closer to customers with timely availability of original spares and service. The Company's large talent pool, armed with the technical capability to provide prompt service, coupled with its pan India presence, lends the business a strong base.

Strong presence in the automotive engines, light farm equipment market and growing footprint in the Auxiliary Power business enables the Company to expand its spare parts business. It caters to the market demand through its own distribution network as well as through OEMs.

Taking a closer look at the various opportunities available and as an extension to its Aftermarket business, the Company embarked into the multi-brand spare parts business. This enables the Company to not only address the spare part requirement of its own brand

but also supply products of various other OEM brands. With this initiative, the Company has become the first to offer spare parts across all categories in the 3W segment and is geared to service most customers across India with a wide range of spares.

The renewed thrust and centralized focus on Aftermarket resulted in the business growing rapidly and adding to the top line growth. The Company believes in always improving the levels of customer service and partnering with the customer throughout the lifecycle of the product. The multi-brand spares offering is a value proposition that helps in co-creating overall demand for genuine spare parts as well as helping to improve the product life span.

### Risks & Concerns

Ban on Diesel Vehicles operation in several cities: With the ban on operation of diesel vehicles for public transportation in several cities, the demand for diesel vehicles is declining. At the same time, the demand is shifting towards clean fuels like CNG. This will impact the business mix going forward.

### Outlook

The number of automobiles on the road is growing rapidly, and the wave of mechanisation in the farm equipment segment emerging stronger and thus creating lucrative opportunities for the companies in the spare parts business. The Company's offer of multi-brand spares and service as a value proposition and growing awareness among customers for quality products is expected to open up growth opportunities in the future.

## INTERNATIONAL BUSINESS

### Industry Overview

After sailing through challenging times in the last fiscal, Indian exports witnessed some green shoots in FY 2016-17. The export growth accelerated in Q4 despite the weakening of currency and the hangover of demonetisation on the domestic economy. Rising demand from North America, European Union (EU) and the Middle East regions grew India's engineering exports. The demand scenario in the South Asian markets remained weak in FY 2016-17. Moreover, as revealed by the Federation of Indian Export Organisations (FIEO), over 50% of India's exports across the top 200 product categories represent 58% of global imports of the same product basket. This suggests that despite the slowdown in export markets, India's exports are attuned to the global demand trends.

### Business Overview

As a part of the de-risking strategy of the management, the Company has been expanding its footprint in the international markets primarily looking at select markets in the African continent and some competitive markets in Europe, beside South Asia and South East Asia. The Company already has a noticeable presence in West Asia (including GCC Region).

In line with the Company's strategic thrust the International Business also worked on strengthening and expanding its distribution network and launching new products.

The Company managed to perform well despite the appreciation of the Indian currency against other emerging market currencies. The demand for farm equipment recorded a significant growth while the automotive segment achieved higher double digit growth. A unique strategy for each market and entry into new markets helped to attain this.

In FY 2016-17, the Company launched more Auxiliary power products-CPCB-II Phase-II Diesel Generator and New D Series engine driven 400 kVA & 500 kVA DG sets and also extended the portfolio of traded products in some of the new markets.

### Risks & Concerns

Currency Movements: The Company addresses currency movements through effective foreign exchange management. The Company regularly evaluates its currency risk management strategies to ensure they are in sync with external developments.

Political Instability: Political instability in Middle East, East European countries & North Africa is likely to increase payment risk which in-turn will impact companies globally

### Outlook

The apex organisation for engineering exports-EEPC-remains hopeful about recovery in the developed regions and thus expects Indian exports of engineering goods to remain healthy even in FY 2017-18.

## COMMODITY PRICES & FLUCTUATIONS

Being an engineering products Company, commodities (aluminium, steel, copper and plastics) form a major part of raw materials required for the Company's products. Commodity price risk is recognised as an important risk for the Company. The Company has put in place a comprehensive mechanism to adequately protect itself from commodity volatility in terms of price and availability. Rigorous planning and dynamic sourcing strategies ensure that the Company's interest is protected despite the volatility.

The Company's policy is to actively manage its foreign exchange risk within the framework laid down by the Company's forex policy approved by the Board. The Company uses forward exchange contracts to hedge against its net foreign currency exposures. The Company does not enter into any derivative instruments for trading or speculative purposes.

## INTERNAL CONTROLS FRAMEWORK

The Company has proper and adequate systems of internal controls to ensure that all its assets are safeguarded. Standardised operating procedures, policies and guidelines, including regular monitoring procedures and self-assessment exercises, are the cornerstones of this important function. The Code of Conduct established by the Company lays down the fundamental standards to be followed by employees in their regular working. Employees are encouraged to report activities which they suspect are unethical, and to avoid conflict of interest in any business transactions. The Company is committed to enforcing the highest standards of integrity and transparency, and has adopted a strong self-monitoring mechanism.

The Company has taken steps to benchmark its internal financial control on lines of globally accepted framework as issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal Control - Integrated Framework (2013).

The Company maintains a system of internal controls designed to provide reasonable assurance regarding the following:

- Effectiveness and efficiency of operations
- Adequacy of safeguards for assets
- Prevention and detection of frauds and errors
- Accuracy and completeness of the accounting records
- Timely preparation of reliable financial information

Key controls have been tested during the year and corrective and preventive actions are taken for any weakness.

The effectiveness of the internal control systems is continuously monitored by the Internal Auditors and Corporate Audit Department of the Company. The main function of the Internal Auditors is to provide to the Audit Committee and the Board of Directors, an objective assurance of the adequacy and effectiveness of the organisation's risk management control and governance process.

The Internal Audit group follows up on the implementation of the corrective actions and improvements in business processes. Compliance with laws and statutory requirements are also monitored and stringently adhered to.

## HUMAN RESOURCES

The Company's business philosophy is founded on the strong belief that people are the vital core of the organization and an asset to be constantly nurtured. People play a significant role in its innovation-led business and are also integral to sustaining a strong value-led corporate culture aligned to our business philosophy of delivering the best to customers, every time and in every way.

The Company fosters a culture of ownership in everything it does. It seeks to create an environment of fairness, transparency and mutual respect, wherein the aspirations of the employees and the goals of the enterprise are aligned to achieve mutual benefit on a long-term continual basis.

In terms of trade relations, FY 2016-17 was yet another year of industrial harmony and peace. The Company's total number of permanent employees as on March 31, 2017, was 1778.

## INFORMATION TECHNOLOGY

IT has become a vital & integral part of strategic planning process as well as the tactical execution of that strategy & managing of operations efficiently. Company continues to strategically invest in Information Technology looking at it as a key enabler for Business Growth. This year, Customer Relationship Management (CRM) along with Sales Force automation helped us to better manage our customers & sales force. We were able to enhance by automation of their transaction processes. We introduced IT-enabled Mechanic Loyalty Programme to control spurious parts sale and drive growth.

To further enhance our engineering capabilities, Company has taken product life cycle management (PLM) as a transformational project. With increasing focus on the Global market, the Company aspires to further simplify and standardise various support systems to increase efficiencies. Company's robust IT system not only helps to maximise performance efficiency but also improves manufacturing effectiveness, quality & reliability in operations & assists in inventory management. Your company is also investing in path-breaking Internet of Things (IOT) technology to achieve manufacturing and service excellence.

Productivity has been enhanced by setting up a World-class Collaboration Communication System. Adequate infrastructure and controls are in place to combat Cyber threats. We have also built a fail-safe network that will ensure that business processes continue uninterrupted.

# CORPORATE GOVERNANCE REPORT

## 1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Corporate Governance is the application of best management practices, compliance of law in true letter and spirit and adherence to ethical standards for effective management and distribution of wealth for sustainable development of all stakeholders.

Corporate Governance practices constitute the strong foundation on which successful organizations are built to last. Adhering to good governance is deeply ingrained in the fabric of the organisation, its culture, the way we conduct our internal operations and manage our business with external parties. The Company strives to promote good governance practices through "*Pancha Tatva – 5 values 1 way of life*." encompassing Transparency, Integrity, Responsibility, Passion for Excellence and Respect, towards all its stakeholders. Effective Corporate Governance practices have been the Company's hallmark inherited from its culture and ethos.

## 2. BOARD OF DIRECTORS (BOARD)

**2.1 Composition of Board:**

The Board consists of experienced and eminent professionals with expertise in varied fields. The composition of the Board, an optimum mix of Independent, Non-executive and Executive Directors, is in compliance with the statutory requirements in this regard. The Chairman and the Executive Director are liable to retire by rotation. The Managing Director & CEO is not liable to retire by rotation. Day-to-day management of the Company, under the superintendence of the Board, is vested with the Managing Director & CEO, who is supported by a competent Management team. Thus, an effective independent Board, the separation of supervisory role from executive management and the constitution of committees to oversee critical areas are a reflection of the Company's commitment to good corporate governance.

There is no relationship between the Directors inter se.

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

| Name | Position / Category | Other | | |
|---|---|---|---|---|
| | | Directorships[1] | Committee Memberships[2] | |
| | | | Member | Chairman |
| Mr. Karan Thapar | Chairman / Non-executive Promoter Director | 2 | 1 | 0 |
| Mr. Nagesh Basavanhalli[3] | Managing Director & CEO / Executive Director | 2 | 0 | 0 |
| Mr. Vijay Rai | Independent Director | 5 | 2 | 1 |
| Mr. Vikram Tandon | Independent Director | 1 | 1 | 1 |
| Mr. Navneet Singh | Independent Director | 3 | 3 | 0 |
| Mr. Arvind Kumar Singhal | Independent Director | 4 | 1 | 0 |
| Mr. Kewal Handa | Independent Director | 2 | 1 | 2 |
| Ms. Sree Patel[4] | Independent Director | 0 | 0 | 0 |

1. Excludes directorships in private companies, foreign companies and alternate directorships.
2. Includes only Audit Committee and Stakeholders' Relationship Committee of other Indian public limited companies.
3. Appointed as an Additional Director (Managing Director & CEO) of the Company with effect from 27th September, 2016.
4. Appointed as an Additional Director (Independent) of the Company with effect from 14th February, 2017.

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

During the financial year 2016-17, the Board met five times i.e. on 6th May, 2016, 1st August, 2016, 26th September, 2016, 5th November, 2016 and 14th February, 2017. The gap between two Board Meetings did not exceed 120 days. The details of the attendance of the Directors at these Meetings are as follows:

**Board Meetings**

| Name | Number of Meetings attended |
|---|---|
| Mr. Karan Thapar | 5 of 5 |
| Mr. Sunil Pahilajani* | 2 of 2 |
| Mr. Nagesh Basavanhalli** | 2 of 2 |
| Mr. Vijay Rai | 5 of 5 |
| Mr. Vikram Tandon | 4 of 5 |
| Mr. Navneet Singh | 5 of 5 |
| Mr. Arvind Kumar Singhal | 4 of 5 |
| Mr. Kewal Handa | 5 of 5 |
| Ms. Monica Chopra*** | 4 of 4 |
| Ms. Sree Patel**** | 1 of 1 |

* resigned as Director with effect from 16th September, 2016

** appointed as an Additional Director (Managing Director & CEO) with effect from 27th September, 2016

*** resigned as Director with effect from 26th December, 2016

**** appointed as an Additional Director (Independent) with effect from 14th February, 2017

**Annual General Meeting**

The Annual General Meeting for the year ended 31st March, 2016 was held on 26th September, 2016. All the Directors attended the meeting.

### 2.3 Conduct of Board Meetings

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

Agenda papers, containing all relevant information, including information as specified in Part A of Schedule II to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, are made available to the Board well in advance to enable the Board to discharge its responsibilities effectively and take informed decisions. Presentations are also made to the Board by Business and Function Heads on operations and various issues concerning the Company. The Directors also have independent access to the Senior Management at all times. The draft Minutes of the Meetings are circulated to the Directors for their comments and the final Minutes are thereafter entered into the Minutes Book within 30 days of the conclusion of the Meetings.

## 3. COMMITTEES

As mandated by the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has constituted an Audit Committee, a Nomination and Remuneration Committee, a Stakeholders' Relationship and Share Transfer Committee and a Risk, CSR and Strategy Committee. The functioning of each of these Committees is regulated by the specific terms of reference, roles and responsibilities and powers as detailed in their respective Charters.

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

The Minutes of the Meetings of all these Committees are placed before the Board for noting. Declarations regarding committee memberships / chairmanships, of the specified committees in other public limited companies as on 31st March, 2017 have been received from the Directors. None of the Directors is a member of more than ten committees or Chairperson of more than five committees across all companies in which he / she is a Director.

### 3.1 Audit Committee:

The Audit Committee (the Committee) monitors and provides effective supervision of the Management's financial reporting process with a view to ensure accurate, timely and proper disclosures in the financial statements / results and the transparency, integrity and quality of financial reporting.

#### 3.1.1 Terms of reference in brief

The primary role of the Committee, inter alia, is that of:

(i) oversight of the financial reporting process and disclosure of financial information;

(ii) recommending the appointment, remuneration and terms of appointment of the auditors of the Company;

(iii) reviewing with Management the quarterly and annual financial statements and auditor's report thereon;

(iv) reviewing and monitoring the auditor's independence and performance and effectiveness of audit process;

(v) approving, or any subsequent modification of, transactions with related parties;

(vi) evaluating internal financial controls and risk management systems;

(vii) reviewing the findings of any internal investigations by the internal auditors;

(viii) reviewing the functioning of the Whistle Blower mechanism;

(ix) approving the appointment of Chief Financial Officer.

The Committee reviews the following information:

- Management Discussion and Analysis of financial condition and results of operations
- Statement of significant related party transactions
- Management letters / letters of internal control weaknesses issued by the Statutory Auditors.
- Internal audit reports relating to internal control weaknesses; and
- Appointment, removal and terms of remuneration of the Chief Internal Auditor.

#### 3.1.2 Composition

The Committee comprises of three qualified Directors, all of whom are Non - executive and Independent. The Members of the Committee are financially literate and have financial management expertise. The composition of the Committee is in accordance with Section 177 of the Companies Act, 2013 and Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as given below:

| Name | Designation | Category |
|---|---|---|
| Mr. Kewal Handa | Chairman | Independent Director |
| Mr. Vijay Rai | Member | Independent Director |
| Mr. Navneet Singh | Member | Independent Director |
| Mr. Karan Thapar* | Member | Non-executive Director |

*ceased to be a Member with effect from 26th September, 2016

#### 3.1.3 Meetings and attendance

During the financial year 2016-17, the Committee met four times i.e. on 5th May, 2016, 1st August, 2016, 4th November, 2016 and 14th February, 2017. The gap between any two meetings did not exceed 120 days.

Mr. Navneet Singh and Mr. Vijay Rai attended all the four meetings of the Committee. Mr. Kewal Handa attended three meetings since he was appointed as a member of the Committee with effect from 6th May, 2016, while Mr. Karan Thapar attended two meetings as he had ceased to be Member with effect from 26th September, 2016.

The Chairman of the Committee was present at the 97th Annual General Meeting held on 26th September, 2016.

The Managing Director & CEO, the Chief Financial Officer of the Company, representatives of the Statutory Auditors and the Internal Auditors are permanent invitees at Audit Committee Meetings. All of them attended all the Audit Committee Meetings held during the year.

### 3.2 Nomination and Remuneration Committee

The Nomination and Remuneration Committee ensures that the Company's remuneration and incentive policies, practices and key performance indicators are aligned with the Board's vision, values and overall business objectives and are appropriately designed to motivate the Executive Directors, Key Management Personnel and the Senior Management to pursue the long term growth and success of the Company.

#### 3.2.1 Terms of reference in brief

1. To formulate the criteria for determining the qualifications, positive attributes and independence of Directors and recommend to the Board their appointment;
2. To recommend to the Board, the remuneration of the Executive Directors', as follows:
   (a) Elements of the remuneration package that is salary, perquisites, retirement benefits, 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;
3. To recommend to the Board a policy relating to the remuneration for the Executive Directors, Key Managerial Personnel and Management Staff;
4. To devise a policy on Board diversity;
5. To formulate a criteria for evaluation of Independent Directors and the Board;
6. To identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board of Directors their appointment and removal.

#### 3.2.2 Composition

The Nomination and Remuneration Committee comprises three Directors of whom two are Independent Directors and one is a Non - executive Director as follows:

| Name | Designation | Category |
|---|---|---|
| Mr. Vikram Tandon | Chairman | Independent Director |
| Mr. Vijay Rai | Member | Independent Director |
| Mr. Karan Thapar | Member | Non-executive Director |

#### 3.2.3 Meetings and attendance

During the financial year 2016-17, the Nomination and Remuneration Committee met four times i.e. on 5th April, 2016, 6th May, 2016, 26th September, 2016 and on 15th February, 2017, where all the Members were present.

The Chairman of the Committee was present at the 97th Annual General Meeting held on 26th September, 2016.

### 3.2.4 Remuneration policy

The Remuneration Policy of the Company is performance driven and is structured to attract and retain talent, motivate employees, recognize their merits and achievements and promote excellence in their performance.

1. **For Whole-time Directors**

The remuneration of the Whole-time / Executive Directors is recommended by the Nomination and Remuneration Committee to the Board of Directors. The Nomination and Remuneration Committee takes into account the qualification, experience, and prevailing industry practices while recommending the remuneration.

The remuneration paid to the Executive Directors comprises salary and allowances, perquisites, retirement benefits, performance linked incentive and long term incentive. Details of remuneration paid to Executive Directors for the financial year 2016-17 are as follows:

(₹ in lakh)

| Name of the Director | Fixed component | | | Variable Component | | Total |
|---|---|---|---|---|---|---|
| | Salary and Allowance | Perquisites | Retirement benefit | Performance Linked Incentives | Long Term Incentive | |
| Mr. Nagesh Basavanhalli* | 144.98 | 23.03 | 7.36 | - | - | 175.37 |
| Mr. Sunil Pahilajani** | 154.60 | 0.60 | 5.66 | - | - | 160.86 |
| Ms. Monica Chopra*** | 85.56 | 0.77 | 2.91 | - | - | 89.24 |

* appointed with effect from 27th September, 2016

** resigned with effect from 16th September, 2016

*** resigned with effect from 26th December, 2016

No severance fee is payable to these Directors on termination of employment. The Company does not have a scheme for stock options either for the Directors or the employees.

Details regarding Service Contract and Notice Period:

Mr. Nagesh Basavanhalli:
Service Contract - 27th September, 2016 to 26th September, 2019
Notice Period - 6 months

2. **For Non - executive Directors**

The Non - executive Directors are uniformly paid remuneration in the form of sitting fees and commission on the profits, if any, made by the Company.

a. **Sitting Fees**

The Non - executive Directors are entitled to sitting fees for attending the Board and Committee meetings, as per the details given below:

| Type of Meetings | Fees for each Meeting (₹) |
|---|---|
| Board of Directors | 20,000 |
| Audit Committee | 20,000 |
| Nomination and Remuneration Committee | 20,000 |
| Risk, CSR and Strategy Committee | 20,000 |
| Independent Directors | 20,000 |
| Stakeholders' Relationship and Share Transfer Committee | 5,000 |
| Managing Committee | 5,000 |

The aforesaid sitting fees are within the limits prescribed under the Companies Act, 2013.

**b. Commission**

In terms of the Members' approval given at the 93rd 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. The actual amount of commission payable to each Non - executive Director is decided by the Board on the following criteria:

- Number of meetings attended
- Role and contribution as Chairman / Member of the Board
- Role and contribution as Chairman / Member of the Committee
- Overall contribution and time devoted outside the meetings

Details of the remuneration paid / payable to the Non - executive Directors for the financial year 2016-17 are as follows:

(₹ in lakh)

| Name of the Director | Sitting fees | Commission* | Total |
|---|---|---|---|
| Mr. Karan Thapar | 3.05 | 144.00 | 147.05 |
| Mr. Vijay Rai | 2.90 | 11.00 | 13.90 |
| Mr. Vikram Tandon | 1.80 | 20.00 | 21.80 |
| Mr. Navneet Singh | 2.50 | 11.00 | 13.50 |
| Mr. Arvind Kumar Singhal | 1.60 | 17.00 | 18.60 |
| Mr. Kewal Handa | 2.00 | 13.00 | 15.00 |
| Ms. Sree Patel** | 0.20 | 1.00 | 1.20 |

*Subject to approval of the audited financial statements for the financial year 2016-17 by the Members at the forthcoming 98th Annual General Meeting.

**appointed as an Additional Director (Independent) with effect from 14th February, 2017

Please refer to the disclosure on Related Party transactions in Notes to the Standalone Financial Statements for details of transactions in which Mr. Karan Thapar and Mr. Kewal Handa is concerned or interested.

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

**3.2.5 Shareholding of the Non - executive Directors in the Company**

| Name of the Non - executive Director | Number of Shares of ₹ 2 each held | % of Total Paid-up Capital |
|---|---|---|
| Mr. Karan Thapar | - | - |
| Mr. Vijay Rai | 18,150 | 0.0074 |
| Mr. Vikram Tandon | - | - |
| Mr. Navneet Singh | - | - |
| Mr. Arvind Kumar Singhal | - | - |
| Mr. Kewal Handa | - | - |
| Ms. Sree Patel | - | - |

**3.2.6 Performance evaluation criteria for Independent Directors**

The criteria for performance evaluation includes, inter alia, relevant experience and skills of the Directors, ability and willingness to speak up, ability to carry others, ability to disagree, stand his / her ground, integrity, focus on shareholder value creation and high governance standards.

**3.3 Stakeholders' Relationship and Share Transfer Committee**

The Stakeholders' Relationship and Share Transfer Committee periodically reviews investors' grievance redressal process and evaluates the performance and service standards of the Registrar and Share Transfer Agent of the Company to ensure that the investors' grievances are timely and satisfactorily resolved.

**3.3.1 Terms of reference in brief**

- To receive the report of the Registrar and Share Transfer Agent about investors' complaints and grievances and follow up for necessary action taken for redressal thereof;
- To review the existing "Investor Redressal System" and suggest measures for improvement in investor relations;
- To note the transfer / transmission / transposition / rematerialisation / dematerialization of shares and consolidation / splitting of folios as approved by the officials 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 appoint and remove the Registrar and Share Transfer Agent, decide the terms and conditions, remuneration, service charge / fees and review their performance;
- To decide the frequency of audit of the Registrar and Share Transfer Agent and to consider the Auditor's Report thereon.

**3.3.2 Composition**

The composition of Stakeholders' Relationship and Share Transfer Committee is as under:

| Name | Designation | Category |
|---|---|---|
| Mr. Vijay Rai | Chairman | Independent Director |
| Mr. Navneet Singh | Member | Independent Director |
| Mr. Nagesh Basavanhalli* | Member | Executive Director |
| Mr. Sunil Pahilajani** | Member | Executive Director |

*appointed with effect from 27th September, 2016

**resigned with effect from 16th September, 2016

**3.3.3 Meetings and attendance**

During the year under review, the Stakeholders' Relationship and Share Transfer Committee met twice i.e. on 5th May, 2016 and 4th November, 2016, where all the Members were present.

**3.3.4 Name and designation of Compliance Officer**

Mr. Amit K. Vyas - Company Secretary, Head – Legal & Internal Audit, is the Compliance Officer of the Company as required under Regulation 6 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**3.3.5 Investor complaints**

The Company received twelve complaints during the year under review which were satisfactorily addressed. There are no pending complaints.

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

The Company has a dedicated email ID investorservices@greavescotton.com to which investors can send their grievances. Mr. Manish Parikh, Deputy Company Secretary, is designated as the Investor Relations Officer who may be contacted at the Registered Office of the Company or on Telephone: +91 22 33551700.

Complete details of the past unpaid / unclaimed dividends 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, if any, before the amount gets transferred to the Investor Education and Protection Fund of the Government.

**3.3.6 Compulsory transfer of Equity Shares to Investor Education and Protection Fund (IEPF) Account:**

In terms of the requirements of Section 124(6) of the Companies Act, 2013 read with the Investor Education and Protection Fund (IEPF) Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 as amended ("the Rules"), the Company is required to transfer the shares in respect of which the dividend has remained unpaid or unclaimed for a period of seven consequitive years to the IEPF Account.

Members are requested to take note of the same and claim their unclaimed dividends immediately to avoid transfer of the underlying shares to the IEPF Account. The shares transferred to the IEPF Account can be claimed back by the concerned Members from IEPF Authority after complying with the procedure prescribed under the Rules.

## 4. GENERAL BODY MEETINGS

### 4.1 Location and time of the last three Annual General Meetings (AGM) of the Company

| Date of AGM | Time | Venue | Special Resolution passed, if any |
|---|---|---|---|
| 26th September, 2016 | 3:00 p.m | Hall of Culture Nehru Centre, Worli, Mumbai - 400 018 | 1. Re-appointment of Mr. Vijay Rai as an Independent Director<br>2. Change in place of keeping Registers and Returns |
| 6th August, 2015 | 3:00 p.m | Hall of Culture Nehru Centre, Worli, Mumbai - 400 018 | Appointment of Statutory Auditors |
| 31st July,2014 | 3:00 p.m | Hall of Culture Nehru Centre, Worli, Mumbai - 400 018 | None |

### 4.2 Special Resolutions through Postal Ballot

During the year under review, no Special Resolution was passed through Postal Ballot. If required, Special Resolutions shall be passed by postal ballot during the year ending on 31st March, 2018, in accordance with the prescribed procedure.

## 5. DISCLOSURES

### 5.1. Related Party Transactions

#### 5.1.1 Basis

The Company has not entered into any material related party transaction during the year. All Related Party Transactions are placed before the Audit Committee for review. Prior omnibus approval is obtained for Related Party Transactions on a yearly basis for transactions which are repetitive in nature. Details of transactions with related parties are disclosed in Notes to the Standalone Financial Statements, forming a part of this Annual Report.

#### 5.1.2 Policy on dealing with Related Party Transactions

The Company has formulated a policy on materiality of related party transactions and also for dealing with related party transactions which is disclosed on the website of the Company, www.greavescotton.com and can also be accessed through the following link http://www.greavescotton.com/Upload/Investor/Related_Party_Transactions.pdf.

### 5.2 Accounting treatment

The Company has, in preparation of the Financial Statements, followed the applicable Accounting Standards.

### 5.3 Management

The Management Discussion and Analysis, as required under Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is annexed to the Directors' Report which forms a part of this Annual Report.

### 5.4 Compliance by the Company

There was no instance of non-compliance with any requirement of the Stock Exchanges, Securities Exchange Board of India and other statutory authorities on any matter relating to capital market during the last three years.

### 5.5 CEO/CFO Certification

The Managing Director & CEO and the Chief Financial Officer of the Company have certified to the Board with regard to the financial statements and other matters as required by Regulation 17(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Certificate forms a part of this Annual Report.

### 5.6 Certificate on Corporate Governance

The Auditors' Certificate on compliance with the conditions of corporate governance, as stipulated under Regulation 34(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is annexed herewith.

**5.7 Subsidiary Companies**

The Company does not have a material non-listed Indian subsidiary as defined under Regulation 16 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. However, the Company has unlisted subsidiary companies in India and abroad. 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. The Audit Committee of the Company reviews the financial statements of the subsidiary companies, including investments made by the subsidiary companies.

The Company has adopted a policy for determining material subsidiaries and the same has been placed on the website of the Company www.greavescotton.com and can be accessed through the following link http://www.greavescotton.com/Upload/Investor/policy_on_material_subsidiaries.pdf

**5.8 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, 2015. The Compliance Officer is responsible for monitoring adherence to the rules for the preservation of Unpublished Price Sensitive Information, pre-clearance of trades, monitoring of trades and implementation of the Code for trading in the 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 Persons, who could be privy to the Unpublished Price Sensitive Information of the Company, are governed by this Code.

Mr. Amit K. Vyas, Company Secretary, Head – Legal & Internal Audit, has been appointed as the Compliance Officer for the purpose of this Code.

**5.9 Code of Conduct**

The Board is responsible for ensuring that rules are in place to avoid conflicts of interest by Members of the Board. The Company has adopted a Code of Conduct for Members of the Board and Senior Management personnel as required under Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Code is displayed on the Company's website www.greavescotton.com. All the Members of the Board and Senior Management personnel have affirmed their compliance with the Code for the financial year ended 31st March, 2017. 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.

**5.10 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 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 or victimisation.

The Whistle Blower Policy is posted on the website of the Company www.greavescotton.com.

No personnel have been denied access to the Audit Committee.

## 6. MEANS OF COMMUNICATION

a) Newspapers: The Company publishes the statement of financial results (quarterly / half yearly / annual) in prominent national English and regional language (Marathi) newspapers likes Business Standard and Navshakti.

b) 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.

c) Analysts and Investors' Meet / Call: The Company regularly conducts meetings / calls with analysts and investors to brief them of the financial and operational performance. The transcripts of investors' calls are also sent to the Stock Exchanges and displayed on the Company's website www.greavescotton.com and can be accessed through the following link http://www.greavescotton.com/investor/presentation.aspx

d) Website: The financial results are also simultaneously posted on the Company's website www.greavescotton.com.

## 7. GENERAL SHAREHOLDER INFORMATION

### 7.1 Annual General Meeting Information

| | |
|---|---|
| Day and Date | Thursday, 3rd August, 2017 |
| Time | 3.30 p.m. |
| Venue | Hall of Culture, Ground floor, Nehru Centre, Worli, Mumbai - 400 018 |
| Book Closure | Friday, 28th July, 2017 to Thursday, 3rd August, 2017 (both days inclusive) |
| Dividend and Payment date | Final dividend of ₹ 1.5 per share; that is 75%, payable on or after Monday, 7th August, 2017 |

**7.2 Financial year of the Company** : 1st April to 31st March each year

### 7.3 Financial Calendar (tentative)

The Company expects to announce the financial results for the year 2017-18, as per the following schedule:

| | |
|---|---|
| 1st quarter ending 30th June, 2017 | : on or before 14th August, 2017 |
| 2nd quarter ending 30th September, 2017 | : on or before 14th November, 2017 |
| 3rd quarter ending 31st December, 2017 | : on or before 14th February, 2018 |
| 4th quarter and financial year ending 31st March, 2018 | : on or before 30th May, 2018 |
| 99th Annual General Meeting | : on or before 30th September, 2018 |

### 7.4 Stock Exchange Information

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

| Name and address of Stock Exchange | Stock Code / Symbol |
|---|---|
| **BSE Limited (BSE)**<br>Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001 | 501455 |
| **National Stock Exchange of India Limited (NSE)**<br>Exchange Plaza, Plot No. C/1, G Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051 | GREAVESCOT |

The Company's shares form part of Group "B" / S&P BSE 500 Index of BSE Limited.

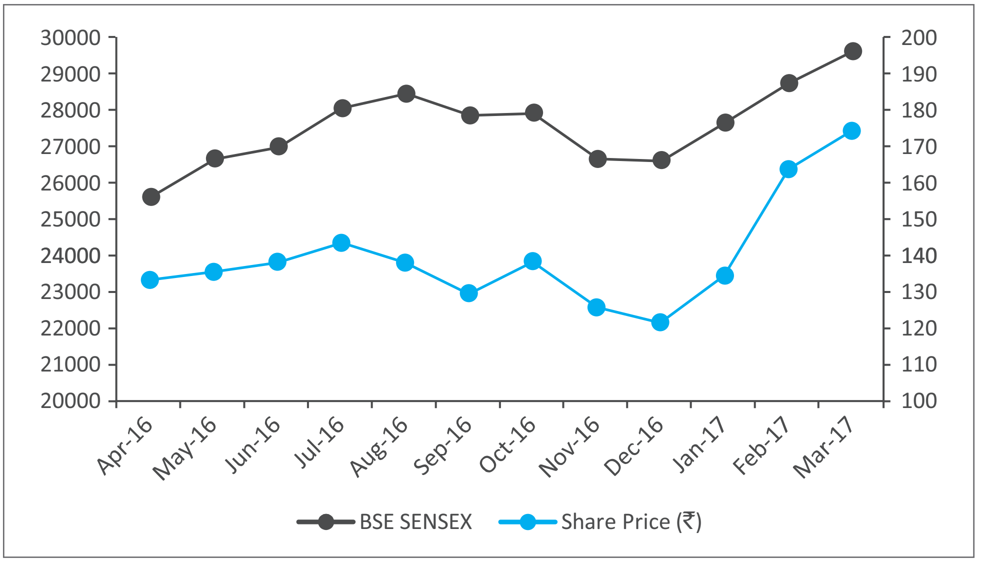
The Listing Fee for the financial year 2017-18 has been paid to both the above Stock Exchanges.

### 7.5 Market Price Data (high, low during each month in the financial year 2016-17):

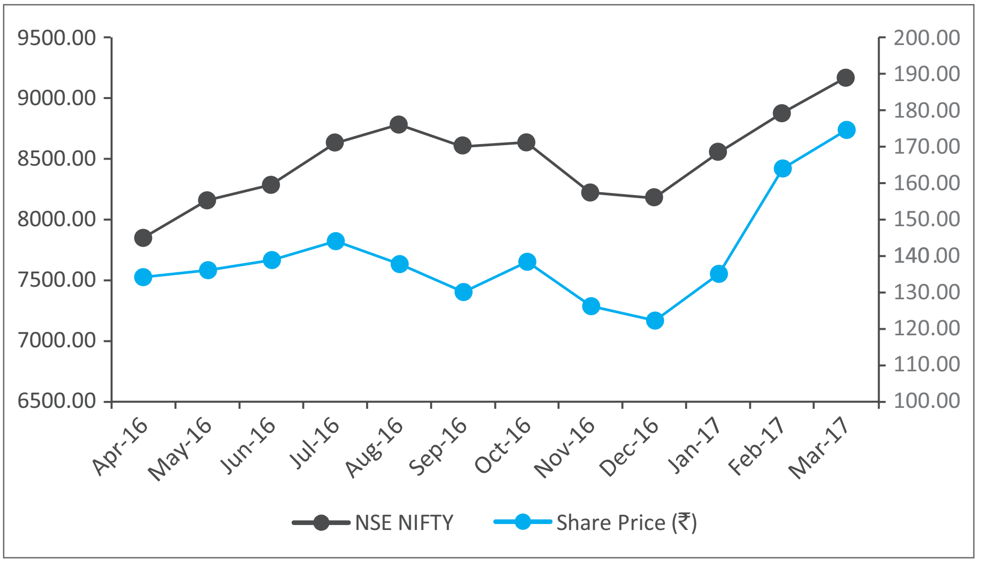
| Month | BSE | | | | NSE | | | |
|---|---|---|---|---|---|---|---|---|
| | Prices in ₹ | | S & P BSE Sensex | | Prices in ₹ | | Nifty 50 | |
| | High | Low | High | Low | High | Low | High | Low |
| April, 2016 | 138.40 | 122.95 | 26,100.54 | 24,523.20 | 138.80 | 122.10 | 7,992.00 | 7,516.85 |
| May, 2016 | 149.00 | 131.00 | 26,837.20 | 25,057.93 | 148.80 | 130.75 | 8,213.60 | 7,678.35 |
| June, 2016 | 144.00 | 128.55 | 27,105.41 | 25,911.33 | 141.90 | 128.15 | 8,308.15 | 7,927.05 |
| July, 2016 | 150.35 | 135.80 | 28,240.20 | 27,034.14 | 150.30 | 135.20 | 8,674.70 | 8,287.55 |
| August, 2016 | 147.90 | 131.50 | 28,532.25 | 27,627.97 | 147.90 | 131.00 | 8,819.20 | 8,518.15 |
| September, 2016 | 140.50 | 125.00 | 29,077.28 | 27,716.78 | 140.90 | 124.00 | 8,968.70 | 8,555.20 |
| October, 2016 | 143.80 | 125.10 | 28,477.65 | 27,488.30 | 142.70 | 125.30 | 8,806.95 | 8,506.15 |
| November, 2016 | 141.90 | 119.90 | 28,029.80 | 25,171.93 | 142.40 | 119.45 | 8,669.60 | 7,916.40 |
| December, 2016 | 141.35 | 115.20 | 26,803.76 | 25,753.74 | 141.10 | 115.35 | 8,274.95 | 7,893.80 |
| January, 2017 | 140.80 | 121.30 | 27,980.39 | 26,447.06 | 140.75 | 121.10 | 8,672.70 | 8,133.80 |
| February, 2017 | 165.50 | 133.00 | 29,065.31 | 27,590.10 | 166.30 | 132.90 | 8,982.15 | 8,537.50 |
| March, 2017 | 176.90 | 152.45 | 29,824.62 | 28,716.21 | 177.00 | 152.05 | 9,218.40 | 8,860.10 |

**7.6 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 NIFTY 50




**7.7 Share Transfer Agent Information:**

| | |
|---|---|
| Registrar and Share Transfer Agent:<br><br>Karvy Computershare Private Limited<br>UNIT : Greaves Cotton Limited<br>Karvy Selenium Tower B,<br>Plot 31-32, Gachibowli,<br>Financial District, Nanakramguda,<br>Hyderabad – 500 032 | Telephone Number:<br>+91 40 6716 2222<br><br>Fax Number:<br>+91 40 2342 0814<br><br>Email Id: einward.ris@karvy.com<br>Website: www.karvycomputershare.com |

**7.8 Share Transfer System**

The Board has delegated the authority for approving transfer, transmission etc. of the Company's shares, excluding issuance of duplicate share certificates, to the Company Secretary and the Deputy Company Secretary of the Company. Issue of duplicate share certificates is approved by the Stakeholders' Relationship & Share Transfer Committee. 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 and 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 Regulation 40(9) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 from a Company Secretary in whole time practice and files the same with the Stock Exchanges.

**7.9 Shareholding Pattern as on 31st March, 2017**

| Category | Number of Shares held | Percentage of Shareholding |
|---|---:|---:|
| Promoters | 12,45,53,726 | 51.00 |
| Mutual Funds | 4,52,14,162 | 18.51 |
| Banks, Financial Institutions, Insurance Companies (Central / State Govt. Institutions / Non-Government Institutions) | 2,06,70,875 | 8.46 |
| Corporate Bodies/Clearing Members | 61,96,845 | 2.54 |
| NRIs/ OCBs/ FIIs/FPIs | 1,84,49,728 | 7.56 |
| Resident Individuals/Trust | 2,84,99,914 | 11.67 |
| Share lying in Unclaimed Suspense Account | 6,21,545 | 0.26 |
| **Total** | **24,42,06,795** | **100.00** |

**7.10 Distribution of Shareholding as on 31st March, 2017**

| Number of shares | Number of shareholders | Percentage | Number of Shares | Percentage |
|---|---:|---:|---:|---:|
| Up to 5000 | 42,996 | 94.49 | 1,17,96,056 | 4.83 |
| 5001 to 10,000 | 1,345 | 2.96 | 48,59,618 | 1.99 |
| 10001 to 20,000 | 613 | 1.35 | 42,99,874 | 1.76 |
| 20,001 to 30,000 | 185 | 0.41 | 22,68,253 | 0.93 |
| 30,001 to 40,000 | 89 | 0.20 | 15,48,114 | 0.64 |
| 40,001 to 50,000 | 65 | 0.14 | 14,42,528 | 0.59 |
| 50,001 to 1,00,000 | 72 | 0.15 | 26,67,682 | 1.09 |
| 1,00,001 and above | 136 | 0.30 | 21,53,24,670 | 88.17 |
| **Total** | **45,501** | **100.00** | **24,42,06,795** | **100.00** |

**7.11 Dematerialization of Shares and Liquidity**

The Company's shares can be traded on the Stock Exchanges only in dematerialized form. 98.54 % of the total Equity Share Capital was held in dematerialized form as on 31st March, 2017.

The ISIN number allotted to the Company's shares is INE 224A01026.

The details of shares held in dematerialised and physical form as on 31st March, 2017 are as follows:

| Particulars | Equity Shares of ₹ 2 each | | Shareholders | |
|---|---:|---:|---:|---:|
| | Number | % of total | Number | % of total |
| **Dematerialized form** | | | | |
| NSDL | 23,33,38,151 | 95.55 | 23,085 | 50.74 |
| CDSL | 73,06,974 | 2.99 | 9,256 | 20.34 |
| **Sub- total** | **24,06,45,125** | **98.54** | **32,341** | **71.08** |
| **Physical form** | 35,61,670 | 1.46 | 13,160 | 28.92 |
| **Total** | **24,42,06,795** | **100.00** | **45,501** | **100.00** |

Promoter's entire holding is in dematerialized form.

The shares of the Company are regularly traded on both the Stock Exchanges ensuring liquidity.

**7.12 Outstanding GDRS / ADRS / Warrants or any Convertible Instruments, Conversion Date and likely impact on Equity capital of the Company**

The Company has not issued any GDRs / ADRs / Warrants or any other Convertible Instruments.

**7.13 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 erstwhile Listing Agreement, 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, 2016 | | Shares transferred in favour of the concerned shareholders during the year | | As on 31st March, 2017 | |
|---|---|---|---|---|---|---|
| | Number of | | Number of | | Number of | |
| | Cases | Shares | Cases | Shares | Cases | Shares |
| **Equity Shares** | 5,034 | 6,25,215 | 5 | 3,670 | 5,029 | 6,21,545 |

Dividends due on these shares are transferred to a separate bank account. The voting rights on these shares shall remain frozen till the rightful owners of such shares claim them.

**7.14 Plant Locations**

| Unit | Address | Unit | Address |
|---|---|---|---|
| **Light Engines Unit – I** | J-2, MIDC Industrial Area<br>Chikalthana<br>Aurangabad - 431 210 | **Light Engine Unit – V** | A-1/3, Shendra Five Star Industrial Area Shendra, Aurangabad<br>431 001 |
| **Light Engines Unit – II, Petrol Engines and Farm Equipment Unit** | Plot No.72<br>Sipcot Industrial Complex<br>Ranipet - 632 403 | **Diesel Engine Unit I** | Bombay Pune Road, Chinchwad<br>Pune - 411 019 |
| **Light Engines Unit – IV** | J-2A, MIDC Industrial Area<br>Chikalthana,<br>Aurangabad - 431 210 | **Genset Unit** | Gat No. 448/9<br>Nighoje, Khed, Rajgurunagar<br>Pune |

**7.15 Address for Correspondence**

| | |
|---|---|
| Greaves Cotton Limited<br>3rd Floor, Motilal Oswal Tower<br>Junction of Gokhale and Sayani Road<br>Prabhadevi<br>Mumbai – 400 025 | Telephone number: +91-22-3355 1700<br>Fax number : +91-22-3381 2799<br><br>E-mail: investorservices@greavescotton.com<br>Website: www.greavescotton.com |

**7.16 Weblink of Familiarisation Programme**

Pursuant to the requirements of Schedule IV of the Companies Act, 2013 and Regulation 25(7) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has undertaken various actions for familiarising the Directors with the Company, its business model, the nature of the industry in which it operates, their roles, rights and responsibilities, etc. The details of the same are displayed on the Company's website www.greavescotton.com and can be accessed through the following link http://www.greavescotton.com/Upload/Investor/familarisation_programmes_for_directors.pdf

## 8. COMMODITY PRICE / FOREIGN EXCHANGE RISK AND HEDGING

Please refer to the Management Discussion and Analysis Report which forms part of this Annual Report, for details.

## 9. COMPLIANCE WITH MANDATORY AND NON-MANDATORY REQUIREMENTS

All the mandatory requirements of Regulation 34(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 have been complied with.

Following is the status of compliance with non-mandatory requirements:

### 9.1 The Board

The Non - executive Chairman has been provided a Chairman's office.

### 9.2 Shareholder Rights

The results are promptly displayed on the Company's website www.greavescotton.com in addition to being disseminated to the Stock Exchanges and published in newspapers and, therefore, the half - yearly results are not sent to the Shareholders individually.

### 9.3 Audit qualifications

The audit report is with unmodified opinion (unqualified).

### 9.4 Separate posts of Chairman and CEO

The posts of Chairman and Managing Director & CEO are occupied by different individuals.

### 9.5 Reporting of Internal Auditor

The Chief Internal Auditor reports to the Company Secretary, Head – Legal & Internal Audit and has independent direct access to the Audit Committee. In addition to attending meetings of the Audit Committee for presenting the internal audit observations, the Internal Auditor has separate meetings with the Audit Committee Members, as and when required.

# DECLARATION

### [As required under Regulation 34(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

As required under Regulation 34(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board Members and the Senior Management personnel of the Company have affirmed compliance with the Code of Conduct of the Company for the financial year ended 31st March, 2017.

For Greaves Cotton Limited

**Nagesh Basavanhalli**
Managing Director & CEO

Place: Mumbai
Date: 28th April, 2017

# CERTIFICATION

### [As required under Regulation 17(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

We, Nagesh Basavanhalli, 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, 2017 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) The financial results of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standard) (Amendment) Rules, 2016. The Company adopted Ind AS from 1st April 2016 and accordingly, these financial results (including for all the period presented in accordance with Ind AS 101 - First-time Adoption of Indian Accounting Standards) have been prepared in accordance with the recognition and measurement principle in Ind AS 34 - Interim Financial Reporting, prescribed under Section 133 of the Companies Act, 2013 read with the relevant rules issued thereunder and the other accounting principle generally accepted in India.; 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

**Nagesh Basavanhalli**
Managing Director & CEO

**Narayan Barasia**
Chief Financial Officer

Place: Mumbai
Date: 4th May, 2017

# INDEPENDENT AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

**TO**

**THE MEMBERS OF GREAVES COTTON LIMITED**

1. This certificate is issued in accordance with the terms of our engagement letter dated 20th October 2016.

2. We, Deloitte Haskins & Sells LLP, Chartered Accountants, the Statutory Auditors of Greaves Cotton Limited ("the Company"), have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on 31st March 2017, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations).

## MANAGEMENTS' RESPONSIBILITY

3. The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in Listing Regulations.

## AUDITOR'S RESPONSIBILITY

4. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

5. We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.

6. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the ICAI), the Standards on Auditing specified under Section 143(10) of the Companies Act 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

## OPINION

8. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the Listing Regulations during the year ended 31st March, 2017.

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

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

**Rupen K Bhatt**
(Partner)
(Membership No. 46930)

Mumbai
4th May, 2017

# Business Responsibility Report

For the Financial Year 2016-17

## SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1. **Corporate Identity Number (CIN) of the Company:** L99999MH1922PLC0000987
2. **Name of the Company:** Greaves Cotton Limited
3. **Registered address:** 3rd Floor, Motilal Oswal Tower, Junction of Gokhale & Sayani Road, Prabhadevi, Mumbai - 400 025
4. **Website:** www.greavescotton.com
5. **E-mail id:** investorservices@greavescotton.com
6. **Financial Year reported:** FY 2016-17
7. **Sector(s) that the Company is engaged in (Industrial Activity code-wise):**

| Description | Industrial Activity Code | | |
|---|---|---|---|
| | Group | Class | Sub-Class |
| Automotive Engine | 291 | 2910 | 29104 |
| Industrial Engine | 281 | 2811 | 28110 |
| Farm Equipment | 282 | 2821 | 28212 |
| Auxiliary Power | 271 | 2710 | 27101 |

8. **List three key products/services that the Company manufactures/provides (as in Balance Sheet):**
   a. Automotive Engines - Single cylinder Automotive Diesel Engines (4.4 HP to 11 HP), Single cylinder Gasoline Engines (7.5 HP to 11 HP)
   b. Farm Equipment - Petrol, Kerosene Portable Engines (1HP - 4 HP), Portable Pump sets, Power Tiller, Reaper
   c. Auxiliary Power - Portable Gensets 2.5 to 7.5 KVA, Gensets 10 KVA to 500 KVA
9. **Total number of locations where business activity is undertaken by the Company:**
   i. Number of International Locations: Nil
   ii. Number of National Locations: 6 (manufacturing facilities)
10. **Markets served by the Company – Local/State/National/International:** All

## SECTION B: FINANCIAL DETAILS OF THE COMPANY

1. **Paid up Capital (INR) :** ₹ 48.84 crores
2. **Total Turnover (INR) :** ₹ 1869.28 crores (Total Revenue)
3. **Total profit after taxes (INR) :** ₹ 184.11 crores
4. **Total Spending on Corporate Social Responsibility (CSR) and as percentage of profit after taxes (%):** Nil
5. **List of activities in which expenditure in 4 above has been incurred :** Not Applicable

## SECTION C: OTHER DETAILS

1. **Does the Company have any subsidiary company/ companies?** Yes. The company has 3 subsidiaries as on 31st March, 2017
2. **Do the subsidiary company/companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such Subsidiary Company(s):**

   The participation by subsidiaries in the BR Initiatives of the Parent Company is not necessiated, given their small size.

3. **Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%] :**

   The Company has a principle of working with few, selected suppliers following best practices of their respective industries. Quality and Delivery are the hallmarks of the Company's business responsibilities to customers. Subsequently, the Company is focused on choosing suppliers who can deliver great quality parts at the right time. Over the last 3 years, Company has reduced quality defects in supplier provided parts by more than 2.5 times and in the Auxillary Power & Industrial Engines Business (combined), Company has reduced defects in supplier provided parts by 3 times.

   Company conducts Annual Vendor Meets at a Company level and BU-specific Vendor Meet regularly. This provides a great platform where Company sounds out its Business Responsibility practices.

   Before the Company finalizes any Supplier, an extensive research about the Vendor's Machine and Financial Capacity, Quality Management Systems (ISO9001/TS6949 Certification), Security Management Systems (OHSAS18001) and Environmental Management Systems (ISO14001 Certification) is a must. Further, Advanced Product Quality Planning is followed in Automotive Engines Business to ensure sustainable supply chain of materials. This is adapted/being rapidly adapted across other businesses of the Company.

The Company has a dedicated IT Platform where expected delivery schedules, news flash etc. are accessible to the supplier, which enables the vendors to fullfill its responsibilities

The Company has a rating system and is in the process of enhancing and automating the same. Rating system rates suppliers based on their performance related to the Business Responsibilities, among other things.

## SECTION D: BR INFORMATION

1. **Details of Director/Directors responsible for BR**

   a. **Details of the Director/Directors responsible for implementation of the BR policy/policies:**

   **DIN Number:** 01886313

   **Name:** Mr. Nagesh Basavanhalli

   **Designation:** Managing Director & CEO

   b. **Details of the BR Head**

   **DIN Number:** Not Applicable

   **Name:** Mr. M. Mohanan

   **Designation:** President - Manufacturing, Operations & Quality

   **Tel. No.:** 022-33551700

   **Email ID -** m.mohanan@greavescotton.com

2. **Principle-wise (as per NVGs) BR Policy/policies**

   P1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.

   P2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.

   P3: Businesses should promote the wellbeing of all employees.

   P4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are Disadvantaged, vulnerable and marginalized.

   P5: Businesses should respect and promote human rights.

   P6: Businesses should respect, protect, and make efforts to restore the environment.

   P7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.

   P8: Businesses should support inclusive growth and equitable development.

   P9: Businesses should engage with and provide value to their customers and consumers in a responsible manner.

**A. Details of compliance (Reply in Y/N)**

| Sr No | Questions | P1: Ethics and Transparency | P2: Product Responsibility | P3: Wellbeing of employees | P4: Responsiveness to Stakeholders | P5: Respect Human Rights | P6: Environ-mental Responsibility | P7: Public policy advocacy | P8: Support inclusive growth | P9: Engagement with Customers |
|---|---|---|---|---|---|---|---|---|---|---|
| 1. | Do you have policy/ policies for....? | Yes | No | Yes | No | Yes | Yes | No | No | No |
| 2. | Has the policy being formulated in consultation with the relevant stakeholders? | Yes | - | Yes | - | Yes | Yes | - | - | - |
| 3. | Does the policy conform to any national / international standards? If yes, specify?(50 words) | Yes | - | Yes | - | Yes | Yes | - | - | - |
| 4. | Has the policy being approved by the Board? If yes, has it been signed by MD/owner/ CEO/ appropriate Board Director? | Yes | - | Yes | - | Yes | Yes | - | - | - |
| 5. | Does the Company have a specified committee of the Board /Director/ Official to oversee the implementation of the policy? | Yes | - | Yes | - | Yes | Yes | - | - | - |

| Sr No | Questions | P1: Ethics and Transparency | P2: Product Responsibility | P3: Wellbeing of employees | P4: Responsiveness to Stakeholders | P5: Respect Human Rights | P6: Environ-mental Responsibility | P7: Public policy advocacy | P8: Support inclusive growth | P9: Engagement with Customers |
|---|---|---|---|---|---|---|---|---|---|---|
| 6. | Indicate the link for the policy to be viewed online? | Note 1 | - | Note 1 | - | Note 1 | Note 1 | - | - | - |
| 7. | Has the policy been formally communicated to all relevant internal and external stakeholders? | Yes | - | Yes | - | Yes | Yes | - | - | - |
| 8. | Does the Company have in-house structure to implement the policy/policies? | Yes | - | Yes | - | Yes | Yes | - | - | - |
| 9. | Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies? | Yes | - | Yes | - | Yes | Yes | - | - | - |
| 10. | Has the Company carried out independent audit/ evaluation of the working of this policy by an internal or external agency? | Yes | - | Yes | - | Yes | Yes | - | - | - |

Note 1: The policies are uploaded on intranet site for the information and implementation by the internal stakeholders. The Code of Conduct for Board Members & Senior Management and CSR Policy are available on the Company's website i.e. www.greavescotton.com under the ''Investors'' section.

**B. If answer to the question at serial number 1 against any principle, is 'No', please explain why: (Tick up to 2 options)**

| Sr No | Questions | P1: Ethics and Transparency | P2: Product Responsibility | P3: Wellbeing of employees | P4: Responsiveness to Stakeholders | P5: Respect Human Rights | P6: Environ-mental Responsibility | P7: Public policy advocacy | P8: Support inclusive growth | P9: Engagement with Customers |
|---|---|---|---|---|---|---|---|---|---|---|
| 1. | The Company has not understood the Principles | | | | | | | | | |
| 2. | The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles | | | | | | | | | |
| 3. | The Company does not have financial or manpower resources available for the task | | | | | | | | | |
| 4. | It is planned to be done within next 6 months | | ✓ | | ✓ | | | ✓ | ✓ | ✓ |
| 5. | It is planned to be done within the next 1 year | | | | | | | | | |
| 6. | Any other reason (please specify)? | | | | | | | | | |

3. **Governance Related to BR**

   a. **Indicate the frequency with which the Board of Directors, Committee of the Board or CEO meet to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year:** 3 - 6 months

   b. **Does the Company publish a BR or Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?** Since this is the first Business Responsibility Report of the Company, the same has not been published.

## SECTION E: PRINCIPLE-WISE PERFORMANCE

### Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

1. **Does the policy relating to ethics, bribery and corruption cover only the Company? Yes / No. Does it extend to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others?**

   The Company has defined Code of Conduct for Board Members and Senior Management that covers issues, inter alia, ethics, bribery and corruption. It covers all dealings with customers, suppliers, dealers, contractors and other stakeholders.

2. **How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.**

   During the financial year 2016-17, twelve complaints were received from the shareholders, all of which were attended to / resolved till date. The Company has different mechanisms for receiving and dealing with complaints from various stakeholders like Customers, Employees, Suppliers, etc.

### Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

1. **List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.**

| Product | Social and Environmental benefits |
|---|---|
| 1. Automotive Engine<br>- Single cylinder Diesel Engine<br>- Single cylinder Gasoline Engine<br>- CNG Engine | Highly fuel efficient, Greaves lightweight diesel / gasoline engines are ideal for Automotive Engines applications like 3-wheelers and small 4-wheeled commercial vehicles.<br>These engines with high power-to-weight ratio are also used extensively for portable agricultural pump sets, gensets, small boats, construction equipment and host of other applications. Available in a range of 4-11 HP models, Greaves light diesel engines are manufactured at ISO 9001 / TS16949 / EMS14000 certified Units in Aurangabad and Ranipet.<br>We are strengthening our position in providing solutions to deliver clean energy solutions for all types of vehicles, having already managed a smooth transition from BSIII to BSIV, and now ready to move to the next level of BSVI. |
| 2. Auxilary Power<br>- Portable Gensets 2.5 to 7.5 KVA<br>- G1 Series 10-40 KVA, - G series 45 -200 KVA, - D Series 250-500 KVA | The generating sets, branded as "Greaves Power", are known for their reliability and economical operating cost and are well supported with genuine parts availability and service capability through 100+ strong dealer network.<br>Our R&D facility is equipped with the most advanced technology, cutting-edge equipment and latest software for design, development and upgrading of engines, systems and controls.<br>With decades of experience, we understand the needs of our customers across various applications and offer them complete and customized power solutions in the form of load study, product customisation, installation of gensets, periodic maintenance, after-sales services and easily available low cost spares and repair. |
| 3. Farm Equipment<br>- Portable Engines<br>- Portable Pump sets - Power Tiller<br>- Reaper etc | The Company manufactures lightweight petrol, diesel / kerosene engines in the 1-4 HP range and portable eco-friendly silent Gensets in the 1.4 KVA range at its ISO 9001 certified Petrol Engines Unit in Chennai.<br>The engines are most popular for agriculture applications like power sprayer, pumpsets and power reapers. Greaves is the trusted name across rural India for lightweight, portable pumpsets. The Company has stepped up its contribution to Indian agriculture with the launch of Greaves Power Tiller, manufactured and assembled in house. |

2. **For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):**

   i. **Reduction during sourcing/production/distribution achieved since the previous year throughout the value chain?**

   The performance for current and previous year on Specific Energy Consumption and Specific Water Consumption during production is appended below:

| Resources Used | Divisions | Unit of Measurement | Previous Year 2015-16 | Current Year 2016-17 |
|---|---|---|---|---|
| Specific Energy Consumption | Automotive Engine Business (AEB) | Units/Engine | 33 | 32.96 |
| | Industrial Engine Business (IEB) | Units/Eq. Engine | 503 | 422 |
| | Farm Equipment Business (FEB) | Units/Engine | 16 | 9.91 |
| Specific water Consumption | Automotive Engine Business, Aurangabad | M^3/Engine | 0.16 | 0.18 |
| | Industrial Engine Business | M^3/Eq. Engine | 3.87 | 2.76 |
| | AEB & FEB, Ranipet | M^3/Engine | 0.15 | 0.17 |

   ii. **Reduction during usage by consumers (energy, water) has been achieved since the previous year?**

   There would be a reduction of energy use by consumers due to constant innovations and focus on fuel efficiency.

3. **Does the Company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.**

   Company is working with suppliers on long term relationship. Company has a number of suppliers who already provide products in returnable packing format and Company is aggressively working to add even more suppliers in this format. With Annual vendor meets, Company is interacting with key suppliers and working towards more efficient and green transportation, value engineering and value analysis so as to have optimum processes and better yield. Suppliers are awarded annually based on their performance during the year in terms of Quality and Delivery Performance.

4. **Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?**

   More than 95% of the Companies spend on buying products by value for Automotive Engines Business, Auxillary Power Business, Aftermarket Business and Industrial Engines Business is from local suppliers. Less than 5 percent of the products are imported. In the Farm Equipment – Light Agri Business, Company is importing end-products and technology from abroad with the aim of rapidly indigenizing the same – process of indigenizing is already under way.

   To enhance capability of small vendors, Company work on supplier development clusters program under the aegis of MSME Ministry and Automotive Component Manufacturers Association of India. So far, 11 clusters are created within Pune, Aurangabad, Kolhapur and Chennai region involving 81 suppliers. Training and awareness sessions are successfully arranged. This improves supplier involvement and quality, better understanding of productivity and yield improvement in all process areas. Suppliers also interact closely on Lean Manufacturing processes.

5. **Does the Company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.**

   Yes, the Company is using recyclable pallets for Engine transportation to the customers and plastic bins are used for the transportation of components instead of corrugated boxes at Automotive Engine Business (Less than 5%). Engine oil is reused for engine testing by filtration.

## Principle 3: Businesses should promote the wellbeing of all employees

1. **Please indicate the total number of employees:** 1778
2. **Please indicate the Total number of employees hired on temporary/contractual/casual basis:** 988
3. **Please indicate the number of permanent women Employees:** 57
4. **Please indicate the number of permanent employees with disabilities:** 1 permanent and 7 trainees
5. **Do you have an employee association that is recognized by management?** Yes

6. **What percentage of your permanent employees is members of this recognized employee association?** 24 %

7. **Please indicate the Number of complaints relating to child labor, forced labor, involuntary labor, sexual harassment in the last financial year and pending, as on the end of the financial year.**

| Sr. No. | Category | No. of complaints filed during financial year | No. of complaints pending as on end of financial year |
|---|---|---|---|
| 1 | Child labour/forced labour/involuntary Labour | NIL | NIL |
| 2 | Sexual harassment | NIL | NIL |
| 3 | Discriminatory employment | NIL | NIL |

8. **What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?**

   a. **Permanent Employees:** 90.14%

   b. **Permanent Women Employees:** 100%

   c. **Casual/Temporary/Contractual Employees:** 60%

   d. **Employees with Disabilities:** 87%

## Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.

1. **Has the company mapped its internal and external Stakeholders?**

   Yes

2. **Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders?**

   Micro, Small & Medium Enterprise (MSME) suppliers have been identified and their timely payment as per MSME Ministry guidelines are ensured.

3. **Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders? If so, provide details thereof, in about 50 words or so**

   To enhance capability of small vendors, Company works on supplier development clusters program under the aegis of MSME, Ministry and Automotive Component Manufacturers Association of India. 11 clusters are created within Pune, Aurangabad, Kolhapur and Chennai region involving 81 suppliers. In addition to above, Company provides support in terms of Supply Chain Financing to support vulnerable suppliers.

## Principle 5: Businesses should respect and promote human rights

1. **Does the policy of the Company on human rights cover only the company or extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs/Others?**

   The Company has put in place a Whistleblower helpline to ensure that any violation to its code of conduct, including violation of Human Rights, are addressed properly.

2. **How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?**

   During the financial year 2016-17, no complaints regarding violation of Human Rights have been received.

## Principle 6: Business should respect, protect, and make efforts to restore the environment

1. **Does the policy related to Principle 6 cover only the company or extends to the Group / Joint Ventures / Suppliers / Contractors / NGOs / others.**

   The Company is committed to operate all its units in an environment friendly manner while protecting health and safety of its employees. The stakeholders are encouraged to adopt the practices of Company.

2. **Does the company have strategies / initiatives to address global environmental issues such as climate change, global warming etc.? If yes, please give hyperlink for webpage etc.**

   The operations of the Company are conducted in such a manner, so as to ensure safety of all concerned, compliances of environmental regulations and preservation of natural resources. The Company has taken various initiaves, details of which is mentioned in Point No. 4 below.

3. **Does the company identify and assess potential environmental risks?**

   Yes, the Company identify and assess potential environmental risks.

4. **Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?**

   The Company has adopted an environment friendly approach in all its company initiatives, manufacturing processes and technological innovations. This 'Green Approach' has been an essential part of the Company's culture, from recycling to reusing water & maximize fuel efficiency.

The Company is committed to promote a green culture. Following are the initiatives carried out for clean development management:

1. Energy conservation: Refer point no. 5

2. Water conservation: All factories are equipped with a water treatment facility to separate industrial & domestic wastage resulting in better quality of treated water. The treated water is recycled again making sure that water is re-used.

3. Rain Water Harvesting: We have introduced a rain water harvesting scheme that includes the collection and de-silting of rain water. Approx. 9000 $m^3$ per year is being percolated into ground.

4. Waste Food Recycling: We ensure hygienic disposal of food waste. All food waste is being filled in compost pit on daily basis which later on generates manure and finally is available for landscaping and greening application. We are also in the process of introducing Automatic Organic Waste Converter.

5. Effluent Treatment Plant: To prevent water pollution, we have also invested in an Effluent Treatment Plant which is capable of treating waste water. The output parameter is maintained strictly with norms to ensure that 100% treated water is recycled back into the process while the sludge is safely disposed off to a secured landfill.

6. Sewage Treatment Plant: We ensure that sewage is biologically treated to attain efficacy. This treatment plant is designed to accommodate up to 6 hours of holding and ensuring effluent is 100% treated and recycled into soft water that is used in gardening.

7. Land pollution: We ensure that there is no land contamination due to any manufacturing process.

**5. Has the Company undertaken any other initiatives on clean technology, energy efficiency, renewable energy, etc.? If yes, please give hyperlink for web page etc.**

The Company have technologies which have set the new standards in fuel efficiency and minimizing harmful emissions. All our engines have consistently demonstrated lowered emissions of poisonous gases.

We have BS-IV passed automotive engines, which are running successfully on road. Following are few examples carried out at the Company to improve the energy efficiency:

- Replacement of high power consumption unit; Replacement of 250 Watt metal halide lamps by 60 Watt LED.
- Alternate low cost process, conversion of metal halide lamp into LED lamp.
- Modifying cooling system of Air Compressor, Water cooled systems converted to air cooled to reduce energy cost.
- Street Lighting - 60 W LED lamp in place of 250 W metal halide.

**6. Are the emissions / waste generated by the Company within the permissible limits given by CPCB / SPCB for the financial year being reported?**

Yes, the emissions and waste generated are within the permissible limits given by CPCB. Stack emission tests are carried out for Testing Blowers and DG sets. Ambient air monitoring is also being carried out.

**7. Number of show cause / legal notices received from CPCB / SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.**

Nil

## Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

**1. Is your company a member of any trade and chamber or association? If Yes, name only those major ones that your business deals with:**

The Company is a member of following trade and chamber or association

a. Confederation of Indian Industry

b. Indo-German Chamber of Commence

c. Indo-Italian Chamber of Commerce and Industry

**2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy Security, Water, Food Security, Sustainable Business Principles, others).**

The Company has given number of suggestions to the government through CII, for ease of doing business, suggestions for civic amenities improvement, water conservation / management suggestions, industry participation in mid day meal schemes, etc.

## Principle 8: Businesses should support inclusive growth and equitable development

**1. Does the Company have specified programmes/initiatives/ projects in pursuit of the policy related to Principle 8? If yes details thereof.**

Please refer point number 4.

**2. Are the programmes / projects undertaken through in-house team / own foundation / external NGO / government structures / any other organization?**

CSR initiatives are being implemented directly by the Company.

3. **Have you done any impact assessment of your initiative?**

   The progress of CSR activities under implementation will be reported to the Committee on a periodic basis. The Committee will have periodical inspection / investigations carried out through independent professionals, especially for high value programmes. The Committee may, independently, obtain feedback from the beneficiaries about the CSR programmes.

4. **What is your company's direct contribution to community development projects – Amount in INR and the details of the projects undertaken?**

   a. **Adopting economically backward students & support them for education:**

      Through CSR Initiative, Company has adopted 127+ children & their families though Bhartiya Samaj Seva Kendra (BSSK). The Company provides financial assistance to these adopted students & their siblings, to support their education. Scholarship, Stationary, text & notebooks, school uniforms for the academic year were provided.

   b. **Providing help & support to senior citizens & elders of Old Age Home "Matoshree"**

      Extended financial & emotional support to Senior Citizens living at Old Age Home "Matoshree Vrudhashram". Sponsored one day meal on a festival day.

   c. **Donation to Annamrita**

      Financial assistance to NGO institute "Annamitra" who provides Mid Day meal to underprivileged children. "Annamitra" cater mid day meal to around 45000+ No. of students. We have donated one day salary of our employees for this nobel cause of supporting & providing food to underprivileged children. One day salary contribution is around ₹ 8.00 lakhs and equal contribution of ₹ 8.00 lakhs given by our Chairman.

5. **Have you taken steps to ensure that this community development initiative is successfully adopted by the Community? Please explain in 50 words, or so.**

   Any project that comes up for CSR is first internally reviewed and assessed by the Management. If the Management is convinced of the project, it is put up to the CSR Committee for its consideration and approval.

**Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner.**

1. **What percentage of customer complaints/consumer cases are pending as on the end of financial year.**

   Customer complaints are treated very seriously in the organization. Following is the status business wise of the customer complaints received for the financial year 2016-17:

| Division | Receiving Period | Total Customer Complaints Registered in this period | Open | Close | Open % | Close % |
|---|---|---|---|---|---|---|
| Automotive Engine | 2016-17 | 48 | 1 | 47 | 2% | 98% |
| Industrial Engine & Auxiliary Power | 2016-17 | 313 | 37 | 276 | 12% | 88% |
| Farm Equipment | 2016-17 | 73 | 9 | 64 | 12% | 88% |

There were total 19 consumer cases pending as on 31st March, 2017.

2. **Does the Company display product information on the product label, over and above what is mandated as per local laws?**

   Yes, in addition to mandatory requirements, the Company also provides service and safety labels as deemed appropriate e.g: Product fuel economy data displayed for each variant at selling points.

3. **Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.**

   Nil

4. **Did your Company carry out any consumer survey/ consumer satisfaction trends?**

   Yes, customer satisfaction survey is carried out through internal resources

# Independent Auditor's Report

## TO THE MEMBERS OF GREAVES COTTON LIMITED

### REPORT ON THE STANDALONE IND AS FINANCIAL STATEMENTS

We have audited the accompanying standalone Ind AS financial statements of Greaves Cotton Limited ("the Company"), which comprise the Balance Sheet as at 31st March 2017, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information, in which are incorporated the Returns for the year ended on that date audited by the branch auditor of the Company's branch located at Manchester, United Kingdom.

### MANAGEMENT'S RESPONSIBILITY FOR THE STANDALONE IND AS FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the branch auditor in terms of their report referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

### OPINION

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of report of the branch auditor referred to in the Other Matters paragraph below, the aforesaid standalone Ind AS 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, of the state of affairs of the Company as at 31st March 2017, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

### OTHER MATTERS

a) We did not audit the financial statements of the branch included in the standalone Ind AS financial statements of the Company whose financial statements reflect total assets of ₹ 0.13 crore as at 31st March 2017 and total revenues of ₹ Nil for the year ended on that date, as considered in the standalone Ind AS financial statements. The financial statements of the branch have been audited by the branch auditor whose report has been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of the branch and our report in terms of subsection (3) of Section 143 of the Act, in so far as it relates to the aforesaid, is based solely on the report of such branch auditor.

b) The transition date opening balance sheet as at 1st April 2015 included in these standalone Ind AS financial statements, are based on the statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by the predecessor auditor whose report for the year ended 31st March 2015 dated 6th May 2015 expressed an unmodified opinion on those standalone financial statements, and have been restated to comply with Ind AS. Adjustments made to the previously issued said financial information prepared in accordance with the Companies (Accounting Standards) Rules, 2006 to comply with Ind AS have been audited by us.

c) The comparative financial information for the year ended 31st March 2016 and the transition date opening balance sheet as at 1st April 2015 in respect of branch included in this Standalone Ind AS financial statements have been audited by the branch auditor.

Our opinion on the standalone financial statements and our report on Other Legal and Regulatory Requirements below is not modified in respect of these matters.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of the branch auditor referred to in the Other Matters paragraph above we report, to the extent applicable that:
   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the branch not visited by us.
   c) The report on the accounts of the branch office of the Company audited under Section 143(8) of the Act by branch auditor have been sent to us and have been properly dealt with by us in preparing this report.
   d) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account and with the returns received from the branch not visited by us.
   e) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.
   f) On the basis of the written representations received from the directors as on 31st March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2017 from being appointed as a director in terms of Section 164(2) of the Act.
   g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
   h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
      i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements;
      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
      iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
      iv. The Company has provided requisite disclosures in the standalone Ind AS financial statements as regards its holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the 8th November 2016 of the Ministry of Finance, during the period from 8th November 2016 to 30th December 2016. Based on audit procedures performed and the representations provided to us by the management we report that the disclosures are in accordance with the books of account maintained by the Company and as produced to us by the Management.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **Deloitte Haskins and Sells LLP**
Chartered Accountants
(Firm's Registration No. 117366W-W-100018)

**Rupen K. Bhatt**
(Partner)
(Membership No. 46930)

Place: Mumbai
Date: 4th May 2017

# Annexure "A" to the Independent Auditor's Report

**(Referred to in paragraph 1 (g) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

**Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of Greaves Cotton Limited ("the Company") as of 31st March 2017 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

## MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Company's management is responsible for establishing and maintaining internal financial controls based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

## AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

## MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

## INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## OPINION

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2017, based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

For **Deloitte Haskins and Sells LLP**
Chartered Accountants
(Firm's Registration No. 117366W-W-100018)

**Rupen K. Bhatt**
(Partner)
(Membership No. 46930)

Place: Mumbai
Date: 4th May 2017

# Annexure "B" to the Independent Auditor's Report

**(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

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

(b) The Company has a program of verification of fixed assets to cover all the items 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. Pursuant to the program, certain fixed assets were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed / transfer deed / conveyance deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date.

In respect of immovable properties of land and buildings that have been taken on lease and disclosed as fixed asset in the financial statements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement.

(ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.

(iv) The Company has not granted any loans, made investments or provided guarantees and hence reporting under clause (iv) of the CARO 2016 is not applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposit during the year and also the Company does not have any unclaimed deposits.

(vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, *prima facie*, the prescribed cost records have been made and maintained We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues applicable to it to the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues in arrears as at 31 March 2017 for a period of more than six months from the date they became payable.

(c) Details of dues of Sales Tax, Customs Duty, Excise Duty, Value Added Tax and Octroi which have not been deposited as on 31 March 2017 on account of disputes are given below:

| Name of Statute | Nature of Dues | Forum where Dispute is Pending | Period to which the Amount Relates (Financial Year) | Amount Unpaid (₹ In Crores) |
|---|---|---|---|---|
| Central Sales Tax Act, 1956 & Local Tax Act | Non submission of forms, interest and other matters | Supreme Court | 2008-09 to 2012-13 | 0.62 |
| Central Sales Tax Act, 1956 & Local Tax Act | Non submission of forms, interest and other matters | High Court | 2001-02 | 0.30 |
| Central Sales Tax Act, 1956 & Local Tax Act | Non submission of forms, interest and other matters | Appellate Tribunal | 1989-90<br>1994-95<br>1999-00 to 2002-03<br>2004-05 | 0.32 |
| Central Sales Tax Act, 1956 & Local Tax Act | Non submission of forms, interest and other matters | Before Joint Commissioner /Deputy Commissioner | 1999-00<br>1992-93<br>1998-99<br>2003-04<br>2006-07<br>2008-09<br>2011-12<br>2012-13 | 6.62 |
| Central Sales Tax Act, 1956 & Local Tax Act | Non submission of forms, interest and other matters | Before Assistant Deputy Commissioner/ Additional Commissioner/ Deputy Commissioner | 2010-11 | 0.16 |
| Central Excise Act ,1944 | Disallowance of input credit and penalty | Commissioner (Appeals) | 1991-92<br>2006-07,2007-08<br>2009-10<br>2010-11<br>2011-12 to 2014-15 | 0.79 |
| Central Excise Act ,1944 | Disallowance of input credit and penalty | Appellate Tribunal | 2007-08<br>2011-12<br>2012-13<br>2014-15 | 0.48 |
| Central Excise Act ,1944 | Disallowance of input credit and penalty | Assistant Commissioner/ Deputy Commissioner/ Additional Deputy Commissioner/ Joint Commissioner/ Commissioner | 1991-92 to 1997-98<br>2008-09<br>2010-11 to 2014-15 | 2.44 |
| Octroi Rules | Demand based on rate difference | Civil Judge, Senior Division, Pune, (District Court) | 1999-00<br>2005-06 | - |
| Customs Act | Demand based on interpretation | Commissioner of Customs - Chennai | 2014-15 | 1.67 |

(viii) The Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures. Hence reporting under clause (viii) of CARO 2016 is not applicable to the Company.

(ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the CARO 2016 Order is not applicable.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 188 and 177 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

(xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its subsidiaries or associate companies or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **Deloitte Haskins and Sells LLP**
Chartered Accountants
(Firm's Registration No. 117366W-W-100018)

**Rupen K. Bhatt**
(Partner)
(Membership No. 46930)

Place: Mumbai
Date: 4th May 2017

# Balance Sheet

as at 31st March 2017

(₹ in Crore)

| | Note No. | As at 31st March 2017 | As at 31st March 2016 | As at 1st April 2015 |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **1. Non-current assets** | | | | |
| (a) Property, Plant and Equipment | 5 | 250.35 | 270.65 | 304.78 |
| (b) Capital work - in - progress | 5 | 7.90 | 3.37 | 2.33 |
| (c) Investment Properties | 6 | 3.86 | 4.08 | 4.28 |
| (d) Intangible assets | 7 | 37.76 | 11.99 | 14.76 |
| (e) Intangible assets under development | 7 | 6.79 | 21.09 | 6.06 |
| (f) Financial Assets | | | | |
| (i) Investments | | | | |
| (a) Investments in subsidiaries | 8A | 0.29 | 0.29 | 0.31 |
| (b) Other investments | 8B | 271.89 | 251.94 | - |
| (ii) Other financial assets | 9A | 7.04 | 6.40 | 7.22 |
| (g) Income Tax Assets (Net) | 44 | 18.66 | 18.66 | 19.12 |
| (h) Other non - current assets | 10A | 5.63 | 5.86 | 5.56 |
| **Total non-current assets** | | **610.17** | **594.33** | **364.42** |
| **2. Current assets** | | | | |
| (a) Inventories | 11 | 129.41 | 108.04 | 104.82 |
| (b) Financial Assets | | | | |
| (i) Other investments | 8C | 135.13 | 103.08 | 284.55 |
| (ii) Trade receivables | 12 | 270.20 | 200.74 | 237.48 |
| (iii) Cash and cash equivalents | 13 | 10.02 | 7.27 | 12.73 |
| (iv) Bank balances other than (iii) above | 14 | 2.67 | 13.33 | 21.69 |
| (v) Other financial assets | 9B | 37.89 | 86.77 | 37.23 |
| (c) Other current assets | 10B | 34.64 | 39.34 | 37.37 |
| (d) Assets classified as held for sale | 15 | 8.98 | 19.93 | 20.15 |
| **Total current assets** | | **628.94** | **578.50** | **756.02** |
| **Total Assets** | | **1,239.11** | **1,172.83** | **1,120.44** |
| **EQUITY AND LIABILITIES** | | | | |
| **EQUITY** | | | | |
| (a) Equity Share capital | 16 | 48.84 | 48.84 | 48.84 |
| (b) Other equity | 17 | 872.13 | 837.99 | 802.69 |
| **Equity attributable to the owners of the Company** | | **920.97** | **886.83** | **851.53** |
| **LIABILITIES** | | | | |
| **1. Non-current liabilities** | | | | |
| (a) Provisions | 19A | 10.07 | 7.64 | 9.91 |
| (b) Deferred tax liabilities (Net) | 20 | 17.28 | 19.03 | 12.08 |
| **Total non-current liabilities** | | **27.35** | **26.67** | **21.99** |
| **2. Current liabilities** | | | | |
| (a) Financial Liabilities | | | | |
| (i) Trade payables | | | | |
| - Total outstanding dues of Micro, Small and Medium Enterprises | 21 | 30.58 | 31.84 | 36.39 |
| - Total outstanding dues of creditor's other than Micro, Small and Medium Enterprises | 21 | 189.27 | 162.11 | 147.83 |
| (ii) Other financial liabilities | 18 | 32.25 | 31.57 | 26.09 |
| (b) Provisions | 19B | 10.98 | 9.95 | 7.94 |
| (c) Income Tax Liabilities (Net) | 44 | 4.35 | 7.90 | 7.25 |
| (d) Other current liabilities | 22 | 23.36 | 15.96 | 21.42 |
| **Total current liabilities** | | **290.79** | **259.33** | **246.92** |
| **Total Equity and Liabilities** | | **1,239.11** | **1,172.83** | **1,120.44** |

**The notes are an integral part of these financial statements**

As per our report of even date attached
For **Deloitte Haskins & Sells LLP**
Chartered Accountants

For and on behalf of the Board
**Kewal Handa**
Director

**Rupen K. Bhatt**
Partner
Mumbai, 4th May 2017

**Narayan Barasia**
Chief Financial Officer

**Amit K. Vyas**
Company Secretary & Head Legal

**Nagesh Basavanhalli**
Managing Director & CEO

GREAVES
SINCE 1859

# Statement of Profit and Loss

for the year ended 31st March 2017

(₹ in Crore)

| | | Note No. | Year ended 31st March 2017 | Year ended 31st March 2016 |
|---|---|---|---|---|
| **I** | **Revenue from Operations** | 23 | 1,819.09 | 1,800.17 |
| **II** | **Other Income** | 24 | 50.19 | 47.51 |
| **III** | **Total Income (I + II)** | | **1,869.28** | **1,847.68** |
| **IV** | **Expenses** | | | |
| | Cost of materials consumed | 25 | 988.60 | 986.87 |
| | Purchases of stock-in-trade | 26 | 77.41 | 64.51 |
| | Changes in inventories of finished goods, stock-in-trade and work-in progress | 27 | (5.89) | (14.70) |
| | Excise duty on sale of goods | | 184.83 | 186.74 |
| | Employee benefits expense | 28 | 159.32 | 153.28 |
| | Finance costs | 29 | 0.81 | 1.01 |
| | Depreciation and amortisation expense | 30 | 46.66 | 45.39 |
| | Other expenses | 31 | 171.39 | 156.36 |
| | **Total expenses (IV)** | | **1,623.13** | **1,579.46** |
| **V** | **Profit before exceptional items and tax** | | **246.15** | **268.22** |
| **VI** | **Add: Exceptional Items** | 32 | 5.98 | 26.39 |
| **VII** | **Profit before tax** | | **252.13** | **294.61** |
| **VIII** | **Tax expense** | 33 | | |
| | Current tax | | 69.77 | 86.55 |
| | Deferred tax (credit) / charge | | (1.75) | 6.95 |
| **IX** | **Profit from continuing operations after tax (VII - VIII)** | | **184.11** | **201.11** |
| **X** | **Loss from discontinued operations** | 36B | **(3.50)** | **(2.66)** |
| **XI** | **Tax on discontinued operations** | | **0.02** | **0.92** |
| **XII** | **Loss from discontinued operations after tax (X-XI)** | 36B | **(3.48)** | **(1.74)** |
| **XIII** | **Profit for the year (IX + XII)** | | **180.63** | **199.37** |
| **XIV** | **Other Comprehensive Income** | | | |
| | (i) Items that will not be reclassified to profit or loss | | | |
| | Remeasurements of the defined benefit plans : Gains | | 1.01 | 1.51 |
| | (ii) Income tax relating to items that will not be reclassified to profit or loss | 33B | (0.35) | (0.52) |
| | **Other Comprehensive Income for the year (XIV)** | | **0.66** | **0.99** |
| **XV** | **Total Comprehensive Income for the year (XIII + XIV)** | | **181.29** | **200.36** |
| **XVI** | **Earnings per equity share of ₹ 2 each (for continuing operations):** | | | |
| | Basic / Diluted | 37 | 7.54 | 8.24 |
| **XVII** | **Earnings per equity share of ₹ 2 each (for discontinued operations):** | | | |
| | Basic / Diluted | 37 | (0.14) | (0.07) |
| **XVIII** | **Earnings per equity share of ₹ 2 each (for discontinued & continuing operations):** | | | |
| | Basic / Diluted | 37 | 7.40 | 8.17 |

**The notes are an integral part of these financial statements**

As per our report of even date attached
For **Deloitte Haskins & Sells LLP**
Chartered Accountants

For and on behalf of the Board
**Kewal Handa**
Director

**Rupen K. Bhatt**
Partner
Mumbai, 4th May 2017

**Narayan Barasia**
Chief Financial Officer

**Amit K. Vyas**
Company Secretary & Head Legal

**Nagesh Basavanhalli**
Managing Director & CEO

# Statement of Changes in Equity

for the year ended 31st March 2017

| | | |
|---|---|---|
| A | **Equity share capital** | (₹ in Crore) |
| | Balance as at 1st April 2015 | 48.84 |
| | Balance as at 31st March 2016 | 48.84 |
| | **Balance as at 31st March 2017** | **48.84** |

(₹ in Crore)

| | | Reserves and Surplus | | | | Total |
|---|---|---|---|---|---|---|
| | | Capital Reserve | Securities Premium Reserve | General Reserves | Retained Earnings | |
| B | **Other equity** | | | | | |
| | **Balance as at 1st April 2015** | **1.34** | **34.59** | **318.03** | **448.73** | **802.69** |
| | Profit for the year | - | - | - | 199.37 | **199.37** |
| | Other comprehensive income | - | - | - | 0.99 | **0.99** |
| | Total Comprehensive Income for the year | **-** | **-** | **-** | **200.36** | **200.36** |
| | Dividends (including dividend distribution tax of ₹ 28.28 crore) | - | - | - | (165.06) | **(165.06)** |
| | Transfer to General Reserve | - | - | 28.15 | (28.15) | **-** |
| | **Balance as at 31 March 2016** | **1.34** | **34.59** | **346.18** | **455.88** | **837.99** |
| | Profit for the year | - | - | - | 180.63 | **180.63** |
| | Other comprehensive income | - | - | - | 0.66 | **0.66** |
| | Total Comprehensive Income for the year | - | - | - | 181.29 | **181.29** |
| | Dividends (including dividend distribution tax of ₹ 25.00 crore) | - | - | - | (147.15) | **(147.15)** |
| | **Balance as at 31 March 2017** | **1.34** | **34.59** | **346.18** | **490.02** | **872.13** |

As per our report of even date attached
For **Deloitte Haskins & Sells LLP**
Chartered Accountants

For and on behalf of the Board
**Kewal Handa**
Director

**Rupen K. Bhatt**
Partner
Mumbai, 4th May 2017

**Narayan Barasia**
Chief Financial Officer

**Amit K. Vyas**
Company Secretary & Head Legal

**Nagesh Basavanhalli**
Managing Director & CEO

# Statement of Cash Flows

for the year ended 31st March 2017

(₹ in Crore)

| | Year ended 31st March 2017 | Year ended 31st March 2016 |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| **Profit for the year (after tax)** | **180.63** | **199.37** |
| Adjustments for: | | |
| Income tax expense recognised in profit and loss (continuing and discontinued operations) | 68.00 | 92.58 |
| Finance costs recognised in profit and loss | 0.81 | 1.01 |
| Notional rent expense on Fair value of Security deposit | 0.26 | 0.13 |
| Interest income recognised in profit and loss | (6.02) | (6.61) |
| Dividend income | (0.40) | (3.30) |
| Gain on disposal of property, plant and equipment | (16.81) | (33.83) |
| Net gain arising on fair valuation of investments | (25.51) | (1.86) |
| Net gain arising on redemption of investments | (5.65) | (23.33) |
| Impairment loss allowance on investments carried at cost | - | 0.45 |
| Depreciation and amortisation of non-current assets | 46.66 | 45.39 |
| Impairment of property, plant and equipment, goodwill | - | 5.39 |
| Impairment of property, plant and equipment - Discontinued business | 3.44 | 1.44 |
| Net foreign exchange loss | 0.33 | 0.30 |
| | **245.74** | **277.13** |
| **Movements in working capital:** | | |
| (Increase)/Decrease in trade receivables | (69.77) | 36.40 |
| (Increase)/Decrease in inventories | (21.37) | (3.22) |
| (Increase)/Decrease in other assets | (0.76) | 1.54 |
| Increase/(Decrease) in trade payables | 25.88 | 9.77 |
| Increase/(Decrease) in provisions | 3.45 | (0.25) |
| Increase/(Decrease) in other liabilities | 8.51 | (1.28) |
| **Cash generated from operations** | **191.68** | **320.09** |
| Less: Income taxes paid | (73.64) | (85.05) |
| **Net cash generated from operating activities (A)** | **118.04** | **235.04** |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| (Purchase) / (reinvestment) of financial assets | (1,288.89) | (1,764.94) |
| Proceeds on sale/maturity of financial assets | 1,268.04 | 1,719.67 |
| Inter corporate deposits placed | (41.55) | (75.85) |
| Inter corporate deposit matured | 95.85 | 25.00 |
| Bank deposits placed | (10.86) | (10.86) |
| Bank deposits matured | 21.72 | 20.00 |
| Interest received | 7.55 | 4.46 |
| Dividend from non-current investments | - | 1.60 |
| Dividend from current investments | 0.40 | 3.30 |
| Payments for property, plant and equipment and capital work-in-progress | (27.11) | (17.47) |
| Payments for intangible assets | (19.63) | (17.60) |
| Proceeds from disposal of property, plant and equipment | 27.15 | 38.70 |
| Investment in subsidiaries | - | (0.44) |
| **Net cash generated/(used in) from investing activities (B)** | **32.67** | **(74.43)** |

# Statement of Cash Flows

for the year ended 31st March 2017

(₹ in Crore)

| | Year ended 31st March 2017 | Year ended 31st March 2016 |
|---|---|---|
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | |
| Dividends paid (including tax) | (147.15) | (165.06) |
| Interest paid | (0.81) | (1.01) |
| **Net cash used in financing activities (C)** | **(147.96)** | **(166.07)** |
| **Net increase/(decrease) in cash and cash equivalents (A+B+C)** | **2.75** | **(5.46)** |
| Cash and cash equivalents at the beginning of the year | 7.27 | 12.73 |
| **Cash and cash equivalents at the end of the year** | **10.02** | **7.27** |

As per our report of even date attached
For **Deloitte Haskins & Sells LLP**
Chartered Accountants

For and on behalf of the Board

**Kewal Handa**
Director

**Rupen K. Bhatt**
Partner
Mumbai, 4th May 2017

**Narayan Barasia**
Chief Financial Officer

**Amit K. Vyas**
Company Secretary & Head Legal

**Nagesh Basavanhalli**
Managing Director & CEO

# Notes to the Financial Statements

for the year ended 31st March 2017

## 1. GENERAL INFORMATION:

Greaves Cotton Limited (the 'Company') is engaged in manufacturing of engines, engine applications and trading of power tillers, spares related to engines and construction equipment / infrastructure equipment 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.

**2.** The Company has adopted Indian Accounting Standards (Ind AS) as notified by the Ministry of Corporate Affairs with effect from 1st April 2016, with a transition date of 1st April 2015. The adoption of Ind AS has been carried out in accordance with Ind AS 101, First-time Adoption of Indian Accounting Standards. Ind AS 101 requires that all Ind AS standards and interpretations that are issued and effective for the first Ind AS financial statements for the year ended 31st March 2017, be applied retrospectively and consistently for all financial years presented. However, in preparing these Ind AS financial statements, the Company has availed of certain exemptions and exceptions in accordance with Ind AS 101, as explained in notes. The resulting difference between the carrying values of the assets and liabilities in the financial statements as at the transition date under Ind AS and Previous GAAP have been recognised directly in retained earnings.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

### 3.1 Statement of compliance:

The financial statements have been prepared in accordance with Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015.

Upto the year ended 31st March 2016, the Company prepared its financial statements in accordance with the requirements of previous GAAP, which included Standards notified under the Companies (Accounting Standards) Rules, 2006. These are the Company's first Ind AS financial statements. The date of transition to Ind AS is 1st April 2015. Refer Note 46 for the details of first-time adoption exemptions availed by the Company.

### 3.2 Basis of preparation and presentation

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other that quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

# Notes to the Financial Statements
for the year ended 31st March 2017

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 Schedule III to the Companies Act, 2013. 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.

**3.3 Non-current assets held for sale**

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset and its sale is highly probable.

Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

**3.4 Revenue recognition:**

Revenue is measured at the fair value of the consideration received or receivable.

**3.4.1 Sale of goods:**

Revenue is inclusive of excise duty and net of value added taxes, service tax, rebates and other similar allowances. Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Company has transferred to the buyer the significant risks and rewards of ownership of goods;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Company;
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

**3.4.2 Rendering of services:**

Revenue in respect of service is recognised in the accounting year in which the services are performed, in accordance with the terms of contract with customers.

**3.4.3 Dividend and interest income:**

Dividend income from investments is recognised when the Company's right to receive payment has been established.

Interest income from a financial asset is recognised when it is probable that the economic benefit will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on time basis, by reference to the principal outstanding and at the effective interest rate applicable.

**3.5 Foreign currencies:**

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). These financial statements are presented in Indian rupee (₹), which is the Company's functional and presentation currency. Transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rate of exchange prevailing at the dates of transactions. At the end of each reporting period monetary item denominated in foreign currencies are translated at the rates prevailing at that date.

Exchange differences on monetary items are recognised in profit and loss in the year in which they arise except for exchange differences arising on marking forward contracts to market rates are recognised in the statement of profit and loss in the year in which they arise and the premium paid / received is accounted as expense / income over the period of the contract.

# Notes to the Financial Statements
for the year ended 31st March 2017

**3.6 Borrowing cost**

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 year in which they are incurred.

**3.7 Employee benefits:**

**3.7.1 Defined Contribution Plans:**

Contribution to Superannuation Fund, a defined contribution scheme, is made at pre-determined rates to the Superannuation Fund, Life Insurance Corporation and is charged to the Statement of profit and loss. There are no other obligations other than the contribution payable to the Superannuation Fund.

The eligible employees of the Company are entitled to receive benefits under provident fund schemes defined contribution plans, in which both employees and the Company make monthly contributions at a specified percentage of the employees' salary. The contributions are paid to the respective Regional Provident Fund Commissioner and the Central Provident Fund under the State Pension scheme. There are no other obligations other than the contribution payable to the Regional Provident Fund Commissioner and the Central Provident Fund under the State Pension scheme.

**3.7.2 Defined Benefit Plans:**

For defined benefit retirement plans (i.e. gratuity and ex-gratia) the cost of providing benefits is determined using the projected unit credit method, with independent actuarial valuations being carried out at the end of each annual reporting period. Re-measurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the year in which they occur. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- re-measurement.

**3.7.3 Compensated Absences**

Compensated absences which accrue to employees and which are expected to be availed within twelve months immediately following the year end are reported as expenses during the year in which the employee performs the service that the benefit covers and the liabilities are reported at the undiscounted amount of the benefit, and where the availment or encashment is otherwise not expected to wholly occur within the next twelve months, the liability on account of the benefit is actuarially determined using the projected unit credit method.

**3.8 Taxation:**

**3.8.1 Current tax:**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "profit before tax" as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

**3.8.2 Deferred tax:**

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally

# Notes to the Financial Statements

for the year ended 31st March 2017

recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the year in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting year.

**3.8.3 Current and deferred tax for the year:**

Current and deferred tax are recognised in profit and loss, except when they relate to items that are recognised in other comprehensive income, in which case, the current and deferred tax are also recognised in other comprehensive income.

**3.9 Property, plant and equipment:**

For transition to Ind AS, the Company has elected to continue with the carrying value of its property, plant and equipment recognised as at 1st April 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

Cost includes purchase price, inward freight, taxes and expenses incidental to acquisition and installation, up to the point the asset is ready for its intended use. Own manufactured assets are capitalised at factory cost. Certain project related direct expenses, incurred at site for the period upto the date of commencement of commercial production are capitalised.

Depreciation on fixed assets is provided under the straight line method over the useful life of the assets. Extra shift depreciation is provided based on number of shifts for which the plant has worked. Leasehold land is amortised over the primary period of the lease. Leasehold building improvements are written off over the period of lease or their estimated useful life, whichever is lower, on a straight line basis. Residual value of the assets is estimated at 5% of cost. The useful lives of the assets of the Company are as follows:

| Asset | Useful lives |
|---|---|
| Leasehold land | Over lease period |
| Leasehold improvements | Over lease period |
| Buildings | 30 years |
| Plant & equipment | 15 years |
| Office equipment | 5 years |
| Furniture and fixtures | 10 years |
| Vehicles | 8 years |

When an asset is scrapped or otherwise disposed off, the cost and related depreciation are removed from the books and the resultant profit or loss (including capital profit), if any, is reflected in the statement of profit and loss.

The estimated useful life and residual value is reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

**3.10 Investment Property:**

For transition to Ind AS, the Company has elected to continue with the carrying value of its Investment property recognised as at 1st April 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

# Notes to the Financial Statements

for the year ended 31st March 2017

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties are measured initially at cost including transaction costs. Subsequent to initial recognition investment properties are measured in accordance with Ind AS 16's requirements for cost model.

An investment property is de-recognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit and loss in the year in which the property is de-recognised.

Investment property owned by the Company is depreciated under the straight line method over its estimated useful life of 30 years.

**3.11 Intangible assets:**

**3.11.1 Intangible assets acquired separately:**

For transition to Ind AS, the Company has elected to continue with the carrying value of all of its intangible assets recognised as at 1st April 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and residual value is reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

**3.11.2 Derecognition of intangible asset:**

An intangible asset is de-recognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit and loss when the asset is de-recognised.

**3.11.3 Useful life of intangible assets:**

Estimated useful lives of the intangibles assets are as follows:

i) Technical know-how / product development is amortised over a period of five years.

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

**3.12 Impairment of tangible and intangible assets other than goodwill:**

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit and loss.

# Notes to the Financial Statements

for the year ended 31st March 2017

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit and loss.

**3.13 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, whichever is lower.

c. Finished goods at lower of weighted average cost including conversion cost and excise duty paid / payable on such goods or net realisable value, whichever is lower.

**3.14 Provisions:**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

**3.15 Warranties:**

Provisions for the expected cost of warranty obligations are recognised at the date of sale of the relevant products, at the management's best estimate of the expenditure required to settle the Company's obligation.

**3.16 Financial instrument:**

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

**3.17 Financial asset:**

All regular way purchases or sales of financial assets are recognised and de-recognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets

**3.17.1 Financial assets at Fair Value Through Profit andLoss (FVTPL):**

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognised in profit and loss. The net gain or loss recognised in profit and loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other Income / Other expenses' line item. Dividend on financial assets at FVTPL is recognised when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity and the amount of dividend can be measured reliably.

# Notes to the Financial Statements

for the year ended 31st March 2017

**3.17.2 Impairment of financial assets:**

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, lease receivables, trade receivables, other contractual rights to receive cash or other financial asset, and financial guarantees not designated as at FVTPL.

For trade receivables or any contractual rights to receive cash or another financial assets that results from transactions that are within the scope of Ind AS 18, the Company always measures their allowances at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivable, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

**3.17.3 Derecognition of financial assets:**

The Company de-recognises a financial asset when contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

**3.17.4 Foreign exchange gains and losses:**

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

For foreign currency denominated financial assets measured at amortised cost and FVTPL, exchange differences are recognised in profit and loss, except for those which are designated as hedging instruments in a hedging relationship.

**3.18 Financial liabilities:**

Financial liabilities are subsequently measured at amortised cost or at FVTPL.

**3.18.1 Financial liabilities at FVTPL:**

Financial liabilities such as derivative that is not designated and effective as a hedging instrument are classified as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in profit and loss. The net gain or loss recognised in profit and loss is included in the 'Other Income/ Other expenses' line item.

**3.18.2 Financial liabilities subsequently measured at amortised cost:**

Financial liabilities that are not held for trading and are not designated as at FVTPL are measured at amortised cost.

**3.18.3 Foreign exchange gains and losses:**

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains or losses are determined based on the amortised cost of the instruments and are recognised in 'Other Income / Other Expenses'.

# Notes to the Financial Statements

for the year ended 31st March 2017

The fair value of financial liabilities denominated in foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit and loss.

**3.18.4 Derecognition of financial liabilities:**

The Company de-recognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired.

**3.19 Derivative financial instruments:**

The Company enters into foreign exchange forward contracts to manage its exposure of foreign exchange rate risks.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit and loss immediately.

**3.20 Contingent liabilities and contingent assets**

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 not remote.

Contingent assets are neither recognised nor disclosed.

Contingent liabilities and contingent assets are reviewed at each balance sheet date and updated / recognised as appropriate

**3.21 First time adoption –Mandatory exceptions and optional exemptions:**

**3.21.1 Overall principle**

The Company has prepared the opening balance sheet as per Ind AS as at 1st April 2015 (the transition date) by recognising all the assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from the previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to certain exception and certain optional exemptions availed by the Company detailed as below.

**3.21.2 Derecognition of financial assets and liabilities:**

The Company has applied the derecognition requirements of financial asset and financial liability prospectively for transactions occurring on or after 1st April 2015 (the transition date).

**3.21.3 Impairment of financial asset:**

The Company has applied the impairment requirement of Ind AS 109 retrospectively; however as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instrument were initially recognised in order to compare it with the credit risk at the transition date. Further, the Company has not undertaken an exhaustive search for information when determining, at the date of transition to Ind ASs, whether there has been significant increase in credit risk since initial recognition as permitted by Ind AS 101.

# Notes to the Financial Statements

for the year ended 31st March 2017

**3.21.4 Deemed cost for property, plant and equipment, investment property, and intangible assets:**

The Company has elected to continue with the carrying value of all its plant and equipment, investment properties and intangible assets recognised as of 1st April 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

**3.21.5 Determining whether an arrangement contains a lease:**

The Company has applied Appendix C of Ind AS 17 *Determining whether an arrangement contains a Lease* to determine whether an arrangement existing at the transition date contains a lease on the basis of facts and circumstances existing at that date.

**3.21.6 Investments in Subsidiaries:**

The Company has accounted for its investments in subsidiaries at cost.

## 4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY:

In the application of the Company's accounting policies, which are described in note 3, the management of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In the following areas the management of the Company has made critical judgements and estimates:

**a. Defined benefit obligation**

The present value of the defined benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for post employments plans include the discount rate. Any changes in these assumptions will impact the carrying amount of such obligations.

The Company determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the defined benefit obligations. In determining the appropriate discount rate, the Company considers the interest rates of government bonds of maturity approximating the terms of the related plan liability.

**b. Fair value measurements and valuation processes:**

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Company uses its judgments to select a variety of methods and makes assumptions that are mainly based on market conditions existing at each balance sheet date.

**c. Provision for warranty:**

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

for the year ended 31st March 2017

## 5. PROPERTY, PLANT AND EQUIPMENT

(₹ in Crore)

| | Land | | Buildings | | Plant & equipment | Office equipment | Furniture & fixtures | Vehicles | Leasehold Improvement | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| | Freehold | Leasehold | Freehold | Leasehold | | | | | | |
| **Carrying amount** | | | | | | | | | | |
| Balance as at 1st April 2015 | 3.44 | 19.15 | 74.90 | 0.01 | 193.20 | 2.38 | 8.67 | 0.32 | 2.71 | **304.78** |
| Balance as at 31st March 2016 | 3.44 | 18.94 | 67.65 | 0.01 | 169.42 | 1.78 | 7.05 | 0.23 | 2.13 | **270.65** |
| **Balance as at 31st March 2017** | **3.44** | **19.64** | **66.31** | **0.01** | **150.13** | **1.41** | **6.72** | **0.24** | **2.45** | **250.35** |
| **Cost or deemed cost** | | | | | | | | | | |
| **Balance as at 1st April 2015** | 3.44 | 19.15 | 74.90 | 0.01 | 193.20 | 2.38 | 8.67 | 0.32 | 2.71 | **304.78** |
| Transferred to Investment Property | - | - | (0.07) | - | - | - | - | - | - | **(0.07)** |
| Additions | - | - | 1.00 | - | 13.70 | 0.18 | 0.20 | 0.03 | - | **15.11** |
| Disposals | - | - | (3.14) | - | (0.45) | - | (0.60) | (0.10) | - | **(4.29)** |
| Adjustments | - | - | - | - | 0.36 | 0.04 | 0.06 | - | - | **0.46** |
| **Balance as at 31st March 2016** | **3.44** | **19.15** | **72.69** | **0.01** | **206.81** | **2.60** | **8.33** | **0.25** | **2.71** | **315.99** |
| Transferred to Investment Property | - | - | (0.01) | - | - | - | - | - | - | **(0.01)** |
| Additions | - | 0.92 | 4.40 | - | 13.32 | 0.37 | 0.74 | 0.05 | 1.02 | **20.82** |
| Disposals | - | - | (2.66) | - | (0.87) | (0.01) | (0.18) | - | - | **(3.72)** |
| **Balance as at 31st March 2017** | **3.44** | **20.07** | **74.42** | **0.01** | **219.26** | **2.96** | **8.89** | **0.30** | **3.73** | **333.08** |
| **Depreciation** | | | | | | | | | | |
| **Balance as at 1st April 2015** | - | - | - | - | - | - | - | - | - | **-** |
| Transferred to Investment Property | - | - | 0.06 | - | - | - | - | - | - | **0.06** |
| Depreciation expense | - | (0.21) | (3.17) | - | (33.97) | (0.81) | (1.07) | (0.03) | (0.58) | **(39.84)** |
| Disposals | - | - | 0.11 | - | 0.02 | - | 0.05 | 0.01 | - | **0.19** |
| Impairment | - | - | (2.04) | - | (3.14) | - | (0.21) | - | - | **(5.39)** |
| Adjustments | - | - | - | - | (0.30) | (0.01) | (0.05) | - | - | **(0.36)** |
| **Balance as at 31st March 2016** | **-** | **(0.21)** | **(5.04)** | **-** | **(37.39)** | **(0.82)** | **(1.28)** | **(0.02)** | **(0.58)** | **(45.34)** |
| Transferred to Investment Property | - | - | - | - | - | - | - | - | - | **-** |
| Depreciation expense | - | (0.22) | (3.13) | - | (32.56) | (0.73) | (0.89) | (0.04) | (0.70) | **(38.27)** |
| Disposals | - | - | 0.06 | - | 0.82 | - | - | - | - | **0.88** |
| **Balance as at 31st March 2017** | **-** | **(0.43)** | **(8.11)** | **-** | **(69.13)** | **(1.55)** | **(2.17)** | **(0.06)** | **(1.28)** | **(82.73)** |

# Notes to the Financial Statements

for the year ended 31st March 2017

## 5. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

(₹ in Crore)

| | Land | | Buildings | | Plant & equipment | Office equipment | Furniture & fixtures | Vehicles | Leasehold Improvement | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| | Freehold | Leasehold | Freehold | Leasehold | | | | | | |
| **Carrying amount** | | | | | | | | | | |
| **Balance as at 1st April 2015** | **3.44** | **19.15** | **74.90** | **0.01** | **193.20** | **2.38** | **8.67** | **0.32** | **2.71** | **304.78** |
| Transferred to Investment Property | - | - | (0.01) | - | - | - | - | - | - | **(0.01)** |
| Additions | - | - | 1.00 | - | 13.70 | 0.18 | 0.20 | 0.03 | - | **15.11** |
| Disposals | - | - | (3.03) | - | (0.43) | - | (0.55) | (0.09) | - | **(4.10)** |
| Depreciation expense | - | (0.21) | (3.17) | - | (33.97) | (0.81) | (1.07) | (0.03) | (0.58) | **(39.84)** |
| Impairment | - | - | (2.04) | - | (3.14) | - | (0.21) | - | - | **(5.39)** |
| Adjustments | - | - | - | - | 0.06 | 0.03 | 0.01 | - | - | **0.10** |
| **Balance as at 31st March 2016** | **3.44** | **18.94** | **67.65** | **0.01** | **169.42** | **1.78** | **7.05** | **0.23** | **2.13** | **270.65** |
| Transferred to Investment Property | - | - | (0.01) | - | - | - | - | - | - | **(0.01)** |
| Additions | - | 0.92 | 4.40 | - | 13.32 | 0.37 | 0.74 | 0.05 | 1.02 | **20.82** |
| Disposals | - | - | (2.60) | - | (0.05) | (0.01) | (0.18) | - | - | **(2.84)** |
| Depreciation expense | - | (0.22) | (3.13) | - | (32.56) | (0.73) | (0.89) | (0.04) | (0.70) | **(38.27)** |
| **Balance as at 31st March 2017** | **3.44** | **19.64** | **66.31** | **0.01** | **150.13** | **1.41** | **6.72** | **0.24** | **2.45** | **250.35** |

| | |
|---|---|
| **Capital Work-In-Progress** | |
| Balance as at 1st April 2015 | 2.33 |
| Balance as at 31st March 2016 | 3.37 |
| **Balance as at 31st March 2017** | **7.90** |

Carrying amount of Freehold Building includes ₹ 3.98 crore (previous year ₹ 4.31 crore) towards cost of ownership flats in Co-operative Housing Societies / Condominium.

The company carried out review of recoverable amount of leasehold land and freehold building. Review led to recognition of an impairment loss of ₹ Nil (previous year ₹ 5.39 crore) which has been recognised in Statement of profit and loss accounts in Note no.32. The recoverable value was estimated based on the Fair value less cost of disposal of the asset.

# Notes to the Financial Statements

for the year ended 31st March 2017

## 6. INVESTMENT PROPERTIES

(₹ in Crore)

| | Investment Properties |
|---|---|
| **Carrying amount** | |
| Balance as at 1st April 2015 | 4.28 |
| Balance as at 31st March 2016 | 4.08 |
| **Balance as at 31st March 2017** | **3.86** |
| **Cost or deemed cost** | |
| **Balance as at 1st April 2015** | **4.28** |
| Transferred from Property, Plant and Equipment | 0.07 |
| **Balance as at 31st March 2016** | **4.35** |
| Transferred from Property, Plant and Equipment | 0.01 |
| **Balance as at 31st March 2017** | **4.36** |
| **Depreciation** | |
| **Balance as at 1st April 2015** | **-** |
| Transferred from Property, Plant and Equipment | (0.06) |
| Depreciation expense | (0.21) |
| **Balance as at 31st March 2016** | **(0.27)** |
| Transferred from Property, Plant and Equipment @ | - |
| Depreciation expense | (0.23) |
| **Balance as at 31st March 2017** | **(0.50)** |
| @ Represents amount less than ₹ 1 lac | |
| **Carrying amount** | |
| **Balance as at 1st April 2015** | **4.28** |
| Transferred from Property, Plant and Equipment | 0.01 |
| Depreciation expense | (0.21) |
| **Balance as at 31st March 2016** | **4.08** |
| Transferred from Property, Plant and Equipment | 0.01 |
| Depreciation expense | (0.23) |
| **Balance as at 31st March 2017** | **3.86** |
| Rental income from investment property for the year ended 31st March 2016 | 0.30 |
| Rental income from investment property for the year ended 31st March 2017 | 0.59 |
| Direct operating expenses including repairs and maintenance arising from investment property that generated rental income for the year ended 31st March 2016 | 0.11 |
| Direct operating expenses including repairs and maintenance arising from investment property that generated rental income for the year ended 31st March 2017 | 0.18 |

Fair value of investment property:

The company has obtained valuation of its investment properties from an independent valuer. The fair values were ₹ 29.2 crores, ₹ 24.7 crores, ₹ 15.7 crores for 31st March 2017, 31st March 2016 and 1st April 2015 respectively (Level 2).

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# Notes to the Financial Statements

for the year ended 31st March 2017

## 7. INTANGIBLE ASSETS

(₹ in Crore)

| | Technical Knowhow | Product Development | Computer Software | Total |
|---|---|---|---|---|
| **Carrying Amount** | | | | |
| Balance as at 1st April 2015 | 9.78 | - | 4.98 | **14.76** |
| Balance as at 31st March 2016 | 8.45 | - | 3.54 | **11.99** |
| **Balance as at 31st March 2017** | **5.95** | **26.59** | **5.22** | **37.76** |
| **Cost or Deemed Cost** | | | | |
| **Balance as at 1st April 2015** | **9.78** | **-** | **4.98** | 14.76 |
| Additions | 1.70 | - | 0.87 | **2.57** |
| **Balance as at 31st March 2016** | **11.48** | **-** | **5.85** | **17.33** |
| Additions | 0.68 | 28.85 | 4.40 | **33.93** |
| **Balance as at 31st March 2017** | **12.16** | **28.85** | **10.25** | **51.26** |
| **Amortisation** | | | | |
| **Balance as at 1st April 2015** | **-** | **-** | **-** | - |
| Amortisation expense | (3.03) | - | (2.31) | **(5.34)** |
| **Balance as at 31st March 2016** | **(3.03)** | **-** | **(2.31)** | **(5.34)** |
| Amortisation expense | (3.18) | (2.26) | (2.72) | **(8.16)** |
| **Balance as at 31st March 2017** | **(6.21)** | **(2.26)** | **(5.03)** | **(13.50)** |
| **Carrying Amount** | | | | |
| **Balance as at 1st April 2015** | **9.78** | **-** | **4.98** | **14.76** |
| Additions | 1.70 | - | 0.87 | **2.57** |
| Amortisation expense | (3.03) | - | (2.31) | **(5.34)** |
| **Balance as at 31st March 2016** | **8.45** | **-** | **3.54** | **11.99** |
| Additions | 0.68 | 28.85 | 4.40 | **33.93** |
| Amortisation expense | (3.18) | (2.26) | (2.72) | **(8.16)** |
| **Balance as at 31st March 2017** | **5.95** | **26.59** | **5.22** | **37.76** |
| **Intangible assets under development** | | | | |
| Balance as at 1st April 2015 | | | | 6.06 |
| Balance as at 31st March 2016 | | | | 21.09 |
| **Balance as at 31st March 2017** | | | | **6.79** |

# Notes to the Financial Statements

for the year ended 31st March 2017

## 8. INVESTMENTS

(₹ in Crore)

| | As at 31st March 2017 | | As at 31st March 2016 | | As at 1st April 2015 | |
|---|---|---|---|---|---|---|
| | Nos. | Amount | Nos. | Amount | Nos. | Amount |
| **NON- CURRENT (UNQUOTED)** | | | | | | |
| **8A Investment in subsidiaries (fully paid)** | | | | | | |
| **Equity instruments (at cost)** | | | | | | |
| Greaves Leasing Finance Limited (Face Value of ₹ 10/- each) | 2,50,000 | 0.29 | 2,50,000 | 0.29 | 2,50,000 | 0.29 |
| Greaves Cotton Middle East FZC (Face Value AED ₹ 1,500/- each) | 175 | 0.46 | 175 | 0.46 | 10 | 0.02 |
| Less: Allowance for diminution in value of investment | | (0.46) | | (0.46) | | |
| **Sub-total** | | **0.29** | | **0.29** | | **0.31** |
| **8B Other Investments** | | | | | | |
| **Investments in Mutual Funds (at fair value)** | | | | | | |
| Axis Liquid Fund - Direct Plan - Growth | 89,675 | 16.17 | 89,675 | 15.06 | - | - |
| Birla Sun Life Cash Plus - Direct Plan - Growth | 6,38,977 | 16.70 | 6,38,977 | 15.55 | - | - |
| Birla Sun Life Savings Fund - Direct Plan - Growth | 14,61,039 | 46.77 | 14,61,039 | 42.93 | - | - |
| HDFC Floating Rate Income Fund - Short Term Plan - Direct Plan - Wholesale Option - Growth | 71,85,930 | 20.38 | 71,85,930 | 18.76 | - | - |
| HDFC Liquid Fund - Direct Plan - Growth | 82,904 | 26.60 | 82,904 | 24.79 | - | - |
| ICICI Prudential Liquid - Direct Plan - Growth | 11,74,038 | 28.26 | 11,74,038 | 26.33 | - | - |
| ICICI Prudential Ultra Short Term - Direct Plan - Growth | 47,61,593 | 8.15 | 47,61,593 | 7.43 | - | - |
| Kotak Floater Short Term - Direct Plan - Growth | 60,583 | 16.17 | 60,583 | 15.06 | - | - |
| Kotak Treasury Advantage Fund - Direct Plan - Growth | 45,46,714 | 11.98 | 45,46,714 | 11.07 | - | - |
| Reliance Liquid Fund - Treasury Plan - Direct Plan-Growth | 40,717 | 16.15 | 40,717 | 15.04 | - | - |
| Reliance Money Manager Fund - Direct Plan - Growth | 1,18,031 | 26.87 | 1,18,031 | 24.78 | - | - |
| SBI Premier Liquid Fund - Direct Plan - Growth | 84,321 | 21.52 | 84,321 | 20.08 | - | - |
| UTI Money Market fund-Institutional Plan - Direct Plan-Growth | 88,605 | 16.17 | 88,605 | 15.06 | - | - |
| **Sub-total** | | **271.89** | | **251.94** | | **-** |
| Aggregate carrying value of unquoted investments (Net of provision) - Non current | | 272.18 | | 252.23 | | 0.31 |

# Notes to the Financial Statements

for the year ended 31st March 2017

## 8. INVESTMENTS (CONTD.)

(₹ in Crore)

| | As at 31st March 2017 | | As at 31st March 2016 | | As at 1st April 2015 | |
|---|---|---|---|---|---|---|
| | Nos. | Amount | Nos. | Amount | Nos. | Amount |
| **CURRENT (UNQUOTED)** | | | | | | |
| **8C Other Investments** | | | | | | |
| **Investments in Mutual Funds (at fair value)** | | | | | | |
| Axis Banking Debt Fund - Direct Plan - Daily Dividend | - | - | - | - | 50,087 | 5.03 |
| Axis Banking Debt Fund - Direct Plan - Growth | - | - | 39,151 | 5.46 | - | - |
| Axis Liquid Fund - Direct Plan - Daily Dividend | - | - | - | - | 85,548 | 8.56 |
| Axis Short Term Fund - Direct Plan - Growth | - | - | 12,77,784 | 2.14 | - | - |
| Axis Treasury Advantage Fund - Direct Plan - Growth | 1,07,846 | 19.91 | - | - | - | - |
| Baroda Pioneer Treasury Advantage Fund - Plan B - Daily Dividend | - | - | - | - | 52,705 | 5.31 |
| Birla Sun Life Cash Plus - Daily Dividend -Direct Plan | - | - | - | - | 11,81,215 | 11.84 |
| Birla Sun Life Dynamic Bond Fund-Retail Plan-Monthly Dividend-Regular Plan | - | - | - | - | 55,27,102 | 6.03 |
| Birla Sun Life Saving Fund - Daily Dividend - Direct Plan | - | - | - | - | 11,30,866 | 11.34 |
| Birla Sun Life Treasury Optimizer Plan - Direct Plan - Growth | - | - | 2,85,482 | 5.42 | - | - |
| DWS Ultra Short Term Fund- Direct Plan - Daily Dividend | - | - | - | - | 61,33,663 | 6.14 |
| Franklin Templeton India Low Duration Fund- Direct-Monthly Dividend Reinvestment | - | - | - | - | 1,25,67,662 | 13.29 |
| Franklin Templeton India Treasury Management Account - Super Institutional Plan- Direct - Daily Dividend Reinvestment | - | - | - | - | 174,010 | 17.43 |
| Franklin Templeton India Ultra Short Bond Fund - Super Institutional Plan - Direct-Daily Dividend Reinvestment | - | - | - | - | 1,04,07,323 | 10.47 |
| HDFC FMP 91D February 2015 (1 ) - Direct Growth Series-33 | - | - | - | - | 30,00,000 | 3.03 |
| HDFC Cash Management Fund - Saving Plan -Direct Plan - Daily Dividend Reinvestment | - | - | - | - | 87,12,315 | 9.27 |
| ICICI Prudential Banking And PSU Debt Fund-Direct Plan - Daily Dividend | - | - | - | - | 31,87,659 | 3.29 |
| ICICI Prudential Banking and PSU Debt Fund - Direct Plan - Growth | - | - | 21,03,244 | 3.58 | - | - |
| ICICI Prudential Flexible Income - Direct Plan - Growth | - | - | 4,29,175 | 12.32 | - | - |
| ICICI Prudential Flexible Income- Direct Plan - Daily Dividend | - | - | - | - | 4,34,594 | 4.60 |
| ICICI Prudential Interval III - Quarterly Interval Plan - Direct Plan - Growth | - | - | - | - | 20,21,168 | 3.04 |
| ICICI Prudential Interval Fund II Quarterly Interval Plan A - Direct Plan - Growth | - | - | - | - | 26,05,252 | 3.03 |
| ICICI Prudential Liquid Direct Plan - Daily Dividend | - | - | - | - | 11,10,978 | 11.12 |
| ICICI Prudential Money Market Fund - Direct Plan - Daily Dividend Reinvestment | - | - | - | - | 5,50,073 | 5.51 |
| IDFC Ultra Short Term Fund - Direct Plan - Growth | 53,11,188 | 12.30 | - | - | - | - |

# Notes to the Financial Statements

for the year ended 31st March 2017

## 8. INVESTMENTS (CONTD.)

(₹ in Crore)

| | As at 31st March 2017 | | As at 31st March 2016 | | As at 1st April 2015 | |
|---|---|---|---|---|---|---|
| | Nos. | Amount | Nos. | Amount | Nos. | Amount |
| Invesco India Ultra Short Term Fund - Direct Plan - Growth | 94,827 | 21.68 | - | - | - | - |
| JP Morgan India Liquid Fund -Direct Plan - Daily Dividend Reinvestment Option | - | - | - | - | 1,00,58,974 | 10.07 |
| Kotak Bond (Short Term) - Direct Plan - Growth | - | - | 18,36,038 | 5.28 | - | - |
| Kotak Floater Short Term - Direct Plan - Daily Dividend | - | - | - | - | 55,164 | 5.58 |
| Kotak Treasury Advantage Fund - Direct Plan - Daily Dividend | - | - | - | - | 1,01,45,013 | 10.23 |
| Kotak Treasury Advantage Fund - Direct Plan - Growth | 20,07,734 | 5.29 | - | - | - | - |
| L&T Cash Fund Direct Plan - Daily Dividend | - | - | - | - | 49,155 | 5.03 |
| L&T Ultra Short Term Fund - Direct Plan - Growth | 86,59,188 | 23.30 | - | - | - | - |
| LIC Mf Savings Plus Fund - Direct Plan- Growth | 43,34,527 | 11.16 | - | - | - | - |
| Reliance Liquid Fund - Cash Plan - Direct Plan - Growth | - | - | 65,561 | 16.03 | - | - |
| Reliance Liquid Fund - Cash Plan - Direct Plan Daily Dividend Option | - | - | - | - | 1,55,912 | 17.37 |
| Reliance Liquid Fund - Treasury Plan - Direct Daily Dividend Option | - | - | - | - | 19,631 | 3.00 |
| Reliance Medium Term Fund - Daily Direct Dividend Plan | - | - | - | - | 89,43,273 | 15.29 |
| Reliance Money Manager Fund - Daily Direct Dividend Plan | - | - | - | - | 49,974 | 5.01 |
| Reliance Money Manager Fund - Direct Plan - Growth | 88,605 | 20.17 | - | - | - | - |
| Reliance Quarterly Interval Fund - Series II - Direct Growth Plan Growth Option | - | - | - | - | 21,13,897 | 4.05 |
| Reliance Short Term Fund - Direct Plan - Growth | - | - | 14,52,642 | 4.19 | - | - |
| Invesco Credit Opportunities Fund - Direct Plan Daily Dividend | - | - | - | - | 1,21,190 | 12.12 |
| Invesco Credit Opportunities Fund - Direct Plan - Growth | - | - | 1,01,203 | 17.65 | - | - |
| Invesco Liquid Fund- Direct Plan - Daily Dividend | - | - | - | - | 1,38,463 | 13.86 |
| Invesco Ultra Short Term Fund - Direct Plan Daily Dividend | - | - | - | - | 10,034 | 1.02 |
| SBI Magnum Insta Cash Fund - Direct Plan - Daily Dividend | - | - | - | - | 27,442 | 4.60 |
| SBI Magnum Insta Cash Fund- Liquid Floater- Direct Plan Daily Dividend | - | - | - | - | 49,790 | 5.03 |
| SBI Treasury Advantage Fund - Direct Plan - Growth | - | - | - | - | 19,468 | 3.04 |
| SBI Ultra Short Term Debt Fund - Direct Plan - Growth | 1,01,159 | 21.32 | 50,904 | 9.94 | - | - |
| Sundaram Income Plus Direct Plan - Dividend | - | - | - | - | 45,32,345 | 5.03 |
| Tata Money Market Fund Direct Plan -Daily Dividend | - | - | - | - | 1,97,240 | 19.75 |
| UTI Floating Rate Fund - Stp- Direct Plan - Growth | - | - | 34,944 | 8.71 | - | - |

# Notes to the Financial Statements

for the year ended 31st March 2017

## 8. INVESTMENTS (CONTD.)

(₹ in Crore)

| | As at 31st March 2017 | | As at 31st March 2016 | | As at 1st April 2015 | |
|---|---|---|---|---|---|---|
| | Nos. | Amount | Nos. | Amount | Nos. | Amount |
| UTI Money Market fund - Institutional Plan - Direct Plan- Daily Dividend | - | - | - | - | 40,756 | 4.09 |
| UTI Treasury Advantage Fund - Institutional Plan - Direct Plan - Growth | - | - | 59,586 | 12.36 | - | - |
| UTI Treasury Advantage Fund - Institutional Plan - Direct Plan- Daily Dividend | - | - | - | - | 20,451 | 2.05 |
| **Sub-total** | | **135.13** | | **103.08** | | **284.55** |
| Aggregate carrying value of unquoted investments - Current | | 135.13 | | 103.08 | | 284.55 |

1. The non- current investments in unquoted equity shares of subsidiaries are stated at amortised cost.
2. During the year the shareholders of Greaves Cotton Middle East FZC have voluntarily decided to liquidate the Company. As at 31st March 2017 the company is under liquidation.
3. The fair value of other investments (Non-current and Current) as at 31st March 2017, 31st March 2016 and 1st April 2015 have been arrived at on the basis of Net Asset Value (NAV) declared by the Mutual Funds (Level 1).
4. Also refer Note 34B.

## 9. OTHER FINANCIAL ASSETS

(₹ in Crore)

| | | As at 31st March 2017 | As at 31st March 2016 | As at 1st April 2015 |
|---|---|---|---|---|
| **9A** | **Non-current** | | | |
| | Security Deposits | 5.38 | 5.11 | 5.38 |
| | Margin money deposits | 1.66 | 1.29 | 1.84 |
| | **Non-current total** | **7.04** | **6.40** | **7.22** |
| **9B** | **Current** | | | |
| | Security Deposits | 7.77 | 3.80 | 4.68 |
| | Derivative financial instruments | 0.40 | 0.20 | - |
| | Fixed Deposit with Financial Institutions | 21.55 | 75.85 | 25.00 |
| | Interest receivable | 1.42 | 3.21 | 1.19 |
| | Other assets | 6.75 | 3.71 | 6.36 |
| | **Current total** | **37.89** | **86.77** | **37.23** |
| | **Total** | **44.93** | **93.17** | **44.45** |

For the financial assets that are measured at amortised cost, the fair values are not materially different from their carrying amounts, since they are either of short term nature or interest receivable is close to current market rates. (Refer Note 34B)

# Notes to the Financial Statements

for the year ended 31st March 2017

## 10. OTHER ASSETS

(₹ in Crore)

| | As at 31st March 2017 | As at 31st March 2016 | As at 1st April 2015 |
|---|---|---|---|
| **10A Non-current** | | | |
| Capital advances | 4.61 | 3.46 | 3.07 |
| Prepaid expenses | 0.06 | 0.12 | 0.25 |
| Deposits with Customs, Port Trust, Central Excise etc. | 0.24 | 0.24 | 0.25 |
| Advance recoverable in Cash or kind | 0.72 | 2.04 | 1.99 |
| Advances to Suppliers | 3.00 | 3.52 | 4.00 |
| Less: Allowance for bad and doubtful assets | (3.00) | (3.52) | (4.00) |
| **Non-current total** | **5.63** | **5.86** | **5.56** |
| **10B Current** | | | |
| Export benefit receivables | 2.74 | 1.76 | 3.19 |
| Advances to Suppliers | 13.24 | 7.26 | 3.12 |
| Prepaid expenses | 0.72 | 2.01 | 1.46 |
| Balances with Customs, Port Trust, Central Excise etc. | 14.73 | 25.80 | 29.60 |
| Other advances | 3.21 | 2.51 | - |
| **Current total** | **34.64** | **39.34** | **37.37** |
| **Total** | **40.27** | **45.20** | **42.93** |

## 11. INVENTORIES

(₹ in Crore)

| | As at 31st March 2017 | As at 31st March 2016 | As at 1st April 2015 |
|---|---|---|---|
| **Inventories (lower of cost and net realisable value)** | | | |
| Raw Materials | 50.93 | 36.05 | 47.27 |
| Work-in-progress | 5.54 | 5.36 | 5.92 |
| Finished goods | 51.97 | 47.55 | 34.99 |
| Stock-in-trade | 13.88 | 12.59 | 9.89 |
| Stores and Spares | 3.66 | 3.10 | 2.64 |
| Loose Tools | 3.43 | 3.39 | 4.11 |
| **Total** | **129.41** | **108.04** | **104.82** |

1 The inventories recognised as an expense includes ₹ 1.38 crore (previous year ₹ Nil) in respect of write-downs of inventory to net realisable value, and has been reduced by ₹ 1 crore (previous year ₹ 9 crore) in respect of reversal of such earlier write-downs.

2

| | As at 31st March 2017 | As at 31st March 2016 | As at 1st April 2015 |
|---|---|---|---|
| Raw Materials include in transit | 4.62 | 3.65 | 3.96 |
| Stock-in-trade include in transit | 0.83 | - | 0.01 |

3 The mode of valuation of inventories has been stated in Note 3.13.

# Notes to the Financial Statements

for the year ended 31st March 2017

### 12. TRADE RECEIVABLES

(₹ in Crore)

| | As at 31st March 2017 | As at 31st March 2016 | As at 1st April 2015 |
|---|---|---|---|
| Secured, Considered good * | 190.15 | 140.66 | 137.55 |
| Unsecured, considered good | 80.05 | 60.08 | 99.93 |
| Doubtful | 23.75 | 22.10 | 26.92 |
| Allowance for doubtful debts (expected credit loss allowance) | (23.75) | (22.10) | (26.92) |
| | **270.20** | **200.74** | **237.48** |

Also refer Note 34

* Secured trade receivables are against letters of credit, bank guarantees and security deposits.

**Provision Matrix**

The company has robust policy of provisioning. The overdue above 1 year is critically reviewed and necessary provisions between 50% to 100% is done.

### 13. CASH AND CASH EQUIVALENTS

(₹ in Crore)

| | As at 31st March 2017 | As at 31st March 2016 | As at 1st April 2015 |
|---|---|---|---|
| Cash on hand | 0.02 | 0.02 | 0.02 |
| Cheques, drafts on hand | 4.82 | 4.94 | 8.52 |
| Balances with Banks | | | |
| In current accounts | 5.18 | 2.31 | 4.19 |
| | **10.02** | **7.27** | **12.73** |

**Specified Bank Notes Disclosure (SBN's)**

During the year, the Company had specified bank notes or other denomination note (ODN) as defined in the MCA notification G.S.R. 308(E) dated 30th March 2017 on the details of SBN held and transacted during the period from 8th November 2016 to 30th December 2016, the denomination wise SBNs and other notes as per the notification is given below:

(Amount in ₹)

| | SBNs | ODNs | Total |
|---|---|---|---|
| Closing cash on hand as on 8th November 2016 | 1,58,000 | 27,471 | 1,85,471 |
| (+) Permitted receipts | - | 2,90,731 | 2,90,731 |
| (-) Permitted payments | - | (1,95,476) | (1,95,476) |
| (-) Amounts Deposited in Banks | (1,58,000) | - | (1,58,000) |
| **Closing cash on hand as on 30th December 2016** | **-** | **1,22,726** | **1,22,726** |

### 14. BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

(₹ in Crore)

| | As at 31st March 2017 | As at 31st March 2016 | As at 1st April 2015 |
|---|---|---|---|
| Term deposits with maturity exceeding 3 months and less than 12 months | @ | 10.86 | 20.00 |
| Unpaid dividend Accounts | 2.67 | 2.47 | 1.69 |
| | **2.67** | **13.33** | **21.69** |

@ Represents amount less than ₹ 1 lac

# Notes to the Financial Statements
for the year ended 31st March 2017

## 15. ASSETS CLASSIFIED AS HELD FOR SALE

(₹ in Crore)

| | As at 31st March 2017 | As at 31st March 2016 | As at 1st April 2015 |
|---|---|---|---|
| Buildings | 12.47 | 22.09 | 22.17 |
| Leasehold Land | 0.12 | 2.68 | 1.24 |
| Property, plant and equipment | 2.25 | 2.45 | 0.78 |
| Furniture and Fixtures | 0.03 | 0.03 | 1.23 |
| Office equipment | 0.14 | 0.14 | 0.25 |
| Intangible Assets | 0.01 | 0.01 | 1.15 |
| | 15.02 | 27.40 | 26.82 |
| Less: Impairment | (6.04) | (7.47) | (6.67) |
| | **8.98** | **19.93** | **20.15** |

On 18th September, 2014, the company discontinued manufacturing operations of Construction Equipment due to non-viability and accordingly the related assets will be eventually disposed off, the same is reclassified as assets held for sale.

During the year, the company carried out review of recoverable amount of leasehold land and freehold building. Review led to recognition of impairment loss of ₹ 3.44 crore (previous year ₹ 1.44 crore) which has been recognised in the Statement of profit and loss in Note no.36. The recoverable value was estimated based on the fair value less cost of disposal of the asset.

## 16. EQUITY SHARE CAPITAL

(₹ in Crore)

| | As at 31st March 2017 | As at 31st March 2016 | As at 1st April 2015 |
|---|---|---|---|
| Authorised | | | |
| 25,00,00,000 Equity Shares of ₹ 2 each | 50.00 | 50.00 | 50.00 |
| 25,00,000 Redeemable Preference Shares of ₹ 100 each | 25.00 | 25.00 | 25.00 |
| Issued, subscribed and fully paid up | | | |
| 24,42,06,795 Equity Shares of ₹ 2 each | 48.84 | 48.84 | 48.84 |
| | **48.84** | **48.84** | **48.84** |

| | No. of shares | ₹ in Crore |
|---|---|---|
| **16A Fully paid equity shares** | | |
| As at 1st April 2015 | 24,42,06,795 | 48.84 |
| As at 31st March 2016 | 24,42,06,795 | 48.84 |
| As at 31st March 2017 | 24,42,06,795 | 48.84 |

# Notes to the Financial Statements

for the year ended 31st March 2017

| | As at 31st March 2017 | | As at 31st March 2016 | | As at 1st April 2015 | |
|---|---|---|---|---|---|---|
| | Number of shares held in the Company | Percentage of shares held | Number of shares held in the Company | Percentage of shares held | Number of shares held in the Company | Percentage of shares held |
| **16B Shares in the Company held by each shareholder holding more than 5% shares** | | | | | | |
| **Fully paid equity shares** | | | | | | |
| DBH International Private Limited | 9,84,69,662 | 40.32% | 9,84,69,662 | 40.32% | 9,84,69,662 | 40.32% |
| Reliance Capital Trustee Company Limited | - | - | - | - | 1,43,32,027 | 5.87% |
| Bharat Starch Products Limited | 1,37,75,865 | 5.64% | 1,37,75,865 | 5.64% | 1,37,75,865 | 5.64% |
| Karun Carpets Private Limited | 1,23,08,199 | 5.04% | 1,23,08,199 | 5.04% | 1,36,07,199 | 5.57% |

**16C Terms / Rights attached to equity shares**

(i) The Company has only one class of equity shares having face value of ₹ 2 per share. The equity share rank pari passu in all respects including voting rights and entitlement of dividend.

(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.

(₹ in Crore)

| | For the year ended 31st March 2017 | For the year ended 31st March 2016 |
|---|---|---|
| **16D Dividends** | | |
| Interim dividend was declared by the Board of Directors in the meeting held on 14th February 2017, ₹ 4.00 per share. | 97.72 | - |
| Interim dividend was declared by the Board of Directors in the meeting held on 3rd February 2016, ₹ 4.50 per share. | - | 109.91 |
| Final dividend for the year ended 31st March 2016, ₹ 1.00 per share (Proposed by Board of Directors in the meeting held on 6th May 2016 and was approved by Shareholders in the meeting held on 26th September 2016) | 24.43 | - |
| Final dividend for the year ended 31st March 2015, ₹ 1.10 per share (Proposed by Board of Directors in the meeting held on 6th May 2015 and was approved by Shareholders in the meeting held on 6th August 2015) | - | 26.87 |
| Dividend distribution tax on above | 25.00 | 28.28 |

**16E** On 4th May 2017, the Board of Directors have proposed final dividend at the rate of ₹ 1.50 per share of face value of ₹ 2.00 (cash outgo ₹ 44.09 crores including Dividend Distribution Tax). This proposed dividend is subject to approval of the shareholder in the ensuing annual general meeting.

# Notes to the Financial Statements

for the year ended 31st March 2017

## 17. OTHER EQUITY

(₹ in Crore)

| | As at 31st March 2017 | As at 31st March 2016 | As at 1st April 2015 |
|---|---|---|---|
| **Reserves and surplus** | | | |
| Capital reserve | 1.34 | 1.34 | 1.34 |
| Securities premium reserve | 34.59 | 34.59 | 34.59 |
| General reserve | 346.18 | 346.18 | 318.03 |
| Retained Earnings | 490.02 | 455.88 | 448.73 |
| | **872.13** | **837.99** | **802.69** |

**(i) Capital reserve**

| | As at 31st March 2017 | As at 31st March 2016 |
|---|---|---|
| Opening balance | 1.34 | 1.34 |
| **Closing balance** | **1.34** | **1.34** |

This is not available for distribution of dividend but can be utilised for issuing bonus shares.

**(ii) Securities premium reserve**

| | As at 31st March 2017 | As at 31st March 2016 |
|---|---|---|
| Opening balance | 34.59 | 34.59 |
| **Closing balance** | **34.59** | **34.59** |

Securities premium reserve is used to record the premium on issue of shares. The reserve is utilised in accordance with the provision of the Act.

**(iii) General reserve**

| | As at 31st March 2017 | As at 31st March 2016 |
|---|---|---|
| Opening balance | 346.18 | 318.03 |
| Transfer from Retained earnings | - | 28.15 |
| **Closing balance** | **346.18** | **346.18** |

The general reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. There is no policy of regular transfer. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the general reserve will not be reclassified subsequently to the Statement of profit and loss.

**(iv) Retained earnings**

| | As at 31st March 2017 | As at 31st March 2016 |
|---|---|---|
| Opening balance | 455.88 | 448.73 |
| Add: Profit attributable to the owners of the Company | 180.63 | 199.37 |
| Add: Other comprehensive income arising from remeasurement of defined benefit obligation net of income tax | 0.66 | 0.99 |
| Less: Dividend paid on equity shares | 122.15 | 136.78 |
| Less: Dividend distribution tax paid | 25.00 | 28.28 |
| Less: Transfer to general reserve | - | 28.15 |
| **Closing balance** | **490.02** | **455.88** |

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# Notes to the Financial Statements

for the year ended 31st March 2017

## 18. OTHER FINANCIAL LIABILITIES

(₹ in Crore)

| | As at 31st March 2017 | As at 31st March 2016 | As at 1st April 2015 |
|---|---|---|---|
| **Current** | | | |
| Employee Benefits payable | 7.52 | 8.59 | 6.53 |
| Others - Provision for Bonus, Commission etc. | 7.70 | 7.50 | 5.46 |
| Unpaid dividends* | 2.67 | 2.47 | 1.69 |
| Deposits from Dealers | 7.68 | 4.59 | 4.01 |
| Capital Creditors | 5.07 | 5.70 | 5.18 |
| Provision for interest on MSMED | 1.34 | 2.72 | 3.10 |
| Derivative financial instruments | 0.27 | - | 0.12 |
| **Total** | **32.25** | **31.57** | **26.09** |

*There are no amounts due for payment to the Investor Education and Protection Fund Under Section 125 of the Companies Act, 2013 as at the year end.

For the financial liabilities that are measured at amortised cost, the fair values are not materially different from their carrying amounts, since they are of short term nature. (Refer Note 34B)

## 19. PROVISIONS

(₹ in Crore)

| | As at 31st March 2017 | As at 31st March 2016 | As at 1st April 2015 |
|---|---|---|---|
| **19A Non-current** | | | |
| Provision for employee benefits | | | |
| Compensated absences | 7.87 | 7.58 | 5.13 |
| Gratuity | - | - | 4.47 |
| Ex-gratia | 2.20 | 0.06 | 0.31 |
| **Non-current total** | **10.07** | **7.64** | **9.91** |
| **19B Current** | | | |
| Provision for employee benefits | | | |
| Compensated absences | 1.78 | 1.62 | 0.84 |
| Ex-gratia | 0.24 | 0.14 | - |
| Provisions for Warranty | 8.96 | 8.19 | 7.10 |
| **Current total** | **10.98** | **9.95** | **7.94** |
| **Total** | **21.05** | **17.59** | **17.85** |

**Movement in provision for warranties**

| | As at 31st March 2017 | As at 31st March 2016 |
|---|---|---|
| Opening balance | 8.19 | 7.10 |
| Provision recognised during the year | 8.44 | 7.17 |
| Amount utilised during the year | (7.67) | (6.08) |
| **Closing balance** | **8.96** | **8.19** |

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 based on the historical data available. The timing of the outflows is expected to be within a period of eighteen months.

# Notes to the Financial Statements

for the year ended 31st March 2017

## 20. DEFERRED TAX

(₹ in Crore)

| | As at 31st March 2017 | As at 31st March 2016 | As at 1st April 2015 |
|---|---|---|---|
| **20A Analysis of deferred tax liabilities presented in the balance sheet:** | | | |
| Deferred tax assets | 18.44 | 17.98 | 21.09 |
| Deferred tax liabilities | (35.72) | (37.01) | (33.17) |
| **Deferred tax liabilities (net)** | **(17.28)** | **(19.03)** | **(12.08)** |

| | Opening Balance | Recognised in profit or loss | Recognised in other comprehensive income | Closing Balance |
|---|---|---|---|---|
| **20B Movement in deferred taxes during the year ended 31st March 2017** | | | | |
| Deferred tax asset/(liability) in relation to: | | | | |
| Depreciation | (36.67) | 4.51 | - | (32.16) |
| Provision for post retirement benefits and other employee benefits | 3.54 | 0.95 | - | 4.49 |
| Allowance for doubtful debts and advances | 8.87 | 0.39 | - | 9.26 |
| Fair value of financial instruments | (0.34) | (3.22) | - | (3.56) |
| Other temporary differences | 5.57 | (0.88) | - | 4.69 |
| | **(19.03)** | **1.75** | **-** | **(17.28)** |

| | Opening Balance | Recognised in profit or loss | Recognised in other comprehensive income | Closing Balance |
|---|---|---|---|---|
| **20C Movement in deferred taxes during the year ended 31st March 2016** | | | | |
| Deferred tax asset/(liability) in relation to: | | | | |
| Depreciation | (33.17) | (3.50) | - | (36.67) |
| Provision for post retirement benefits and other employee benefits | 2.07 | 1.47 | - | 3.54 |
| Allowance for doubtful debts and advances | 10.72 | (1.85) | - | 8.87 |
| Fair value of financial instruments | 0.03 | (0.37) | - | (0.34) |
| Other temporary differences | 8.27 | (2.70) | - | 5.57 |
| | **(12.08)** | **(6.95)** | **-** | **(19.03)** |

| | As at 31st March 2017 | As at 31st March 2016 | As at 1st April 2015 |
|---|---|---|---|
| **20D Unrecognised deductible timing differences, unused tax losses and unused tax credits** | | | |
| Deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax assets have been recognised are attributable to the following: | | | |
| - tax losses (capital in nature) | 27.63 | 28.56 | 25.68 |
| | **27.63** | **28.56** | **25.68** |

# Notes to the Financial Statements

for the year ended 31st March 2017

## 21. TRADE PAYABLES

(₹ in Crore)

| | As at 31st March 2017 | As at 31st March 2016 | As at 1st April 2015 |
|---|---|---|---|
| Trade payables | | | |
| Due to Micro, Small and Medium Enterprises* | 30.58 | 31.84 | 36.39 |
| Other than Micro, Small and Medium Enterprises | 189.27 | 162.11 | 147.83 |
| | **219.85** | **193.95** | **184.22** |

Also refer Note 34

*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.

| | As at 31st March 2017 | As at 31st March 2016 | As at 1st April 2015 |
|---|---|---|---|
| Principal amount and interest due: | | | |
| Principal amount | 30.58 | 31.84 | 36.39 |
| Interest due | 0.56 | 0.02 | 0.01 |
| Interest paid by Buyer in terms of section 16 of MSMED Act | - | - | - |
| Amount paid beyond the appointed day | 37.82 | 14.90 | 20.91 |
| Interest due and payable to supplier, for payment already made under MSMED Act | 0.48 | 2.75 | 3.12 |
| Amount of Interest accrued and remaining unpaid at the end of accounting year | 1.34 | 2.72 | 3.10 |
| Amount of further interest remaining due and payable even in succeeding years | - | - | - |

## 22. OTHER LIABILITIES

(₹ in Crore)

| | As at 31st March 2017 | As at 31st March 2016 | As at 1st April 2015 |
|---|---|---|---|
| **Current** | | | |
| Advances from customers | 17.00 | 5.82 | 8.01 |
| Statutory Dues | 0.39 | 4.72 | 8.86 |
| Provision for Excise duty | 5.97 | 5.42 | 4.55 |
| | **23.36** | **15.96** | **21.42** |

# Notes to the Financial Statements

for the year ended 31st March 2017

## 23. REVENUE FROM OPERATIONS

(₹ in Crore)

| | Year ended 31st March 2017 | Year ended 31st March 2016 |
|---|---|---|
| **Sale of Products** | | |
| (i) Finished Goods | 1,697.15 | 1,705.35 |
| (ii) Stock-in trade | 115.90 | 87.72 |
| (iii) Service Income | 2.73 | 1.18 |
| **Other operating revenue** | | |
| (i) Royalty | 0.32 | 2.49 |
| (ii) Export incentive | 2.78 | 3.15 |
| (iii) Others | 0.21 | 0.28 |
| | **1,819.09** | **1,800.17** |

## 24. OTHER INCOME

(₹ in Crore)

| | Year ended 31st March 2017 | Year ended 31st March 2016 |
|---|---|---|
| Interest income earned on financial assets not designated as at FVTPL | | |
| Bank deposits | 5.66 | 6.34 |
| Other financial assets | 0.36 | 0.27 |
| Dividend income | | |
| From other investments | 0.40 | 3.30 |
| Fair value gain | | |
| Investments measured at FVTPL | 25.51 | 1.86 |
| Profit on sale of investments (Net) | 5.65 | 23.33 |
| Profit on sale of assets (Net) | 0.46 | - |
| Exchange Fluctuation - Gain (Net) | - | 2.23 |
| Scrap Sales | 1.92 | 2.13 |
| Miscellaneous Income | 10.23 | 8.05 |
| | **50.19** | **47.51** |

## 25. COST OF MATERIALS CONSUMED

(₹ in Crore)

| | Year ended 31st March 2017 | Year ended 31st March 2016 |
|---|---|---|
| Raw materials consumed | | |
| Opening Stock | 36.05 | 47.27 |
| Purchases | 1,003.48 | 975.65 |
| Less : Closing Stock | 50.93 | 36.05 |
| | **988.60** | **986.87** |

## 26. PURCHASES OF STOCK-IN-TRADE

(₹ in Crore)

| | Year ended 31st March 2017 | Year ended 31st March 2016 |
|---|---|---|
| Purchases of Stock-in-Trade | | |
| Power Tillers | 21.90 | 23.18 |
| Lubricant Oil | 4.25 | 3.61 |
| Others | 51.26 | 37.72 |
| | **77.41** | **64.51** |

# Notes to the Financial Statements

for the year ended 31st March 2017

## 27. CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-TRADE AND WORK-IN-PROGRESS

(₹ in Crore)

| | Year ended 31st March 2017 | Year ended 31st March 2016 |
|---|---|---|
| **Opening inventories** | | |
| Finished goods | 47.55 | 34.99 |
| Work-in-progress | 5.36 | 5.92 |
| Stock-in-trade | 12.59 | 9.89 |
| | **65.50** | **50.80** |
| **Closing inventories** | | |
| Finished goods | 51.97 | 47.55 |
| Work-in-progress | 5.54 | 5.36 |
| Stock-in-trade | 13.88 | 12.59 |
| | **71.39** | **65.50** |
| **Total** | **(5.89)** | **(14.70)** |

## 28. EMPLOYEE BENEFITS EXPENSE

(₹ in Crore)

| | Year ended 31st March 2017 | Year ended 31st March 2016 |
|---|---|---|
| Salaries and wages | 130.74 | 130.35 |
| Contribution to provident funds and other funds | 17.13 | 11.33 |
| Staff welfare expenses | 11.45 | 11.60 |
| | **159.32** | **153.28** |

**Employee benefit plans**

**28A Defined contribution plans**

The amount recognised as an expense during the year ended 31st March 2017 towards Provident Fund (including admin charges), ESIC contribution and Superannuation is ₹ 6.44 crore (previous year ₹ 6.27 crore), ₹ 0.27 crore (previous year ₹ 0.21 crore) and ₹ 3.66 crore (previous year ₹ 3.33 crore) respectively.

**28B Defined benefit plans**

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.

| | |
|---|---|
| Investment risk | The present value of the defined benefit plan obligation is based on the Indian government security yields prevailing as at 20th January 2017 for estimated terms of obligation. The trustees of the fund have outsourced the investment management to the AMCs. The investments are in Unit Linked Insurance Plans, fixed income funds and debt funds. |
| Interest risk | A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's debt investments. |
| Longevity risk | The present value of the defined benefit plan obligation is calculated with reference to the published rates under the Indian Assured Lives Mortality (2006-08) Ult table. An increase in the life expectancy of the plan participants will increase the plan's liability. |
| Salary risk | The present value of the defined benefit plan liability is calculated by reference to the future salaries taking into account the inflation, seniority, promotion and other relevant factors. |

# Notes to the Financial Statements

for the year ended 31st March 2017

## 28. EMPLOYEE BENEFITS EXPENSE (CONTD.)

The principal assumptions used for the purposes of the actuarial valuations were as follows.

| | Valuation as at | | | | | |
|---|---|---|---|---|---|---|
| | 31st March 2017 | | 31st March 2016 | | 1st April 2015 | |
| Discount rate(s) | 6.85% | | 7.90% | | 7.80% | |
| Expected rate(s) of salary increase | MGMT : 8%, NMGT : 6% | | MGMT : 8%, NMGT : 6% | | MGMT : 8%, NMGT : 6% | |
| Mortality rates | Age(Years) | Rates (p.a.) | Age(Years) | Rates (p.a.) | Age(Years) | Rates (p.a.) |
| | 18 | 0.000800 | 18 | 0.000800 | 18 | 0.000800 |
| | 23 | 0.000961 | 23 | 0.000961 | 23 | 0.000961 |
| | 28 | 0.001017 | 28 | 0.001017 | 28 | 0.001017 |
| | 33 | 0.001164 | 33 | 0.001164 | 33 | 0.001164 |
| | 38 | 0.001549 | 38 | 0.001549 | 38 | 0.001549 |
| | 43 | 0.002350 | 43 | 0.002350 | 43 | 0.002350 |
| | 48 | 0.003983 | 48 | 0.003983 | 48 | 0.003983 |
| | 53 | 0.006643 | 53 | 0.006643 | 53 | 0.006643 |
| | 58 | 0.009944 | 58 | 0.009944 | 58 | 0.009944 |

Amounts recognised in the Statement of profit and loss in respect of these defined benefit plans are as follows.

(₹ in Crore)

| | Year ended 31st March 2017 | Year ended 31st March 2016 |
|---|---|---|
| Service cost: | | |
| Current service cost | 2.43 | 2.07 |
| Past service cost and gain from settlements | - | (1.04) |
| Interest on net defined benefit asset | (0.29) | (0.04) |
| **Components of defined benefit costs recognised in profit or loss** | **2.14** | **0.99** |
| Opening amount recognised in other comprehensive income | | |
| Re-measurement on the net defined benefit liability | (1.51) | - |
| Return on plan assets (excluding amounts included in net interest expense) | (0.81) | (0.64) |
| Actuarial (gains) / losses arising from changes in financial assumptions | 1.68 | (1.59) |
| Actuarial (gains) / losses arising from experience adjustments | (1.88) | 0.72 |
| **Components of defined benefit costs recognised in other comprehensive income** | **(2.52)** | **(1.51)** |

The current service cost and the net interest expense for the year are included in the 'Employee benefits expense' line item in the statement of profit and loss.

The re-measurement of the net defined benefit liability is included in other comprehensive income.

**The amount included in the balance sheet arising from the entity's obligation in respect of its defined benefit plans is as follows:**

(₹ in Crore)

| | As at 31st March 2017 | As at 31st March 2016 | As at 1st April 2015 |
|---|---|---|---|
| Present value of funded defined benefit obligation | 33.25 | 32.42 | 34.29 |
| Fair value of plan assets | 35.83 | 34.71 | 29.82 |
| Funded status | (2.58) | (2.29) | 4.47 |
| Net liability/(asset) arising from defined benefit obligation | (2.58) | (2.29) | 4.47 |

Movements in the present value of the defined benefit obligation are as follows.

(₹ in Crore)

| | Year ended 31st March 2017 | Year ended 31st March 2016 |
|---|---|---|
| Opening defined benefit obligation | 32.42 | 34.29 |
| Current service cost | 2.43 | 2.07 |
| Interest cost | 2.41 | 2.35 |
| Re-measurement (gains)/losses: | | |
| Actuarial gains and losses arising from changes in financial assumptions | 1.68 | (1.59) |
| Actuarial gains and losses arising from experience adjustments | (1.88) | 0.72 |
| Past service cost, including losses/(gains) on curtailments | - | (1.04) |
| Benefits paid | (3.81) | (4.38) |
| **Closing defined benefit obligation** | **33.25** | **32.42** |

# Notes to the Financial Statements

for the year ended 31st March 2017

## 28. EMPLOYEE BENEFITS EXPENSE (CONTD.)

Movements in the fair value of the plan assets are as follows.

(₹ in Crore)

| | Year ended 31st March 2017 | Year ended 31st March 2016 |
|---|---|---|
| Opening fair value of plan assets | 34.71 | 29.82 |
| Interest income | 2.70 | 2.40 |
| Re-measurement gain (loss): | | |
| Return on plan assets (excluding amounts included in net interest expense) | 0.81 | 0.64 |
| Contributions from the employer | 1.42 | 6.22 |
| Benefits paid | (3.81) | (4.37) |
| **Closing defined benefit obligation** | **35.83** | **34.71** |

The fair value of the plan assets at the end of the reporting period for each category, are as follows.

(₹ in Crore)

| | Fair Value of plan asset as at | | |
|---|---|---|---|
| | As at 31st March 2017 | As at 31st March 2016 | As at 1st April 2015 |
| Cash and cash equivalents | 0.38 | 0.09 | 0.10 |
| Non Quoted Value : | | | |
| Insurer Managed Fund | 35.45 | 34.62 | 29.72 |
| **Total** | **35.83** | **34.71** | **29.82** |

**Sensitivity Analysis:**

Gratuity is a lump sum plan and the cost of providing these benefits is typically less sensitive to small changes in demographic assumptions. The key actuarial assumptions to which the benefit obligation results are particularly sensitive to are discount rate and future salary escalation rate. The following table summarizes the impact in percentage terms on the reported defined benefit obligation (DBO) at the end of the reporting period arising on account of an increase or decrease in the reported assumption by 50 basis points.

(₹ in Crore)

| | Period Ended 31st March 2017 | | Period Ended 31st March 2016 | |
|---|---|---|---|---|
| | Discount Rate | Salary Escalation Rate | Discount Rate | Salary Escalation Rate |
| Impact of increase in 50 bps on DBO | (0.82) | 0.71 | (0.72) | 0.74 |
| Impact of decrease in 50 bps on DBO | 0.87 | (0.70) | 0.75 | (0.71) |

These sensitivities have been calculated to show the movement in defined benefit obligation in isolation and assuming there are no other changes in market conditions at the accounting date. There have been no changes from the previous periods in the methods and assumptions used in preparing the sensitivity analysis.

The average duration of the benefit obligation at 31st March 2017 is 12.16 years, (as at 31st March 2016: 12.29 years; as at 1st April 2015: 12.10 years).

**Projected Plan Cash Flow :**

The table below shows the expected cash flow profile of the benefits to be paid to the current membership of the plan based on past service of the employees as at the valuation date :

(₹ in Crore)

| Maturity Profile | 2016-2017 | 2015-2016 | 2014-2015 |
|---|---|---|---|
| Expected benefits for year 1 to 3 | 16.38 | 14.01 | 14.75 |
| Expected benefits for year 4 to 6 | 7.96 | 10.83 | 11.14 |
| Expected benefits for year 7 and above | 26.63 | 23.78 | 24.76 |

# Notes to the Financial Statements

for the year ended 31st March 2017

## 29. FINANCE COSTS

(₹ in Crore)

| | Year ended 31st March 2017 | Year ended 31st March 2016 |
|---|---|---|
| Interest on short term borrowings | 0.81 | 0.92 |
| Other borrowing costs | - | 0.09 |
| | **0.81** | **1.01** |

## 30. DEPRECIATION AND AMORTISATION EXPENSE

(₹ in Crore)

| | Year ended 31st March 2017 | Year ended 31st March 2016 |
|---|---|---|
| Depreciation of Property, Plant and Equipment pertaining to continuing operations (Note 5) | 38.27 | 39.84 |
| Depreciation of Investment property (Note 6) | 0.23 | 0.21 |
| Amortisation of Intangible assets (Note 7) | 8.16 | 5.34 |
| | **46.66** | **45.39** |

## 31. OTHER EXPENSES

(₹ in Crore)

| | Year ended 31st March 2017 | Year ended 31st March 2016 |
|---|---|---|
| Stores and Spares Consumed | 7.49 | 7.17 |
| Power, fuel and Electricity | 13.36 | 15.77 |
| Repairs and Maintenance: | | |
| Buildings | 0.62 | 1.01 |
| Plant & Equipment | 4.30 | 3.81 |
| Others | 2.43 | 2.29 |
| Excise duty paid | 0.60 | 1.19 |
| Brokerage and Commission | 6.54 | 2.75 |
| Rent | 9.76 | 10.20 |
| Lease Rentals | 2.26 | 3.11 |
| Insurance | 1.92 | 1.70 |
| Bad debts | 0.91 | 0.09 |
| Allowance for Doubtful Debts/Advances | 6.13 | (2.46) |
| Rates and Taxes | 1.69 | 6.82 |
| Advertisement and Sales Promotion Expenses | 5.41 | 3.90 |
| Travelling | 13.04 | 12.85 |
| Loss on sale of assets | - | 0.13 |
| Carriage and Freight | 17.18 | 15.55 |
| Director Sitting Fees | 0.14 | 0.09 |
| Printing & Stationery | 0.83 | 0.89 |
| Postage, Telephone and Fax | 2.77 | 2.66 |
| Warranty Expenses | 8.59 | 7.18 |
| Legal, Professional and Consultancy Charges | 14.07 | 17.23 |
| Exchange Fluctuation - Loss (Net) | 0.25 | - |
| Contracting Expenses | 21.86 | 18.71 |
| Miscellaneous Expenses | 29.24 | 23.72 |
| | **171.39** | **156.36** |

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# Notes to the Financial Statements

for the year ended 31st March 2017

### 31. OTHER EXPENSES (CONTD.)

(₹ in Crore)

| | | Year ended 31st March 2017 | Year ended 31st March 2016 |
|---|---|---|---|
| **31A** | **Legal and professional expenses include:** | | |
| | **Auditors' remuneration and expenses** | | |
| | Statutory Audit fees | 0.32 | 0.30 |
| | Quarterly Limited Review | 0.14 | 0.13 |
| | Others | - | - |
| | Fees for other audit related services | 0.12 | 0.12 |
| | Fees for certification | 0.01 | 0.02 |
| | Reimbursement of out-of-pocket expenses | 0.01 | 0.01 |
| | **Payments to tax auditors** | | |
| | Tax audit fees | 0.08 | 0.08 |
| | **Payments to Cost auditors** | | |
| | Cost audit fees | 0.07 | 0.14 |
| | Reimbursement of out-of-pocket expenses | - | - |
| **31B** | **Expenditure incurred on corporate social responsibility activities** | | |
| | **(1) Gross amount required to be spent by the company during the year** | 3.69 | 3.53 |
| | **(2) Amount spent during the year on** | | |
| | (i) Construction/acquisition of any asset | - | - |
| | (ii) On purposes other than (i) above | - | - |
| **31C** | **(b) Direct operating expenses arising from investment property** | | |
| | Direct expenses arising from investment property that generated rental income during the year | 0.18 | 0.11 |
| | Direct expenses arising from investment property that did not generate rental income during the year | - | - |

### 32. EXCEPTIONAL ITEMS

(₹ in Crore)

| | Year ended 31st March 2017 | Year ended 31st March 2016 |
|---|---|---|
| Profit on sale of assets (Note 1) | 16.35 | 33.96 |
| **Total exceptional income (A)** | **16.35** | **33.96** |
| Impairment of assets | - | (5.39) |
| Employee separation cost (Note 2) | (4.39) | (1.73) |
| Allowance for Inventory devaluation | (1.38) | - |
| Employee pension scheme (Note 3) | (4.60) | - |
| Provision for diminution in value of investment | - | (0.45) |
| **Total exceptional expenditure (B)** | **(10.37)** | **(7.57)** |
| **Exceptional items (net) (A-B)** | **5.98** | **26.39** |

1) Profit on sale of assets includes sale of some of company's immovable properties.

2) During the year, Company shifted operations of one of its plants from Gummidipoondi to Ranipet to achieve efficiencies in operations. The work force at Gummidipoondi was offered compensation for separation.

3) The company had employees in its branch in UK. The Company used to make yearly provision on regular basis towards the pension liability of these employees. During the year, Company decided to buy out the future liability by taking annuities to secure the pension.

# Notes to the Financial Statements

for the year ended 31st March 2017

## 33. INCOME TAXES RELATING TO CONTINUING OPERATIONS

(₹ in Crore)

| | Year ended 31st March 2017 | Year ended 31st March 2016 |
|---|---|---|
| **33A Tax expense recognised in the Statement of Profit and Loss** | | |
| **Current tax** | | |
| In respect of current year | 69.77 | 86.55 |
| **Total current tax** | **69.77** | **86.55** |
| **Deferred tax** | | |
| In respect of current year | (1.75) | 6.95 |
| **Total deferred income tax (credit) / expense** | **(1.75)** | **6.95** |
| **Total income tax expense** | **68.02** | **93.50** |

**The income tax expense for the year can be reconciled to the accounting profit as follows:**

| | Year ended 31st March 2017 | Year ended 31st March 2016 |
|---|---|---|
| **Profit before tax (Continuing & Discontinued business)** | **248.63** | **291.95** |
| Income tax expenses calculated at 34.608% (previous year 34.608%) | 86.05 | 101.04 |
| **Differences due to:** | | |
| Expenses not deductible for tax purposes (14A disallowance) | 0.04 | 0.26 |
| Income exempt from Income taxes (Dividend) | (0.14) | (1.14) |
| Notional income on account of fair value of investments | (6.07) | - |
| Standard deduction for Rent Income | (0.07) | (0.05) |
| Weighted Deduction u/s 35(2AB) | (9.42) | (7.71) |
| Tax on long term investments | (2.43) | - |
| Tax on Discontinued Operations | 0.02 | 0.92 |
| Others | 0.04 | 0.18 |
| **Total income tax expense** | **68.02** | **93.50** |

| | Year ended 31st March 2017 | Year ended 31st March 2016 |
|---|---|---|
| **33B Income tax recognised in other comprehensive income** | | |
| **Current tax** | | |
| Re-measurement of defined benefit obligation | 0.35 | 0.52 |
| **Total deferred income tax expense** | **0.35** | **0.52** |

# Notes to the Financial Statements

for the year ended 31st March 2017

## 34. RISK MANAGEMENT

### 34A Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the returns to stakeholders. The company has no borrowings, except cash credit facilities.

### 34B Financial instruments

The significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income & expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are as disclosed in note no. 8, 9 & 18 to financial statements.

(₹ in Crore)

| | As at 31st March 2017 | As at 31st March 2016 | As at 1st April 2015 |
|---|---|---|---|
| **Financial assets** | | | |
| **Measured at fair value through profit or loss (FVTPL)** | | | |
| Mutual fund | 407.02 | 355.02 | 284.55 |
| Derivative financial instruments | 0.40 | 0.20 | - |
| **Measured at amortised cost @** | | | |
| Cash and bank balances | 12.69 | 20.60 | 34.42 |
| Trade receivable | 270.20 | 200.74 | 237.48 |
| Security Deposits | 13.15 | 8.91 | 10.06 |
| Margin Money | 1.66 | 1.29 | 1.84 |
| Fixed Deposit with Financial Institution | 21.55 | 75.85 | 25.00 |
| Others | 8.17 | 6.92 | 7.55 |
| **Financial liabilities** | | | |
| **Measured at Fair value through profit or loss (FVTPL)** | | | |
| Derivative financial instruments | 0.27 | - | 0.12 |
| **Measured at amortised cost @** | | | |
| Trade payable | 219.85 | 193.95 | 184.22 |
| Unpaid dividends | 2.67 | 2.47 | 1.69 |
| Deposits from Dealers | 7.68 | 4.59 | 4.01 |
| Capital Creditors | 5.07 | 5.70 | 5.18 |
| Provision for interest on MSMED | 1.34 | 2.72 | 3.10 |
| Employee Benefits payable | 7.52 | 8.59 | 6.53 |
| Others - Provision for Bonus, Commission etc. | 7.70 | 7.50 | 5.46 |

@ The management considers that the carrying amount of financials assets & financial liabilities recognised in the financial statement approximate their fair values.

### 34C Financial and liquidity risk management objectives

i) The Company has a very conservative policy on investing surplus funds. The investments are in debt schemes of mutual funds and fixed deposits with banks and financial institutions. Highest rated portfolios of the mutual funds are selected with high liquidity.

ii) The average payment terms of creditors (trade payables) is 76 days. In case of MSMED creditors the payment terms are within 45 days. Other financial liabilities viz. employee payments, dealer deposits are payable within one year.

iii) Trade receivables are secured against letters of credit, bank guarantees and security deposits. At the end of the year, there is no significant concentration of credit risk for trade receivables as only three parties constitutes more than 5% of the total outstanding amount and is fully secured by letter of credit.

iv) Of the total outstanding as at reporting date, 70% of the total debts are secured receivables. In case of unsecured receivables the company has a credit policy where the provision for debts outstanding is made based on provision matrix to compute the expected credit loss allowance taking into account historical experience of customers and the credit limit as determined by the management.

v) The products of the Company under engine segment include application of engines in farm equipment and gensets. The products under other segment include products traded by International Business and After Market Business

# Notes to the Financial Statements

for the year ended 31st March 2017

## 34. RISK MANAGEMENT (CONTD.)

### 34D Foreign currency risk management

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 uses foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and forecasted transactions for amounts in excess of natural hedge available on export realisations against import payments. The Company does not use forward contracts for speculative purposes.

The carrying amounts of the Company's foreign currency denominated monetary assets and liabilities at the end of the reporting period are as follows.

(₹ in Crore)

| | Assets | | | Liabilities | | |
|---|---|---|---|---|---|---|
| | As at 31st March 2017 | As at 31st March 2016 | As at 1st April 2015 | As at 31st March 2017 | As at 31st March 2016 | As at 1st April 2015 |
| USD | 19.59 | 10.90 | 5.87 | 0.41 | 0.32 | 0.31 |
| EUR | 0.92 | 0.88 | 0.28 | - | - | 0.25 |

(i) This is mainly attributable to the exposure outstanding on foreign currency receivables and payables in the Company at the end of the reporting period.

(ii) The company hedges its net exposure in foreign currencies and as such the profit or loss of the company is not subject to foreign exchange fluctuation.

### 34E Credit risk management

The company has credit policy for its trade receivables. To minimise the risk company takes letters of credit, bank guarantees and security deposits from the customers based on the credit worthiness. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

### 34F Fair value measurements

This note provides information about how the Company determines fair value of various financial asset and financial liabilities.

(a) Fair value of the Company`s financial assets and financial liabilities that are measured at fair value on recurring basis:

Some of Company financial asset and financial liabilities are measured at fair value at end of the reporting period.
The following table gives information about how the fair value of these financial assets and liabilities are determined

(₹ in Crore)

| Financial asset / Financial liabilities | Fair values | | | Fair value hierarchy | Valuation technique and key input |
|---|---|---|---|---|---|
| | As at 31st March 2017 | As at 31st March 2016 | As at 1st April 2015 | | |
| **Financial assets** | | | | | |
| Mutual fund | 407.02 | 355.02 | 284.55 | Level 1 | |
| Derivative financial instruments | 0.40 | 0.20 | - | Level 2 | Discounted Cash Flows used by Banks for Mark to Market |
| **Financial Liabilities** | | | | | |
| Derivative financial instruments | 0.27 | - | 0.12 | Level 2 | Discounted Cash Flows used by Banks for Mark to Market |

# Notes to the Financial Statements

for the year ended 31st March 2017

## 35. SEGMENT INFORMATION

**Segment Identification:**

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

**Reportable Segments:**

Reportable segments have been identified as per the aggregation criteria specified in Ind AS-108:'Operating Segments'

**Segment Composition:**

1. Engines include application of engines in farm equipment and gensets.

2. Others include products traded by International Business and After Market Business.

**Operating segments:**

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

The expenses and incomes which are not directly attributable to the business segments are shown as central administration costs. Unallocated assets mainly comprise of investments, cash and bank balances, advance tax and unallocated liabilities mainly include tax provisions and provisions for employee retirement benefits.

### 35A Segment revenue and results

The following is an analysis of the companies revenue and results from continuing operations by reportable segment.

(₹ in Crore)

| | Segment revenue | | Segment profit | |
|---|---|---|---|---|
| | Year ended 31st March 2017 | Year ended 31st March 2016 | Year ended 31st March 2017 | Year ended 31st March 2016 |
| Engines | 1,756.48 | 1,745.75 | 270.95 | 296.57 |
| Others | 62.61 | 54.42 | 4.93 | 1.87 |
| Total for continuing operations | 1,819.09 | 1,800.17 | 275.88 | 298.44 |
| Other Income | | | 48.66 | 69.88 |
| Central administration costs | | | (71.60) | (72.70) |
| Finance costs | | | (0.81) | (1.01) |
| **Profit before tax continuing operations** | | | **252.13** | **294.61** |

Segment revenue reported above represents revenue generated from external customers.

Segment profit represents the profit before tax earned by each segment without allocation of central administration costs , investment income, other gains and losses, as well as finance costs.

### 35B Segment assets and liabilities

(₹ in Crore)

| Segment assets | Year ended 31st March 2017 | Year ended 31st March 2016 | As at 1st April 2015 |
|---|---|---|---|
| Engines | 681.07 | 597.92 | 646.23 |
| Others | 31.85 | 19.66 | 32.35 |
| **Total segment assets** | **712.92** | **617.58** | **678.58** |
| Assets related to manufacturing operations of Construction Equipment (Infrastructure) Business (now discontinued) | 8.98 | 19.93 | 20.15 |
| Unallocated | 517.21 | 535.32 | 421.71 |
| **Total Assets** | **1,239.11** | **1,172.83** | **1,120.44** |

# Notes to the Financial Statements

for the year ended 31st March 2017

## 35. SEGMENT INFORMATION (CONTD.)

(₹ in Crore)

| Segment liabilities | Year ended 31st March 2017 | Year ended 31st March 2016 | As at 1st April 2015 |
|---|---|---|---|
| Engines | 233.32 | 201.42 | 199.92 |
| Others | 16.52 | 8.79 | 15.39 |
| **Total segment liabilities** | **249.84** | **210.21** | **215.31** |
| Liabilities related to manufacturing operations of Construction Equipment (Infrastructure) Business (now discontinued) | - | - | - |
| Unallocated | 68.30 | 75.79 | 53.60 |
| **Total liabilities** | **318.14** | **286.00** | **268.91** |

All assets as identified to the reportable segment are shown under respective segment. Assets such as investments and income tax receivables are not allocable to reportable segment.

All liabilities as identified to the reportable segment are shown under respective segment. Liabilities such as employee benefits arising on actuarial valuation and income tax liabilities are not allocable to reportable segment.

### 35C Other segment information

(₹ in Crore)

| | Depreciation and amortisation | | Additions to non-current assets | |
|---|---|---|---|---|
| | Year ended 31st March 2017 | Year ended 31st March 2016 | Year ended 31st March 2017 | Year ended 31st March 2016 |
| Engines | 41.49 | 40.95 | 47.15 | 16.03 |
| Others | - | - | 0.04 | 0.01 |
| Unallocable | 5.17 | 4.44 | 7.56 | 1.64 |
| | **46.66** | **45.39** | **54.75** | **17.68** |

In addition to the depreciation and amortisation reported above, impairment losses of ₹ Nil (2016: ₹ 5.39 crore). ₹ Nil (2016: ₹ 2.04 crore, ₹ 3.14 crore and ₹ 0.21 crore) were recognised in respect of freehold building, property, plant and equipment and furniture and fixture, respectively. These impairment losses were attributable to the following reportable segments.

**Impairment losses recognised for the year in respect of property, plant and equipment:**

(₹ in Crore)

| | Year ended 31st March 2017 | Year ended 31st March 2016 |
|---|---|---|
| Engines | - | 5.39 |
| Others | - | - |
| | - | **5.39** |

### 35D Geographical information

The company's revenue from continuing operations from external customers by location of operations and information about its non-current assets* by location of assets are detailed below.

(₹ in Crore)

| | Revenue from external customers | | Non-current assets* | | |
|---|---|---|---|---|---|
| | Year ended 31st March 2017 | Year ended 31st March 2016 | Year ended 31st March 2017 | Year ended 31st March 2016 | As at 1st April 2015 |
| Domestic | 1,747.45 | 1,739.92 | 312.29 | 317.04 | 337.77 |
| Overseas | 71.64 | 60.25 | - | - | - |
| | 1,819.09 | 1,800.17 | 312.29 | 317.04 | 337.77 |

# Notes to the Financial Statements

for the year ended 31st March 2017

## 36. DISCONTINUED OPERATIONS

### 36A Plan to dispose of the manufacturing operations of Construction Equipment (Infrastructure) Bussiness

On 18th September 2014, the Company discontinued manufacturing operations of Construction Equipment (Infrastructure) business due to non-viability and accordingly the related assets are disclosed as assets held for sale.

### 36B Analysis of profit for the year from discontinued operations

The result of the discontinued operations included in the profit for the year are set out below. The comparative profit and cash flows from discontinued operations have been presented as if these operations were discontinued in the prior years as well.

(₹ in Crore)

| | Year ended 31st March 2017 | Year ended 31st March 2016 |
|---|---|---|
| **Loss for the year from discontinued operations** | | |
| Revenue | - | 1.16 |
| Other gains | 0.33 | 0.06 |
| | **0.33** | **1.22** |
| Depreciation | - | 1.45 |
| Other miscellaneous expenses | 0.39 | 2.43 |
| Impairment on assets held for sale | 3.44 | - |
| **Loss from discontinued operations before tax** | **(3.50)** | **(2.66)** |
| Tax expense of discontinued operations | 0.02 | 0.92 |
| **Loss from discontinued operations (after tax)** | **(3.48)** | **(1.74)** |
| **Loss from discontinued operations attributable to owners of the company** | **(3.48)** | **(1.74)** |

(₹ in Crore)

| | Year ended 31st March 2017 | Year ended 31st March 2016 |
|---|---|---|
| Cash flow from discontinued operations | | |
| Net cash (outflows)/inflows from operating activities | (1.06) | 0.10 |
| Net cash inflows/(outflows) from investing activities | 7.50 | (1.28) |
| Net cash (outflows)/inflows from financing activities | (6.44) | 0.94 |
| **Net cash inflow/(outflow)** | - | **(0.24)** |

The manufacturing operations of Construction Equipment (Infrastructure) Bussiness has been classified and accounted for as at 31st March 2017 as assets held for sale (see note 15).

# Notes to the Financial Statements

for the year ended 31st March 2017

## 37. EARNINGS PER SHARE

| | Year ended 31st March 2017 | Year ended 31st March 2016 |
|---|---|---|
| **Basic / Diluted earnings per share** | | |
| From continuing operations attributable to the owners of the company | 7.54 | 8.24 |
| From discontinued operation | (0.14) | (0.07) |
| **Total basic earnings per share attributable to the owners of the company** | **7.40** | **8.17** |

**Basic / Diluted earnings per share**

The earnings and weighted average number of equity share used in the calculations of basic earnings per share are as follows.

(₹ in Crore)

| | Year ended 31st March 2017 | Year ended 31st March 2016 |
|---|---|---|
| Profit for the year atributable to the owners of the company | 180.63 | 199.37 |
| **Earnings used in the calculation of basic earning per share** | **180.63** | **199.37** |
| Loss for the year from discontinued operations attributable to the owners of the company | (3.48) | (1.74) |
| **Earnings used in the calculation of basic earnings per share from continuing operations** | **184.11** | **201.11** |

| | Year ended 31st March 2017 | Year ended 31st March 2016 |
|---|---|---|
| Weighted average number of equity shares for the purpose of basic / diluted earnings per share | 24,42,06,795 | 24,42,06,795 |

# Notes to the Financial Statements

for the year ended 31st March 2017

## 38. RELATED PARTY TRANSACTIONS

**38A List of related parties :**

**Over which control exists**

| | |
|---|---|
| Dee Greaves Limited | Wholly Owned Subsidiary of Greaves Leasing Finance Limited |
| Greaves Cotton Middle East FZC | Subsidiary of Greaves Leasing Finance Limited |
| Greaves Leasing Finance Limited | Wholly Owned Subsidiary |

**Others**

| | |
|---|---|
| Bharat Starch Products Limited | Associate Company |
| DBH Consulting Limited | Associate Company |
| DBH Global Holdings Limited | Associate Company |
| DBH International Private Limited | Associate Company |
| DBH Investments Private Limited | Associate Company |
| DBH Stephan Limited | Associate Company |
| EICL Limited | Associate Company |
| Karun Carpets Private Limited | Associate Company |
| Pembril Industrial & Engineering Company Private Limited | Associate Company |
| Premium Stephan BV.,Netherlands | Associate Company |
| Premium Transmission Cooperatie UA | Associate Company |
| Premium Transmission Limited | Associate Company |

**38B Key Management Personnel :**

| | |
|---|---|
| Mr Nagesh A Basavanhalli | Managing Director & CEO from 27th September, 2016 |
| Mr Sunil Pahilajani | Managing Director & CEO upto 15th September, 2016 |
| Mr Narayan Barasia | Chief Financial Officer |
| Ms Monica Chopra | Executive Director - Legal & Company Secretary upto 25th December, 2016 |

**38C** Mr Karan Thapar, Chairman

**38D Transactions with related parties**

The following transactions occurred with the related parties:

(₹ in Crore)

| | Year ended 31st March 2017 | Year ended 31st March 2016 |
|---|---|---|
| **Sales and purchases of goods and services** | | |
| **Sale of goods and contract revenue** | | |
| **To related parties** | | |
| Greaves Cotton Middle East FZC | - | 0.02 |
| To other related parties | | |
| Premium Transmission Ltd. | 0.01 | 0.01 |
| **Purchase of Goods** | | |
| **To related parties** | | |
| Greaves Cotton Middle East FZC | 0.16 | - |
| **Return of goods and contract revenue to subsidiaries** | | |
| **To related parties** | | |
| Greaves Cotton Middle East FZC | - | 0.07 |

# Notes to the Financial Statements

for the year ended 31st March 2017

## 38. RELATED PARTY TRANSACTIONS (CONTD.)

(₹ in Crore)

| | Year ended 31st March 2017 | Year ended 31st March 2016 |
|---|---|---|
| **Rendering of services/Reimbursement of expenses** | | |
| **To subsidiaries** | | |
| Dee Greaves Limited | - | 0.01 |
| Greaves Leasing Finance Limited | 0.01 | 0.02 |
| **To other related parties** | | |
| Premium Transmission Ltd. | 0.19 | 0.16 |
| **Flat given on rent** | | |
| **To other related parties** | | |
| Mr Akshay Pahilajani | 0.03 | 0.04 |
| **Reciept of services from subsidiaries** | | |
| Greaves Cotton Middle East FZC | 1.02 | 2.11 |
| **Reciept of services from other related parties** | | |
| Conexus Social Responsibility | 0.03 | - |
| **Other transactions** | | |
| **Commision and sitting fees to Chairman** | | |
| Mr Karan Thapar | 1.82 | 1.07 |
| **Lease rent expenses paid to subsidiaries** | | |
| Greaves Leasing Finance Limited | 0.22 | 0.40 |
| **Purchase of investment from subsidiaries** | | |
| Greaves Cotton Middle East FZC | - | 0.43 |
| **Dividend distributed to other related parties** | | |
| DBH International Private Limited | 49.23 | 55.14 |
| Bharat Starch Products Limited | 6.89 | 7.71 |
| Karun Carpets Private Limited | 6.15 | 6.89 |

The following balances were outstanding as at end of the reporting period:

(₹ in Crore)

| | Amounts owed by related parties as at | | | Amounts owed to related parties as at | | |
|---|---|---|---|---|---|---|
| | 31st March 2017 | 31st March 2016 | 1st April 2015 | 31st March 2017 | 31st March 2016 | 1st April 2015 |
| Subsidiary Companies | - | 0.15 | 10.02 | - | 0.18 | 0.08 |
| Associate Companies | 0.03 | 0.03 | 0.04 | - | 0.12 | 0.12 |

During the year under review, the Company did not enter into any Material transaction (as defined in the Company's Policy on Related Party Transactions) with related parties. All other transactions of the Company with related parties were in the ordinary course of business and at an arm's length.

The amounts outstanding are unsecured and will be settled in cash. No amounts are written off / written back during the year (Previous Year Nil).

# Notes to the Financial Statements

for the year ended 31st March 2017

## 38. RELATED PARTY TRANSACTIONS (CONTD.)

### 38E Compensation of key management personnel

The remuneration of directors and other members of the key management personnel during the year were as follows:

(₹ in Crore)

| | Year ended 31st March 2017 | Year ended 31st March 2016 |
|---|---|---|
| Short-term employee benefits | 5.38 | 5.18 |
| Post-employment benefits | 0.21 | 0.21 |
| Long-term employee benefits | 0.44 | 1.20 |
| Termination benefits | - | - |
| Employee share-based payment | - | - |
| | **6.03** | **6.59** |
| Deposit paid on behalf of MD | **0.75** | **0.20** |

**Notes :**

1. The remuneration of directors and key executives is determined by the remunertion committee having regard to the performance of individuals and market trends.
2. Transactions when rounded off are lower than ₹ 1 lac, have not been disclosed in the above details.

## 39. CONTINGENT LIABILITES AND CONTINGENT ASSETS

(₹ in Crore)

| | As at 31st March 2017 | As at 31st March 2016 | As at 1st April 2015 |
|---|---|---|---|
| a) Sales Tax liability that may arise in respect of matters in appeal | 9.16 | 4.23 | 11.04 |
| b) Sales Tax Liability that may arise on account of uncollected 'C' Forms | 1.70 | 2.53 | 3.50 |
| c) Excise Duty liability that may arise in respect of matters in appeal | 5.45 | 7.63 | 3.94 |
| d) Claims made against the Company, not acknowledged as debts | 55.09 | 40.32 | 44.53 |
| e) Bonds executed in favour of Collector of Customs / Central Excise | 12.05 | 11.59 | 11.79 |
| f) Guarantees given on behalf of another company | - | - | 0.20 |
| g) Wage demand not acknowledged by the Company in respect of matter in appeal | 1.49 | 1.20 | 1.43 |

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 (d) and (g) above, pending resolution of the appellate proceedings.

## 40. COMMITMENTS

(₹ in Crore)

| | As at 31st March 2017 | As at 31st March 2016 | As at 1st April 2015 |
|---|---|---|---|
| Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances). | 14.94 | 15.33 | 30.78 |

# Notes to the Financial Statements

for the year ended 31st March 2017

## 41. OPERATING LEASE ARRANGEMENTS

**41A Certain properties and vehicles are taken on non-cancellable operating lease by the company.**

(a) Payments recognised as an expense

(₹ in Crore)

| | Year ended 31st March 2017 | Year ended 31st March 2016 |
|---|---|---|
| Minimum lease payments | 2.26 | 3.11 |
| | **2.26** | **3.11** |

(b) Non-cancellable operating lease commitments

(₹ in Crore)

| | Year ended 31st March 2017 | Year ended 31st March 2016 |
|---|---|---|
| Not later than 1 year | 0.58 | 7.31 |
| Later than 1 year and not later than 5 years | - | 0.58 |
| | **0.58** | **7.89** |

**41B** The lease agreements provide an option to the company to renew the lease at the end of non-cancellable period. There are no exceptional / restrictive covenants in the lease agreements.

## 42. EXPENDITURE ON RESEARCH AND DEVELOPMENT

(₹ in Crore)

| | Year ended 31st March 2017 | Year ended 31st March 2016 |
|---|---|---|
| a) Revenue expenditure charged to Statement of Profit and Loss (Under Note Nos. 25, 28 & 31) | 19.99 | 20.87 |
| b) Capital Expenditure | 7.23 | 1.42 |
| | **27.22** | **22.29** |

**43.** Short Term Finance facilities from Banks and Cash Credit facilities (Nil balance as at Balance Sheet date) are secured by hypothecation of all inventory, 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 ₹ 6.57 crore (previous year ₹ 2.49 crore) and ₹ 6.88 crore (previous year ₹ 3.14 crore) respectively.

**44.** i) The income tax assets (Net) under non current assets represents the diffrence between the advance taxes paid for past years net of provisions.

ii) The income tax liabilities (Net) under current liabilities represents the income tax liabilities for current and past years net of advance taxes paid.

## 45. RECENT ACCOUNTING PRONOUNCEMENTS - STANDARDS ISSUED BUT NOT YET EFFECTIVE:

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows' and Ind AS 102, 'Share-based payment'. These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IAS 7, 'Statement of cash flows' and IFRS 2, 'Share-based payment', respectively. The amendments are applicable to the company from 1st April 2017.

**Amendment to Ind AS 7:**

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconcilliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement.

The company is evaluating the requirements of the amendment and its effect on the financial statements.

**Amendment to Ind AS 102:**

The amendments to Ind AS 102 provides specific guidance to measurement of cash-settled awards, modification of cash-settled awards and awards that include a net settlement feature in respect of withholding taxes.

The company does not expect this amendment to have any impact on its financial statements.

# Notes to the Financial Statements

for the year ended 31st March 2017

## 46. EFFECT OF IND AS ADOPTION ON THE BALANCE SHEET AS AT:

### 46A Effect of Ind AS adoption on the balance sheet as at 1st April 2015:

(₹ in Crore)

| | Notes to first time adoption | Previous GAAP | Adjustments | Ind AS |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **Non-current assets** | | | | |
| (a) Property, Plant and Equipment | (d) | 310.42 | (5.64) | 304.78 |
| (b) Capital work - in - progress | | 2.33 | - | 2.33 |
| (c) Investment Properties | (d) | - | 4.28 | 4.28 |
| (d) Intangible assets | | 14.76 | - | 14.76 |
| (e) Intangible assets under development | | 6.06 | - | 6.06 |
| (f) Financial Assets | | | | |
| (i) Investments | | | | |
| (a) Investments in subsidiaries | | 0.31 | - | 0.31 |
| (b) Other investments | | - | - | - |
| (ii) Other Financial Assets | (c) | 7.48 | (0.26) | 7.22 |
| (g) Income Tax Assets (Net) | | 19.12 | - | 19.12 |
| (h) Other non - current assets | (c) | 5.31 | 0.25 | 5.56 |
| **Total Non-current assets** | | **365.79** | **(1.37)** | **364.42** |
| **Current assets** | | | | |
| (a) Inventories | | 104.82 | - | 104.82 |
| (b) Financial Assets | | | | |
| (i) Other investments | (b) | 284.06 | 0.49 | 284.55 |
| (ii) Trade receivables | | 237.48 | - | 237.48 |
| (iii) Cash and cash equivalents | | 12.73 | - | 12.73 |
| (iv) Bank balances other than (iii) above | | 21.69 | - | 21.69 |
| (v) Other financial assets | (e) | 37.42 | (0.19) | 37.23 |
| (c) Other current assets | | 37.37 | - | 37.37 |
| (d) Assets classified as held for sale | | 20.15 | - | 20.15 |
| **Total current assets** | | **755.72** | **0.30** | **756.02** |
| **Total assets** | | **1,121.51** | **(1.07)** | **1,120.44** |
| **EQUITY AND LIABILITIES** | | | | |
| **EQUITY** | | | | |
| (a) Equity Share capital | | 48.84 | - | 48.84 |
| (b) Other equity | | 770.98 | 31.71 | 802.69 |
| **Total equity** | | **819.82** | **31.71** | **851.53** |
| **LIABILITIES** | | | | |
| **Non-current liabilities** | | | | |
| (a) Provisions | | 9.91 | - | 9.91 |
| (b) Deferred tax liabilities (Net) | | 12.58 | (0.50) | 12.08 |
| **Total non-current liabilities** | | **22.49** | **(0.50)** | **21.99** |
| **Current liabilities** | | | | |
| (a) Financial Liabilities | | | | |
| (i) Trade payables | | 184.22 | - | 184.22 |
| (ii) Other financial liabilities | (e) | 26.22 | (0.13) | 26.09 |
| (b) Provisions | (a) | 40.09 | (32.15) | 7.94 |
| (c) Income Tax Liabilities (Net) | | 7.25 | - | 7.25 |
| (d) Other current liabilities | | 21.42 | - | 21.42 |
| **Total current liabilities** | | **279.20** | **(32.28)** | **246.92** |
| **Total equity and liabilities** | | **1,121.51** | **(1.07)** | **1,120.44** |

# Notes to the Financial Statements

for the year ended 31st March 2017

## 46. EFFECT OF IND AS ADOPTION ON THE BALANCE SHEET AS AT: (CONTD.)

**46B Effect of Ind AS adoption on the balance sheet as at 31st March 2016:**

(₹ in Crore)

| | Notes to first time adoption | Previous GAAP | Adjustments | Ind AS |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **Non-current assets** | | | | |
| (a) Property, Plant and Equipment | (d) | 274.73 | (4.08) | 270.65 |
| (b) Capital work - in - progress | | 3.37 | - | 3.37 |
| (c) Investment Properties | (d) | - | 4.08 | 4.08 |
| (d) Intangible assets | | 11.99 | - | 11.99 |
| (e) Intangible assets under development | | 21.09 | - | 21.09 |
| (f) Financial Assets | | | | |
| (i) Investments | | | | |
| (a) Investments in subsidiaries | | 0.29 | - | 0.29 |
| (b) Other investments | | 251.94 | - | 251.94 |
| (ii) Other Financial Assets | (c) | 6.53 | (0.13) | 6.40 |
| (g) Income Tax Assets (Net) | | 18.66 | - | 18.66 |
| (h) Other non - current assets | (c) | 5.74 | 0.12 | 5.86 |
| **Total Non-current assets** | | **594.34** | **(0.01)** | **594.33** |
| **Current assets** | | | | |
| (a) Inventories | | 108.04 | - | 108.04 |
| (b) Financial Assets | | | | |
| (i) Other investments | (b) | 100.73 | 2.33 | 103.06 |
| (ii) Trade receivables | | 200.74 | - | 200.74 |
| (iii) Cash and cash equivalents | | 7.28 | - | 7.28 |
| (iv) Bank balances other than (iii) above | | 13.33 | - | 13.33 |
| (v) Other financial assets | (e) | 86.59 | 0.18 | 86.77 |
| (c) Other current assets | | 39.35 | - | 39.35 |
| (d) Assets classified as held for sale | | 19.93 | - | 19.93 |
| **Total current assets** | | **575.99** | **2.51** | **578.50** |
| **Total assets** | | **1,170.33** | **2.50** | **1,172.83** |
| **EQUITY AND LIABILITIES** | | | | |
| **EQUITY** | | | | |
| (a) Equity Share capital | | 48.84 | - | 48.84 |
| (b) Other equity | | 806.44 | 31.55 | 837.99 |
| **Total equity** | | **855.28** | **31.55** | **886.83** |
| **LIABILITIES** | | | | |
| **Non-current liabilities** | | | | |
| (a) Provisions | | 7.64 | - | 7.64 |
| (b) Deferred tax liabilities (Net) | | 18.68 | 0.35 | 19.03 |
| **Total non-current liabilities** | | **26.32** | **0.35** | **26.67** |
| **Current liabilities** | | | | |
| (a) Financial Liabilities | | | | |
| (i) Trade payables | | 193.95 | - | 193.95 |
| (ii) Other financial liabilities | (e) | 31.44 | 0.13 | 31.57 |
| (b) Provisions | (a) | 39.48 | (29.53) | 9.95 |
| (c) Income Tax Liabilities (Net) | | 7.90 | - | 7.90 |
| (d) Other current liabilities | | 15.96 | - | 15.96 |
| **Total current liabilities** | | **288.73** | **(29.40)** | **259.33** |
| **Total equity and liabilities** | | **1,170.33** | **2.50** | **1,172.83** |

# Notes to the Financial Statements

for the year ended 31st March 2017

## 46. EFFECT OF IND AS ADOPTION ON THE BALANCE SHEET AS AT: (CONTD.)

### 46C Reconciliation of total equity as at 31st March 2016 and 1st April 2015:

(₹ in Crore)

| | Notes to first time adoption | 31st March 2016 | 1st April 2015 |
|---|---|---|---|
| **Total equity under pervious GAAP** | | 855.28 | 819.80 |
| Adjustments net of deferred tax impact: Gain/(Loss) | | | |
| Reversal of proposed ordinary dividends payable | (a) | 29.53 | 32.15 |
| Fair valuation of Investment | (b) | 1.86 | 0.47 |
| Fair valuation of interest free loan and deposits given | (c) | (0.01) | (0.01) |
| Marked to Market of Forward as per IGAAP and Ind As | (e) | 0.16 | 0.07 |
| Depreciation due to Componetisation of Fixed assets | | - | (1.36) |
| Tax Adjustments | | 0.01 | 0.41 |
| **Total equity under Ind AS** | | **886.83** | **851.53** |

### 46D Effect of Ind AS adoption on the statement of propfit and loss for the year ended 31st March 2016:

| | Notes to first time adoption | Previous GAAP | Adjustments | Ind AS |
|---|---|---|---|---|
| **Income** | | | | |
| Revenue from Operations | (b,c) | 1,616.20 | 183.97 | 1,800.17 |
| Other Income | | 44.53 | 2.97 | 47.50 |
| **Total income** | | **1,660.73** | **186.94** | **1,847.67** |
| **Expenses** | | | | |
| Cost of materials consumed | | 993.63 | (6.77) | 986.86 |
| Purchases of Stock-in-Trade | | 64.51 | - | 64.51 |
| Changes in inventories of finished goods, Stock-in-Trade and work-in progress | | (14.69) | - | (14.69) |
| Excise duty | | - | 186.74 | 186.74 |
| Employee benefits expense | (f) | 152.60 | 0.67 | 153.27 |
| Finance costs | | 1.01 | - | 1.01 |
| Depreciation and amortization expense | | 45.38 | - | 45.39 |
| Other expenses | | 151.56 | 4.80 | 156.36 |
| **Total expenses** | | **1,394.00** | **185.44** | **1,579.45** |
| **Profit before exceptional items and tax** | | 266.73 | 1.50 | 268.22 |
| Exceptional Items | | 24.77 | 1.62 | 26.39 |
| **Profit before tax** | | **291.50** | **3.12** | **294.61** |
| **Tax expense** | | | | |
| Current tax | | 86.15 | 0.40 | 86.55 |
| Deferred tax charge/(credit) | (f) | 6.57 | 0.38 | 6.95 |
| **Profit from continuing operations after tax** | | **198.78** | **2.34** | **201.11** |
| **Loss from discontinued operations** | | - | (2.66) | (2.66) |
| **Tax expense of discontinued operations** | | - | 0.92 | 0.92 |
| **Loss from discontinued operations after tax** | | **-** | **(1.74)** | **(1.74)** |
| **Profit for the year (A)** | | **198.78** | **0.60** | **199.37** |
| **Other Comprehensive Income** | | | | |
| **Items that will not be reclassified to profit or loss** | | | | |
| Remeasurements of net defined benefit plans | (f) | - | 1.51 | 1.51 |
| Income tax relating to items that will not be reclassified to profit or loss | (f) | - | (0.52) | (0.52) |
| **Other Comprehensive Income for the year (B)** | | **-** | **0.99** | **0.99** |
| **Total Comprehensive Income for the year (A+B)** | | **198.78** | **1.59** | **200.36** |

# Notes to the Financial Statements

for the year ended 31st March 2017

## 46. EFFECT OF IND AS ADOPTION ON THE BALANCE SHEET AS AT: (CONTD.)

### 46E Reconciliation of total compehensive income for the year ended 31st March 2016:

(₹ in Crore)

| | Notes to first time adoption | 31st March 2016 |
|---|---|---|
| **Profit after tax as reported under previous GAAP** | | **198.78** |
| ADD : Interest Income due to fair valuation of interest free security deposit given | (c) | 0.13 |
| (LESS)/ ADD : Effect of measuring investments at fair value through Profit & Loss account | (b) | 1.86 |
| (LESS)/ ADD : Effect of measuring forward contract at fair value | (e) | 0.11 |
| LESS : Rent expense: Prepaid Rent due to fair value of interest free security deposit amortised | (c) | (0.13) |
| LESS : Reclassification of actuarial gains/ losses, arising in respect of employee benefit schemes, to Other Comprehensive Income (OCI) | (f) | (1.51) |
| ADD/ (LESS) : Tax Adjustment on above items | | 0.13 |
| **Total Ind AS Adjustments** | | 0.59 |
| **Profit after Tax as reported under Ind AS** | | 199.37 |
| ADD : Other Comprehensive Income (net of tax) | | 0.99 |
| **Total Comprehensive Income as reported under Ind AS** | | **200.36** |

### 46F Adjustments to Statement of Cash flows

There were no material differences between the Statement of Cash Flows presented under Ind AS and the previous GAAP.

### 46G Notes to first time adoption

(a) Under the previous GAAP, dividends proposed by the Board of Directors after the balance sheet date but before the approval of the financial statements were considered as adjusting events. Accordingly, provision for proposed dividend was recognised as a liability. Under Ind AS, such dividends are recognised when the same is approved by the Shareholders in the general meeting. Accordingly, the liability for proposed dividend of ₹ 29.53 crore as at 31st March 2016 (1st April 2015 - ₹ 32.15 crore) included under provisions has been reversed with corresponding adjustment to retained earnings. Consequently, the total equity increased by an equivalent amount.

(b) Under the previous GAAP, investments in equity instruments and mutual funds were classified as long-term investments or current investments based on the intended holding period and realisability. Long-term investments were carried at cost less permanent diminution in the value of such investments. Current investments were carried at lower of cost and fair value. Under Ind AS, these investments are required to be measured at fair value. The resulting fair value changes of these investments have been recognised in retained earnings as at the date of transition and subsequently in the profit or loss for the year ended 31st March 2016. This increased the retained earnings by ₹ 1.86 crore as at 31st March 2016 (1st April 2015 - ₹ 0.47 crore).

(c) Under the previous GAAP, interest free lease security deposits (that are refundable in cash on completion of the lease term) are recorded at their transaction value. Under Ind AS, all financial assets are required to be recognised at fair value. Accordingly, the Company has fair valued these security deposits and under Ind AS. Difference between the fair value and transaction value of the security deposit has been recognised as prepaid rent. Consequent to this change, the amount of security deposits decreased by ₹ 0.13 crore as at 31st March 2016 (1st April 2015 - ₹ 0.26 crore). The prepaid rent increased by ₹ 0.12 crore as at 31st March 2016 (1st April 2015 - ₹ 0.25 crore). Total equity decreased by ₹ 0.01 crore as on 1st April 2015. The profit for the year and total equity as at 31st March 2016 decreased by ₹ 0.01 crore due to amortisation of the prepaid rent of ₹ 0.13 crore which is partially off-set by the notional interest income of ₹ 0.12 crore recognised on security deposits.

(d) Under Ind AS, investment property is required to be presented separately in the balance sheet and depreciation is charged on it. Accordingly, the carrying value of investment property as at 1st April 2015 of ₹ 4.28 crore and as at 31st March 2016 of ₹ 4.08 crore under previous GAAP has been reclassified to a separate line item on the face of the balance sheet. The Company has opted for the deemed cost exemption available to it in accordance with Ind AS 101. There was no impact on total equity or total comprehensive income due to this adjustment.

# Notes to the Financial Statements

for the year ended 31st March 2017

### 46. EFFECT OF IND AS ADOPTION ON THE BALANCE SHEET AS AT: (CONTD.)

(e) Under the previous GAAP, the premium or discount arising at the inception of forward exchange contracts entered into to hedge an existing asset / liability, is amortised as expense or income over the life of the contract. Exchange differences on such a contract are recognised in the statement of profit and loss in the reporting period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such a forward exchange contract is recognised as income or as expense for the period.

Forward exchange contracts outstanding as at the year-end on account of firm commitment / highly probable forecast transactions are marked to market and the losses, if any are recognised in the statement of profit and loss and gains are ignored in accordance with the announcement by the Institute of Chartered Accountants of India on “Accounting for Derivatives” issued in March 2008.

Under Ind AS 109, derivatives which are not designated as hedging instruments are fair valued with resulting changes being recognised in statement of profit and loss. Consequent to this adjustment, the equity of the company increased by ₹ 0.16 crore as at 31st March 2016 (increased by ₹ 0.07 crore as at 1st April 2015).

(f) Under Ind AS 19, remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of statement of profit and loss. Under the previous GAAP, these remeasurements were forming part of the statement of profit and loss for the year. As a result of this change, the Statement of profit for the year ended 31st March 2016 decreased by ₹ 0.99 crore (Net of tax). There is no impact on the total equity as at 31st March 2016.

Under Ind AS, all items of income and expense recognised in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss but are shown in the statement of profit and loss as ‘other comprehensive income’ includes remeasurements of defined benefit plans. The concept of other comprehensive income did not exist under previous GAAP.

For and on behalf of the Board

**Kewal Handa**
Director

**Narayan Barasia**
Chief Financial Officer
Mumbai, 4th May 2017

**Amit K. Vyas**
Company Secretary & Head Legal

**Nagesh Basavanhalli**
Managing Director & CEO

# Information on Subsidiary Companies

## FORM AOC-1

**(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)**

**Statement containing salient features of the financial statement of subsidiaries/ associate companies/ joint ventures**

**Part "A" : Subsidiaries**

(₹ in Crore)

| | | Greaves Leasing Finance Ltd. | Dee Greaves Ltd. | Greaves Cotton Middle East FZC*** |
|---|---|---|---|---|
| Date of Acquisition | | Since inception | Since inception | 06.02.2011 |
| | | Financial Year ended 31st March 2017 | | |
| A) | Share Capital | 0.25 | 0.13 | 4.73 |
| B) | Reserves/ Surplus in profit & loss | 4.08 | 0.09 | (4.69) |
| C) | Total Assets | 4.35 | 0.23 | 0.05 |
| D) | Total Liabilities | 0.02 | - | - |
| E) | Investments (as per details attached) | 3.64 | 0.21 | - |
| F) | Turnover (including other income) | 0.50 | 0.02 | 0.34 |
| G) | Profit/ (Loss) before taxation | 0.30 | 0.01 | (0.24) |
| H) | Provision for taxation | - | - | - |
| I) | Profit/ (Loss) after taxation | 0.30 | 0.01 | (0.24) |
| J) | Proposed Dividend | - | - | - |
| K) | Extent of shareholding | 100% | - | 10% |

Notes:

1. Exchange Rate: *** Balance Sheet at Closing rate @ 1 AED = ₹ 17.6540

*** Statement of profit and loss at average rate @ 1 AED= ₹ 18.2487

**Part "B" : Associates and Joint Ventrues**

**Not Applicable**

For and on behalf of the Board

**Kewal Handa**
Director

**Narayan Barasia**
Chief Financial Officer
Mumbai, 4th May 2017

**Amit K. Vyas**
Company Secretary & Head Legal

**Nagesh Basavanhalli**
Managing Director & CEO

GREAVES SINCE 1859

# Information on Subsidiary Companies

## DETAILS OF INVESTMENT OF SUBSIDIARIES AS AT 31ST MARCH 2017

(₹ in Crore)

| | As at 31st March 2017 | | As at 31st March 2016 | | As at 1st April 2015 | |
|---|---|---|---|---|---|---|
| | Nos. | Amount | Nos. | Amount | Nos. | Amount |
| **NON-CURRENT INVESTMENT** | | | | | | |
| **Greaves Leasing Finance Limited** | | | | | | |
| **Investments in subsidiaries (Unquoted)** | | | | | | |
| Shares of Dee Greaves Limited of ₹ 10/- each | 1,33,851 | 0.01 | 1,33,851 | 0.01 | 1,33,851 | 0.01 |
| Shares of Greaves Cotton Middle East (FZC) of AED 1,500/- each | 1,575 | - | 1,575 | 4.11 | 90 | 0.24 |
| Less: Dimunition in investment | | - | | (4.11) | | - |
| **Sub Total** | | **0.01** | | **0.01** | | **0.25** |
| **Investments in equity shares (Quoted)** | | | | | | |
| **Fair value through profit or loss** | | | | | | |
| ABB India Limited | 1 | - | 1 | - | 1 | - |
| Ashok Leyland Limited | 20 | - | 20 | - | 20 | - |
| Bajaj Auto Limited | 20 | 0.01 | 20 | - | 20 | - |
| Bajaj Finance Services Limited | 10 | - | 10 | 0.01 | 10 | - |
| Bajaj Holdings and Investment Limited | 10 | - | 10 | - | 10 | - |
| Bharat Heavy Electricals Limited | 5 | - | 5 | - | 5 | - |
| Bosch Limited | 1 | - | 1 | - | 1 | - |
| Cummins India Limited | 14 | - | 14 | - | 14 | - |
| Elecon Engineering Limited | 150 | - | 150 | - | 150 | - |
| Force Motors Limited | 10 | - | 10 | - | 10 | - |
| Hindustan Unilever Limited | 1 | - | 1 | - | 1 | - |
| Honda Siel Power Products Limited | 10 | - | 10 | - | 10 | - |
| Ingersoll Rand (India) Limited | 10 | - | 10 | - | 10 | - |
| Kennametal Widia Limited | 10 | - | 10 | - | 10 | - |
| Kirloskar Industries Limited | 5 | - | 5 | - | 5 | - |
| Kirloskar Oil Engines Limited | 75 | - | 75 | - | 75 | - |
| Larsen & Toubro Limited | 30 | - | 30 | - | 30 | 0.01 |
| Mahindra & Mahindra Limited | 66 | 0.01 | 66 | 0.01 | 66 | 0.01 |
| Maruti Suzuki India Limited | 1 | - | 1 | - | 1 | - |
| Shanthi Gears Limited | 200 | - | 200 | - | 200 | - |
| Siemens Limited | 1 | - | 1 | - | 1 | - |
| Steel Authority of India Limited | 1 | - | 1 | - | 1 | - |
| Swaraj Engines Limited | 30 | - | 30 | - | 30 | - |
| Tata Motors Limited | 25 | - | 25 | - | 25 | - |
| UltraTech Cement Limited | 4 | - | 4 | - | 4 | - |
| Vesuvias Limited | 10 | - | 10 | - | 10 | - |
| VST Tillers Tractors Limited | 15 | - | 15 | - | 15 | - |
| **Investments in equity shares (Unquoted)** | | | | | | |
| Alfa Laval India Limited | 1 | - | 1 | - | 1 | - |
| Birla Power Solutions Limited | 120 | - | 120 | - | 120 | - |
| Wellwind Industry Limited | 100 | - | 100 | - | 100 | - |
| Wartsila India Limited | 10 | - | 10 | - | 10 | - |
| **Sub Total** | | **0.02** | | **0.02** | | **0.02** |
| **Total** | | **0.03** | | **0.03** | | **0.27** |

# Information on Subsidiary Companies

## DETAILS OF INVESTMENT OF SUBSIDIARIES AS AT 31ST MARCH 2017

(₹ in Crore)

| | As at 31st March, 2017 | | As at 31st March, 2016 | | As at 1st April, 2015 | |
|---|---|---|---|---|---|---|
| | Nos. | Amount | Nos. | Amount | Nos. | Amount |
| **CURRENT INVESTMENTS** | | | | | | |
| **Greaves Leasing Finance Limited** | | | | | | |
| **Investments in Mutual Funds (Quoted)** | | | | | | |
| **Fair value through profit or loss** | | | | | | |
| Kotak Floater Short Term-Growth | 828 | 0.22 | 828 | 0.21 | NIL | - |
| Baroda Pioneer Treasury Advantage Fund-Plan A Growt | 17,883 | 3.39 | NIL | - | NIL | - |
| Religare Invesco Credit Opportunity Fund - Growth | Nil | - | 16,143 | 2.79 | 47,569 | 4.76 |
| Peerless Liquid fund- Daily Dividend | Nil | - | Nil | - | 10,774 | - |
| SBI Magnum Insta Cash Fund Liquid Floater- Regular Plan | Nil | - | Nil | - | 22,901 | 2.31 |
| Franklin India Low Duration -Growth | Nil | - | Nil | - | 3,76,563 | 0.58 |
| L & T Short Term Opportunity Fund- Growth | Nil | - | Nil | - | 1,75,812 | 0.24 |
| Reliance Liquid Fund Treasury Plan - Daily Dividend Option | Nil | - | Nil | - | 2,619 | 0.40 |
| **Total** | | **3.61** | | **3.00** | | **8.29** |
| **Dee Greaves Limited** | | | | | | |
| **Investments in Mutual Funds (Quoted)** | | | | | | |
| **Fair value through profit or loss** | | | | | | |
| ICICI Prudential Money Market Fund - Regular Plan - Daily Dividend | 20,683 | 0.21 | 19,731 | 0.20 | 20,184 | 0.20 |
| **Total** | | **0.21** | | **0.20** | | **0.20** |

# Independent Auditor's Report

## TO THE MEMBERS OF GREAVES COTTON LIMITED

### REPORT ON THE CONSOLIDATED IND AS FINANCIAL STATEMENTS

We have audited the accompanying consolidated Ind AS financial statements of Greaves Cotton Limited (hereinafter referred to as "the Parent") and its subsidiaries (the Parent and its subsidiaries together referred to as "the Group") comprising the Consolidated Balance Sheet as at 31st March 2017, the Consolidated Statement of Profit and Loss including other comprehensive income, the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity, for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

### MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED IND AS FINANCIAL STATEMENTS

The Parent's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and statement of changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Parent, as aforesaid.

### AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Parent's preparation of the consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Parent's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

We believe that the audit evidence obtained by us and other auditors in terms of their reports referred to in sub-paragraphs (a) and (b) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

### OPINION

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of the other auditors on separate financial statements of the subsidiaries, referred to below in the Other Matters paragraph, the aforesaid consolidated Ind AS 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, of the consolidated state of affairs of the Group as at 31st March 2017, and their consolidated profit, consolidated total comprehensive income, their consolidated cash flows and consolidated statement of changes in equity for the year ended on that date.

## OTHER MATTERS

(a) We did not audit the financial statements of three subsidiaries, whose financial statements reflect total assets of ₹ 4.34 crore as at 31st March 2017, total revenues of ₹ 0.48 crore and net cash outflows amounting to ₹ 0.36 crore for the year ended on that date, as considered in the consolidated Ind AS financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors.

(b) The comparative financial information of the Group for the transition date opening balance sheet as at 1st April 2015 included in these consolidated Ind AS financial statements, are based on the previously issued consolidated financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by the predecessor auditor whose report for the year ended 31st March 2015 dated 6th May 2015 expressed an unmodified opinion on those consolidated financial statements and have been restated to comply with Ind AS. Adjustments made to the said consolidated financial information prepared in accordance with the Companies (Accounting Standards) Rules, 2006 to comply with Ind AS have been audited by us.

Our opinion on the consolidated Ind AS financial statements above, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of other auditors.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of the report of the other auditors on separate financial statements and the other financial information of subsidiaries incorporated in India, referred in the Other Matters paragraph above we report, to the extent applicable, that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements.

   (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

   (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements

   (d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.

   (e) On the basis of the written representations received from the directors of the Parent as on 31st March 2017 taken on record by the Board of Directors of the Parent and the reports of the statutory auditors of its subsidiary companies, incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on 31st March 2017 from being appointed as a director in terms of Section 164 (2) of the Act.

   (f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A", which is based on the auditors' reports of the Holding company and subsidiary companies incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Parent's/ subsidiary company's incorporated in India internal financial controls over financial reporting

   (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

      i. The consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Group.

      ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.

      iii. There has been no delay in transferring amounts required to be transferred, to the Investor Education and Protection Fund by the Parent and its subsidiary companies incorporated in India.

iv. The Parent has provided requisite disclosures in the consolidated Ind AS financial statements as regards the holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the 8th November 2016 of the Ministry of Finance, during the period from 8th November 2016 to 30th December 2016 of the Group entities as applicable. Based on audit procedures performed and the representations provided to us by the management we report that the disclosures are in accordance with the relevant books of accounts maintained by those entities for the purpose of preparation of the consolidated Ind AS financial statements and as produced to us by the Management of the respective Group entities

For **Deloitte Haskins and Sells LLP**
Chartered Accountants
(Firm's Registration No. 117366W-W-100018)

**Rupen K. Bhatt**
(Partner)
(Membership No. 46930)

Place: Mumbai
Date: 4th May 2017

# Annexure "A" to the Independent Auditor's Report

**(Referred to in paragraph 1 (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

**Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended 31st March 2017, we have audited the internal financial controls over financial reporting of Greaves Cotton Limited (hereinafter referred to as "Parent") and its subsidiary companies which are companies incorporated in India, as of that date.

## MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The respective Board of Directors of the Parent and its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on "the internal control over financial reporting criteria established by the respective Companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI)". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

## AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Parent and its subsidiary companies which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by other auditors of the subsidiary companies which are companies incorporated in India, in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Parent and its subsidiary companies which are companies incorporated in India.

## MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

## INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## OPINION

In our opinion 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 referred to in the Other Matters paragraph below, the Parent and its subsidiary companies which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2017, based on "the internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

## OTHER MATTERS

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to two subsidiary companies which are companies incorporated in India, is based solely on the corresponding reports of the auditors of such companies incorporated in India.

Our opinion is not modified in respect of the above matters.

For **Deloitte Haskins and Sells LLP**
Chartered Accountants
(Firm's Registration No. 117366W-W-100018)

**Rupen K. Bhatt**
(Partner)
(Membership No. 46930)

Place: Mumbai
Date: 4th May 2017

# Consolidated Balance Sheet

as at 31st March 2017

(₹ in Crore)

| | | | Note No. | As at 31st March 2017 | As at 31st March 2016 | As at 1st April 2015 |
|---|---|---|---|---|---|---|
| | **ASSETS** | | | | | |
| 1 | **Non-current assets** | | | | | |
| | (a) | Property, Plant and Equipment | 5 | 250.52 | 271.29 | 305.73 |
| | (b) | Capital work - in - progress | 5 | 7.90 | 3.37 | 2.33 |
| | (c) | Investment Properties | 6 | 3.86 | 4.08 | 4.28 |
| | (d) | Goodwill | | | | 0.20 |
| | (e) | Intangible assets | 7 | 37.76 | 11.99 | 14.76 |
| | (f) | Intangible assets under development | 7 | 6.79 | 21.09 | 6.06 |
| | (g) | Financial Assets | | | | |
| | | (i) Investments | | | | |
| | | (a) Other investments | 8A | 271.95 | 251.98 | 0.04 |
| | | (ii) Other financial assets | 9A | 7.04 | 6.40 | 7.22 |
| | (h) | Income Tax Assets (Net) | 44 | 18.93 | 18.89 | 19.35 |
| | (i) | Other non - current assets | 10A | 5.69 | 5.94 | 5.61 |
| | | **Total non-current assets** | | **610.44** | **595.03** | **365.58** |
| 2 | **Current assets** | | | | | |
| | (a) | Inventories | 11 | 129.41 | 108.13 | 106.44 |
| | (b) | Financial Assets | | | | |
| | | (i) Other investments | 8B | 138.95 | 106.26 | 293.04 |
| | | (ii) Trade receivables | 12 | 270.20 | 200.60 | 231.41 |
| | | (iii) Cash and cash equivalents | 13 | 10.22 | 7.83 | 14.07 |
| | | (iv) Bank balances other than (iii) above | 14 | 2.67 | 13.33 | 21.69 |
| | | (v) Other financial assets | 9B | 37.94 | 86.63 | 35.19 |
| | (c) | Other current assets | 10B | 34.64 | 39.75 | 37.48 |
| | (d) | Assets classified as held for sale | 15 | 8.98 | 19.93 | 20.15 |
| | | **Total current assets** | | **633.01** | **582.46** | **759.47** |
| | | **Total Assets** | | **1,243.45** | **1,177.49** | **1,125.05** |
| | **EQUITY AND LIABILITIES** | | | | | |
| | **EQUITY** | | | | | |
| | (a) | Equity Share capital | 16 | 48.84 | 48.84 | 48.84 |
| | (b) | Other equity | 17 | 876.45 | 842.29 | 806.39 |
| | | **Equity attributable to the owners of the Company** | | **925.29** | **891.13** | **855.23** |
| | **LIABILITIES** | | | | | |
| 1 | **Non-current liabilities** | | | | | |
| | (a) | Provisions | 19A | 10.07 | 7.85 | 10.38 |
| | (b) | Deferred tax liabilities (Net) | 20 | 17.28 | 19.03 | 12.08 |
| | | **Total non-current liabilities** | | **27.35** | **26.88** | **22.46** |
| 2 | **Current liabilities** | | | | | |
| | (a) | Financial Liabilities | | | | |
| | | (i) Trade payables | | | | |
| | | - Total outstanding dues of Micro, Small and Medium Enterprises | 21 | 30.58 | 31.84 | 36.39 |
| | | - Total outstanding dues of creditor's other than Micro, Small and Medium Enterprises | 21 | 189.27 | 162.23 | 148.24 |
| | | (ii) Other financial liabilities | 18 | 32.25 | 31.57 | 26.09 |
| | (b) | Provisions | 19B | 10.98 | 9.95 | 7.94 |
| | (c) | Income Tax Liabilities (Net) | 44 | 4.35 | 7.90 | 7.25 |
| | (d) | Other current liabilities | 22 | 23.38 | 15.99 | 21.45 |
| | | **Total current liabilities** | | **290.81** | **259.48** | **247.36** |
| | | **Total Equity and Liabilities** | | **1,243.45** | **1,177.49** | **1,125.05** |

**The notes are an integral part of these financial statements**

As per our report of even date attached
For **Deloitte Haskins & Sells LLP**
Chartered Accountants

For and on behalf of the Board

**Kewal Handa**
Director

**Rupen K. Bhatt**
Partner
Mumbai, 4th May 2017

**Narayan Barasia**
Chief Financial Officer

**Amit K. Vyas**
Company Secretary & Head Legal

**Nagesh Basavanhalli**
Managing Director & CEO

# Consolidated Statement of Profit and Loss

for the year ended 31st March 2017

(₹ in Crore)

| | | Note No. | Year ended 31st March 2017 | Year ended 31st March 2016 |
|---|---|---|---|---|
| I | **Revenue from Operations** | 23 | 1,819.27 | 1,802.83 |
| II | **Other Income** | 24 | 50.49 | 48.50 |
| III | **Total Income (I + II)** | | **1,869.76** | **1,851.33** |
| IV | **Expenses** | | | |
| | Cost of materials consumed | 25 | 988.60 | 985.80 |
| | Purchases of stock-in-trade | 26 | 77.25 | 64.83 |
| | Changes in inventories of finished goods, stock-in-trade and work-in progress | 27 | (5.80) | (13.17) |
| | Excise duty on sale of goods | | 184.83 | 186.74 |
| | Employee benefits expense | 28 | 160.08 | 155.38 |
| | Finance costs | 29 | 0.81 | 1.01 |
| | Depreciation and amortisation expense | 30 | 46.89 | 45.62 |
| | Other expenses | 31 | 170.92 | 155.82 |
| | **Total expenses (IV)** | | **1,623.58** | **1,582.03** |
| V | **Profit before exceptional items and tax** | | **246.18** | **269.30** |
| VI | **Add: Exceptional Items** | 32 | **5.98** | **26.84** |
| VII | **Profit before tax** | | **252.16** | **296.14** |
| VIII | **Tax expense** | 33 | | |
| | Current tax | | 69.77 | 86.57 |
| | Deferred tax (credit) / charge | | (1.75) | 6.95 |
| IX | **Profit from continuing operations after tax (VII - VIII)** | | **184.14** | **202.62** |
| X | **Loss from discontinued operations** | 36B | **(3.50)** | **(2.66)** |
| XI | **Tax on discontinued operations** | | **0.02** | **0.92** |
| XII | **Loss from discontinued operations after tax (X-XI)** | 36B | **(3.48)** | **(1.74)** |
| XIII | **Profit for the year (IX + XII)** | | **180.66** | **200.88** |
| XIV | **Other Comprehensive Income** | | | |
| | (i) Items that will not be reclassified to profit or loss | | | |
| | Remeasurements of the defined benefit plans : Gains | | 1.01 | 1.51 |
| | (ii) Income tax relating to items that will not be reclassified to profit or loss | 33B | (0.35) | (0.52) |
| | (iii) Exchange differences on translation of Foreign Operations | | - | (0.61) |
| | **Other Comprehensive Income for the year (XIV)** | | **0.66** | **0.38** |
| XV | **Total Comprehensive Income for the year (XIII + XIV)** | | **181.32** | **201.26** |
| XVI | **Earnings per equity share of ₹ 2 each (for continuing operations):** | | | |
| | Basic / Diluted | 37 | 7.54 | 8.30 |
| XVII | **Earnings per equity share of ₹ 2 each (for discontinued operations):** | | | |
| | Basic / Diluted | 37 | (0.14) | (0.07) |
| XVIII | **Earnings per equity share of ₹ 2 each (for discontinued & continuing operations):** | | | |
| | Basic / Diluted | 37 | 7.40 | 8.23 |

**The notes are an integral part of these financial statements**

As per our report of even date attached
For **Deloitte Haskins & Sells LLP**
Chartered Accountants

For and on behalf of the Board

**Kewal Handa**
Director

**Rupen K. Bhatt**
Partner
Mumbai, 4th May 2017

**Narayan Barasia**
Chief Financial Officer

**Amit K. Vyas**
Company Secretary & Head Legal

**Nagesh Basavanhalli**
Managing Director & CEO

# Consolidated Statement of Changes in Equity

for the year ended 31st March, 2017

| | | (₹ in Crore) |
|---|---|---|
| A | **Equity share capital** | |
| | Balance as at 1st April 2015 | 48.84 |
| | Balance as at 31st March 2016 | 48.84 |
| | **Balance as at 31st March 2017** | **48.84** |

(₹ in Crore)

| | | Reserves and Surplus | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Capital Reserve | Capital Reserve on Consolidation | Securities Premium Reserve | General Reserve | Statutory reserve | Foreign currency translation reserve | Retained Earnings | Total |
| B | **Other equity** | | | | | | | | |
| | **Balance as at 1st April 2015** | **1.34** | **0.14** | **34.59** | **317.02** | **5.49** | **-** | **447.81** | **806.39** |
| | Profit for the year | - | - | - | - | - | - | 200.88 | **200.88** |
| | Other comprehensive income | - | - | - | - | - | (0.61) | 0.99 | **0.38** |
| | Total Comprehensive Income for the year | **-** | **-** | **-** | **-** | **-** | **(0.61)** | **201.87** | **201.26** |
| | Dividends (including dividend distribution tax of ₹ 28.28 crore) | - | - | - | - | - | - | (165.36) | **(165.36)** |
| | Transfer to General Reserve | - | - | - | 28.15 | - | - | (28.15) | **-** |
| | **Balance as at 31 March 2016** | **1.34** | **0.14** | **34.59** | **345.17** | **5.49** | **(0.61)** | **456.17** | **842.29** |
| | Profit for the year | - | | - | - | - | - | 180.66 | **180.66** |
| | Other comprehensive income | - | | - | - | - | - | 0.66 | **0.66** |
| | Total Comprehensive Income for the year | - | | - | - | - | - | 181.32 | **181.32** |
| | Dividends (including dividend distribution tax of ₹ 25.00 crore) | - | | - | - | - | - | (147.11) | **(147.11)** |
| | Addition during the year | - | - | - | - | - | (0.05) | - | **(0.05)** |
| | **Balance as at 31 March 2017** | **1.34** | **0.14** | **34.59** | **345.17** | **5.49** | **(0.66)** | **490.38** | **876.45** |

As per our report of even date attached
For **Deloitte Haskins & Sells LLP**
Chartered Accountants

For and on behalf of the Board

**Kewal Handa**
Director

**Rupen K. Bhatt**
Partner
Mumbai, 4th May 2017

**Narayan Barasia**
Chief Financial Officer

**Amit K. Vyas**
Company Secretary & Head Legal

**Nagesh Basavanhalli**
Managing Director & CEO

GREAVES SINCE 1859

# Consolidated Statement of Cash Flows

for the year ended 31st March 2017

(₹ in Crore)

| | Year ended 31st March 2017 | Year ended 31st March 2016 |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| **Profit for the year (after tax)** | **180.63** | **200.88** |
| Adjustments for: | | |
| Income tax expense recognised in profit and loss (continuing and discontinued operations) | 68.00 | 92.60 |
| Finance costs recognised in profit and loss | 0.81 | 1.01 |
| Notional rent expense on Fair value of Security deposit | 0.26 | 0.13 |
| Foreign Currency translation difference | (0.05) | (0.61) |
| Interest income recognised in profit and loss | (6.01) | (6.61) |
| Dividend income | (0.41) | (3.53) |
| Gain on disposal of property, plant and equipment | (16.78) | (33.84) |
| Net gain arising on fair valuation of investments | (25.79) | (1.88) |
| Net gain arising on redemption of investments | (5.65) | (23.33) |
| Depreciation and amortisation of non-current assets | 46.89 | 45.62 |
| Impairment of property, plant and equipment, goodwill | - | 5.59 |
| Impairment of property, plant and equipment - Discontinued business | 3.44 | 1.44 |
| Net foreign exchange loss | 0.33 | 0.30 |
| | **245.70** | **277.77** |
| **Movements in working capital:** | | |
| (Increase)/Decrease in trade receivables | (69.91) | 30.47 |
| (Increase)/Decrease in inventories | (21.28) | (1.69) |
| (Increase)/Decrease in other assets | (0.52) | 0.94 |
| Increase/(Decrease) in trade payables | 22.38 | 9.48 |
| Increase/(Decrease) in provisions | 3.25 | (0.52) |
| Increase/(Decrease) in other liabilities | 8.50 | (1.28) |
| **Cash generated from operations** | **188.12** | **315.17** |
| Less: Income taxes paid | (73.69) | (85.06) |
| **Net cash generated from operating activities (A)** | **114.43** | **230.11** |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| (Purchase) / (reinvestment) of financial assets | (1,292.28) | (1,767.88) |
| Proceeds on sale/maturity of financial assets | 1,271.09 | 1,727.93 |
| Inter corporate deposits placed | (41.55) | (75.85) |
| Inter corporate deposit matured | 95.85 | 25.00 |
| Bank deposits placed | (10.86) | (10.86) |
| Bank deposits matured | 21.72 | 20.00 |
| Interest received | 7.54 | 4.46 |
| Dividend from current investments | 0.41 | 3.53 |
| Payments for property, plant and equipment and capital work-in-progress | (27.13) | (17.49) |
| Payments for intangible assets | (16.25) | (17.60) |
| Proceeds from disposal of property, plant and equipment | 27.34 | 38.78 |
| **Net cash generated/(used in) from investing activities (B)** | **35.88** | **(69.98)** |

# Consolidated Statement of Cash Flows

for the year ended 31st March 2017

(₹ in Crore)

| | Year ended 31st March 2017 | Year ended 31st March 2016 |
|---|---|---|
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | |
| Dividends paid (including tax) | (147.11) | (165.36) |
| Interest paid | (0.81) | (1.01) |
| **Net cash used in financing activities (C)** | **(147.92)** | **(166.37)** |
| **Net increase/(decrease) in cash and cash equivalents (A+B+C)** | **2.39** | **(6.24)** |
| Cash and cash equivalents at the beginning of the year | 7.83 | 14.07 |
| **Cash and cash equivalents at the end of the year** | **10.22** | **7.83** |

As per our report of even date attached
For **Deloitte Haskins & Sells LLP**
Chartered Accountants

For and on behalf of the Board

**Kewal Handa**
Director

**Rupen K. Bhatt**
Partner

Mumbai, 4th May 2017

**Narayan Barasia**
Chief Financial Officer

**Amit K. Vyas**
Company Secretary & Head Legal

**Nagesh Basavanhalli**
Managing Director & CEO

# Consolidated Notes to the Financial Statements

for the year ended 31st March 2017

## 1. GENERAL INFORMATION:

Greaves Cotton Limited (the 'Company') and its subsidiaries (collectively referred to as the 'Group') are engaged in manufacturing of engines, engine applications and trading of power tillers, spares related to engines and construction equipment / infrastructure equipment etc. The Group 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.

**2.** The Company has adopted Indian Accounting Standards (Ind AS) as notified by the Ministry of Corporate Affairs with effect from 1st April 2016, with a transition date of 1st April 2015. The adoption of Ind AS has been carried out in accordance with Ind AS 101, First-time Adoption of Indian Accounting Standards. Ind AS 101 requires that all Ind AS standards and interpretations that are issued and effective for the first Ind AS financial statements for the year ended 31st March 2017, be applied retrospectively and consistently for all financial years presented. However, in preparing these Ind AS financial statements, the Company has availed of certain exemptions and exceptions in accordance with Ind AS 101, as explained in notes. The resulting difference between the carrying values of the assets and liabilities in the financial statements as at the transition date under Ind AS and Previous GAAP have been recognised directly in retained earnings.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

### 3.1 Statement of compliance:

The financial statements have been prepared in accordance with Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015.

Upto the year ended 31st March 2016, the Company prepared its financial statements in accordance with the requirements of previous GAAP, which included Standards notified under the Companies (Accounting Standards) Rules, 2006. These are the Company's first Ind AS financial statements. The date of transition to Ind AS is 1st April 2015. Refer Note 46 for the details of first-time adoption exemptions availed by the Company.

### 3.2 Basis of preparation and presentation

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other that quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

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 Schedule III to the Companies Act, 2013. 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.

# Consolidated Notes to the Financial Statements

for the year ended 31st March 2017

**3.3 Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and subsidiaries. Control is achieved when the Company:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, incomes and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit and loss from the date the Company gains control until the date when the Company ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

**3.3.1 Changes in the Group's ownership interests in existing subsidiaries**

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of consideration received and the fair value of any retained interest and (ii) the previous carrying amount if the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets and liabilities of the subsidiary. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under Ind AS 109, or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

**3.4 Non-current assets held for sale**

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset and its sale is highly probable.

Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

**3.5 Revenue recognition:**

Revenue is measured at the fair value of the consideration received or receivable.

**3.5.1 Sale of goods:**

Revenue is inclusive of excise duty and net of value added taxes, service tax, rebates and other similar allowances. Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Company has transferred to the buyer the significant risks and rewards of ownership of goods;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

# Consolidated Notes to the Financial Statements

for the year ended 31st March 2017

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Company;
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

**3.5.2 Rendering of services:**

Revenue in respect of service is recognised in the accounting year in which the services are performed, in accordance with the terms of contract with customers.

**3.5.3 Dividend and interest income:**

Dividend income from investments is recognised when the Company's right to receive payment has been established.

Interest income from a financial asset is recognised when it is probable that the economic benefit will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on time basis, by reference to the principal outstanding and at the effective interest rate applicable.

**3.6 Foreign currencies:**

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). These financial statements are presented in Indian rupee (₹), which is the Company's functional and presentation currency. Transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rate of exchange prevailing at the dates of transactions. At the end of each reporting period monetary item denominated in foreign currencies are translated at the rates prevailing at that date.

Exchange differences on monetary items are recognised in profit and loss in the year in which they arise except for exchange differences arising on marking forward contracts to market rates are recognised in the statement of profit and loss in the year in which they arise and the premium paid / received is accounted as expense / income over the period of the contract.

For the purpose of presenting these consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into INR using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rate prevalent during the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity.

On the disposal of a foreign operation, all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

**3.7 Borrowing cost**

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 year in which they are incurred.

**3.8 Employee benefits:**

**3.8.1 Defined Contribution Plans:**

Contribution to Superannuation Fund, a defined contribution scheme, is made at pre-determined rates to the Superannuation Fund, Life Insurance Corporation and is charged to the Statement of profit and loss. There are no other obligations other than the contribution payable to the Superannuation Fund.

The eligible employees of the Company are entitled to receive benefits under provident fund schemes defined contribution plans, in which both employees and the Company make monthly contributions at a specified percentage of the

# Consolidated Notes to the Financial Statements

for the year ended 31st March 2017

employees' salary. The contributions are paid to the respective Regional Provident Fund Commissioner and the Central Provident Fund under the State Pension scheme. There are no other obligations other than the contribution payable to the Regional Provident Fund Commissioner and the Central Provident Fund under the State Pension scheme.

**3.8.2 Defined Benefit Plans:**

For defined benefit retirement plans (i.e. gratuity and ex-gratia) the cost of providing benefits is determined using the projected unit credit method, with independent actuarial valuations being carried out at the end of each annual reporting period. Re-measurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the year in which they occur. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- re-measurement.

**3.8.3 Compensated Absences**

Compensated absences which accrue to employees and which are expected to be availed within twelve months immediately following the year end are reported as expenses during the year in which the employee performs the service that the benefit covers and the liabilities are reported at the undiscounted amount of the benefit, and where the availment or encashment is otherwise not expected to wholly occur within the next twelve months, the liability on account of the benefit is actuarially determined using the projected unit credit method.

**3.9 Taxation:**

**3.9.1 Current tax:**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "profit before tax" as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

**3.9.2 Deferred tax:**

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the year in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting year.

**3.9.3 Current and deferred tax for the year:**

Current and deferred tax are recognised in profit and loss, except when they relate to items that are recognised in other comprehensive income, in which case, the current and deferred tax are also recognised in other comprehensive income.

# Consolidated Notes to the Financial Statements

for the year ended 31st March 2017

**3.10 Property, plant and equipment:**

For transition to Ind AS, the Company has elected to continue with the carrying value of its property, plant and equipment recognised as at 1st April 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

Cost includes purchase price, inward freight, taxes and expenses incidental to acquisition and installation, up to the point the asset is ready for its intended use. Own manufactured assets are capitalised at factory cost. Certain project related direct expenses, incurred at site for the period upto the date of commencement of commercial production are capitalised.

Depreciation on fixed assets is provided under the straight line method over the useful life of the assets. Extra shift depreciation is provided based on number of shifts for which the plant has worked. Leasehold land is amortised over the primary period of the lease. Leasehold building improvements are written off over the period of lease or their estimated useful life, whichever is lower, on a straight line basis. Residual value of the assets is estimated at 5% of cost. The useful lives of the assets of the Company are as follows:

| Asset | Useful lives |
|---|---|
| Leasehold land | Over lease period |
| Leasehold improvements | Over lease period |
| Buildings | 30 years |
| Plant & equipment | 15 years |
| Office equipment | 5 years |
| Furniture and fixtures | 10 years |
| Vehicles | 8 years |

When an asset is scrapped or otherwise disposed off, the cost and related depreciation are removed from the books and the resultant profit or loss (including capital profit), if any, is reflected in the statement of profit and loss.

The estimated useful life and residual value is reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

**3.11 Investment Property:**

For transition to Ind AS, the Company has elected to continue with the carrying value of its Investment property recognised as at 1st April 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties are measured initially at cost including transaction costs. Subsequent to initial recognition investment properties are measured in accordance with Ind AS 16's requirements for cost model.

An investment property is de-recognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit and loss in the year in which the property is de-recognised.

Investment property owned by the Company is depreciated under the straight line method over its estimated useful life of 30 years.

# Consolidated Notes to the Financial Statements

for the year ended 31st March 2017

**3.12 Goodwill:**

Goodwill arising on an acquisition of a business combination is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill is allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

**3.13 Intangible assets:**

**3.13.1 Intangible assets acquired separately:**

For transition to Ind AS, the Company has elected to continue with the carrying value of all of its intangible assets recognised as at 1st April 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and residual value is reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

**3.13.2 Derecognition of intangible asset:**

An intangible asset is de-recognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit and loss when the asset is de-recognised.

**3.13.3 Useful life of intangible assets:**

Estimated useful lives of the intangibles assets are as follows:

i) Technical know-how / product development is amortised over a period of five years.

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

**3.14 Impairment of tangible and intangible assets other than goodwill:**

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit and loss.

# Consolidated Notes to the Financial Statements

for the year ended 31st March 2017

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit and loss.

**3.15 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, whichever is lower.

c. Finished goods at lower of weighted average cost including conversion cost and excise duty paid / payable on such goods or net realisable value, whichever is lower.

**3.16 Provisions:**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

**3.17 Warranties:**

Provisions for the expected cost of warranty obligations are recognised at the date of sale of the relevant products, at the management's best estimate of the expenditure required to settle the Company's obligation.

**3.18 Financial instrument:**

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

**3.19 Financial asset:**

All regular way purchases or sales of financial assets are recognised and de-recognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets

**3.19.1 Financial assets at Fair Value Through Profit and Loss (FVTPL):**

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognised in profit and loss. The net gain or loss recognised in profit and loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other Income / Other expenses' line item. Dividend on financial assets at FVTPL is recognised when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity and the amount of dividend can be measured reliably.

# Consolidated Notes to the Financial Statements

for the year ended 31st March 2017

**3.19.2 Impairment of financial assets:**

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, lease receivables, trade receivables, other contractual rights to receive cash or other financial asset, and financial guarantees not designated as at FVTPL.

For trade receivables or any contractual rights to receive cash or another financial assets that results from transactions that are within the scope of Ind AS 18, the Company always measures their allowances at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivable, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

**3.19.3 Derecognition of financial assets:**

The Company de-recognises a financial asset when contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

**3.19.4 Foreign exchange gains and losses:**

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

For foreign currency denominated financial assets measured at amortised cost and FVTPL, exchange differences are recognised in profit and loss, except for those which are designated as hedging instruments in a hedging relationship.

**3.20 Financial liabilities:**

Financial liabilities are subsequently measured at amortised cost or at FVTPL.

**3.20.1 Financial liabilities at FVTPL:**

Financial liabilities such as derivative that is not designated and effective as a hedging instrument are classified as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in profit and loss. The net gain or loss recognised in profit and loss is included in the 'Other Income / Other expenses' line item.

**3.20.2 Financial liabilities subsequently measured at amortised cost:**

Financial liabilities that are not held for trading and are not designated as at FVTPL are measured at amortised cost.

**3.20.3 Foreign exchange gains and losses:**

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains or losses are determined based on the amortised cost of the instruments and are recognised in 'Other Income / Other Expenses'.

# Consolidated Notes to the Financial Statements

for the year ended 31st March 2017

The fair value of financial liabilities denominated in foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit and loss.

**3.20.4 Derecognition of financial liabilities:**

The Company de-recognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired.

**3.21 Derivative financial instruments:**

The Company enters into foreign exchange forward contracts to manage its exposure of foreign exchange rate risks.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit and loss immediately.

**3.22 Contingent liabilities and contingent assets**

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 not remote.

Contingent assets are neither recognised nor disclosed.

Contingent liabilities and contingent assets are reviewed at each balance sheet date and updated / recognised as appropriate.

**3.23 First time adoption –Mandatory exceptions and optional exemptions:**

**3.23.1 Overall principle**

The Company has prepared the opening balance sheet as per Ind AS as at 1st April 2015 (the transition date) by recognising all the assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from the previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to certain exception and certain optional exemptions availed by the Company detailed as below.

**3.23.2 Derecognition of financial assets and liabilities:**

The Company has applied the derecognition requirements of financial asset and financial liability prospectively for transactions occurring on or after 1st April 2015 (the transition date).

**3.23.3 Impairment of financial asset:**

The Company has applied the impairment requirement of Ind AS 109 retrospectively; however as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instrument were initially recognised in order to compare it with the credit risk at the transition date. Further, the Company has not undertaken an exhaustive search for information when determining, at the date of transition to Ind ASs, whether there has been significant increase in credit risk since initial recognition as permitted by Ind AS 101.

# Consolidated Notes to the Financial Statements

for the year ended 31st March 2017

**3.23.4 Deemed cost for property, plant and equipment, investment property, and intangible assets:**

The Company has elected to continue with the carrying value of all its plant and equipment, investment properties and intangible assets recognised as of 1st April 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

**3.23.5 Determining whether an arrangement contains a lease:**

The Company has applied Appendix C of Ind AS 17 *Determining whether an arrangement contains a Lease* to determine whether an arrangement existing at the transition date contains a lease on the basis of facts and circumstances existing at that date.

**3.23.6 Investments in Subsidiaries:**

For transition to Ind AS, the Company has elected to continue with the carrying value of all of its investments in Subsidiaries as at 1st April 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

## 4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY:

In the application of the Company's accounting policies, which are described in note 3, the management of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In the following areas the management of the Company has made critical judgements and estimates:

**a. Defined benefit obligation**

The present value of the defined benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for post employments plans include the discount rate. Any changes in these assumptions will impact the carrying amount of such obligations.

The Company determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the defined benefit obligations. In determining the appropriate discount rate, the Company considers the interest rates of government bonds of maturity approximating the terms of the related plan liability.

**b. Fair value measurements and valuation processes:**

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Company uses its judgments to select a variety of methods and makes assumptions that are mainly based on market conditions existing at each balance sheet date.

**c. Provision for warranty:**

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.

# Consolidated Notes to the Financial Statements
for the year ended 31st March 2017

## 5. PROPERTY, PLANT AND EQUIPMENT

(₹ in Crore)

| | Land | | Buildings | | Plant & equipment | Office equipment | Furniture & fixtures | Vehicles | Leasehold Improvement | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| | Freehold | Leasehold | Freehold | Leasehold | | | | | | |
| **Carrying amount** | | | | | | | | | | |
| Balance as at 1st April 2015 | 3.44 | 19.15 | 74.90 | 0.01 | 193.20 | 2.39 | 8.71 | 1.22 | 2.71 | **305.73** |
| Balance as at 31st March 2016 | 3.44 | 18.94 | 67.65 | 0.01 | 169.42 | 1.79 | 7.10 | 0.81 | 2.13 | **271.29** |
| **Balance as at 31st March 2017** | **3.44** | **19.64** | **66.31** | **0.01** | **150.14** | **1.42** | **6.70** | **0.41** | **2.45** | **250.52** |
| **Cost or deemed cost** | | | | | | | | | | |
| **Balance as at 1st April 2015** | 3.44 | 19.15 | 74.90 | 0.01 | 193.20 | 2.39 | 8.71 | 1.22 | 2.71 | **305.73** |
| Transferred to Investment Property | - | - | (0.07) | - | - | - | - | - | - | **(0.07)** |
| Additions | - | - | 1.00 | - | 13.70 | 0.18 | 0.23 | 0.03 | - | **15.14** |
| Disposals | - | - | (3.14) | - | (0.45) | - | (0.62) | (0.19) | - | **(4.40)** |
| Adjustments | - | - | - | - | 0.36 | 0.04 | 0.06 | - | - | **0.46** |
| **Balance as at 31st March 2016** | **3.44** | **19.15** | **72.69** | **0.01** | **206.81** | **2.61** | **8.38** | **1.06** | **2.71** | **316.86** |
| Transferred to Investment Property | - | - | (0.01) | - | - | - | - | - | - | **(0.01)** |
| Additions | - | 0.92 | 4.40 | - | 13.32 | 0.37 | 0.74 | 0.05 | 1.02 | **20.82** |
| Disposals | - | - | (2.66) | - | (0.87) | (0.01) | (0.23) | (0.18) | - | **(3.95)** |
| **Balance as at 31st March 2017** | **3.44** | **20.07** | **74.42** | **0.01** | **219.26** | **2.97** | **8.89** | **0.93** | **3.73** | **333.72** |
| **Depreciation** | | | | | | | | | | |
| **Balance as at 1st April 2015** | - | - | - | - | - | - | - | - | - | - |
| Transferred to Investment Property | - | - | 0.06 | - | - | - | - | - | - | **0.06** |
| Depreciation expense | - | (0.21) | (3.17) | - | (33.97) | (0.81) | (1.06) | (0.27) | (0.58) | **(40.07)** |
| Disposals | - | - | 0.11 | - | 0.02 | - | 0.04 | 0.02 | - | **0.19** |
| Impairment | - | - | (2.04) | - | (3.14) | - | (0.21) | - | - | **(5.39)** |
| Adjustments | - | - | - | - | (0.30) | (0.01) | (0.05) | - | - | **(0.36)** |
| **Balance as at 31st March 2016** | **-** | **(0.21)** | **(5.04)** | **-** | **(37.39)** | **(0.82)** | **(1.28)** | **(0.25)** | **(0.58)** | **(45.57)** |
| Transferred to Investment Property | - | - | - | - | - | - | - | - | - | - |
| Depreciation expense | - | (0.22) | (3.13) | - | (32.56) | (0.73) | (0.91) | (0.25) | (0.70) | (38.50) |
| Disposals | - | - | 0.06 | - | 0.83 | - | - | (0.02) | - | 0.87 |
| **Balance as at 31st March 2017** | **-** | **(0.43)** | **(8.11)** | **-** | **(69.12)** | **(1.55)** | **(2.19)** | **(0.52)** | **(1.28)** | **(83.20)** |

# Consolidated Notes to the Financial Statements

for the year ended 31st March 2017

## 5. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

(₹ in Crore)

| | Land | | Buildings | | Plant & equipment | Office equipment | Furniture & fixtures | Vehicles | Leasehold Improvement | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| | Freehold | Leasehold | Freehold | Leasehold | | | | | | |
| **Carrying amount** | | | | | | | | | | |
| **Balance as at 1st April 2015** | **3.44** | **19.15** | **74.90** | **0.01** | **193.20** | **2.39** | **8.71** | **1.22** | **2.71** | **305.73** |
| Transferred to Investment Property | - | - | (0.01) | - | - | - | - | - | - | **(0.01)** |
| Additions | - | - | 1.00 | - | 13.70 | 0.18 | 0.23 | 0.03 | - | **15.14** |
| Disposals | - | - | (3.03) | - | (0.43) | - | (0.58) | (0.17) | - | **(4.21)** |
| Depreciation expense | - | (0.21) | (3.17) | - | (33.97) | (0.81) | (1.06) | (0.27) | (0.58) | **(40.07)** |
| Impairment | - | - | (2.04) | - | (3.14) | - | (0.21) | - | - | **(5.39)** |
| Adjustments | - | - | - | - | 0.06 | 0.03 | 0.01 | - | - | **0.10** |
| **Balance as at 31st March 2016** | **3.44** | **18.94** | **67.65** | **0.01** | **169.42** | **1.79** | **7.10** | **0.81** | **2.13** | **271.29** |
| Transferred to Investment Property | - | - | (0.01) | - | - | - | - | - | - | **(0.01)** |
| Additions | - | 0.92 | 4.40 | - | 13.32 | 0.37 | 0.74 | 0.05 | 1.02 | **20.82** |
| Disposals | - | - | (2.60) | - | (0.04) | (0.01) | (0.23) | (0.20) | - | **(3.08)** |
| Depreciation expense | - | (0.22) | (3.13) | - | (32.56) | (0.73) | (0.91) | (0.25) | (0.70) | **(38.50)** |
| **Balance as at 31st March 2017** | **3.44** | **19.64** | **66.31** | **0.01** | **150.14** | **1.42** | **6.70** | **0.41** | **2.45** | **250.52** |
| **Capital work-in-progress** | | | | | | | | | | |
| Balance as at 1st April 2015 | | | | | | | | | | 2.33 |
| Balance as at 31st March 2016 | | | | | | | | | | 3.37 |
| **Balance as at 31st March 2017** | | | | | | | | | | **7.90** |

Carrying amount of Freehold Building includes ₹ 3.98 crore (previous year ₹ 4.31 crore) towards cost of ownership flats in Co-operative Housing Societies / Condominium.

The company carried out review of recoverable amount of leasehold land and freehold building. Review led to recognition of an impairment loss of ₹ Nil (previous year ₹ 5.39 crore) which has been recognised in Statement of profit and loss accounts in Note no.32. The recoverable value was estimated based on the Fair value less cost of disposal of the asset.

# Consolidated Notes to the Financial Statements

for the year ended 31st March 2017

## 6. INVESTMENT PROPERTIES

(₹ in Crore)

| | Investment Properties |
|---|---|
| **Carrying amount** | |
| Balance as at 1st April 2015 | 4.28 |
| Balance as at 31st March 2016 | 4.08 |
| **Balance as at 31st March 2017** | **3.86** |
| **Cost or deemed cost** | |
| **Balance as at 1st April 2015** | **4.28** |
| Transferred from Property, Plant and Equipment | 0.07 |
| **Balance as at 31st March 2016** | **4.35** |
| Transferred from Property, Plant and Equipment | 0.01 |
| **Balance as at 31st March 2017** | **4.36** |
| **Depreciation** | |
| **Balance as at 1st April 2015** | - |
| Transferred from Property, Plant and Equipment | (0.06) |
| Depreciation expense | (0.21) |
| **Balance as at 31st March 2016** | **(0.27)** |
| Transferred from Property, Plant and Equipment @ | - |
| Depreciation expense | (0.23) |
| **Balance as at 31st March 2017** | **(0.50)** |
| @ Represents amount less than ₹ 1 lac | |
| **Carrying amount** | |
| **Balance as at 1st April 2015** | **4.28** |
| Transferred from Property, Plant and Equipment | 0.01 |
| Depreciation expense | (0.21) |
| **Balance as at 31st March 2016** | **4.08** |
| TRANSFERRED FROM PROPERTY, PLANT AND EQUIPMENT | 0.01 |
| Depreciation expense | (0.23) |
| **Balance as at 31st March 2017** | **3.86** |
| Rental income from investment property for the year ended 31st March 2016 | 0.30 |
| Rental income from investment property for the year ended 31st March 2017 | 0.59 |
| Direct operating expenses including repairs and maintenance arising from investment property that generated rental income for the year ended 31st March 2016 | 0.11 |
| Direct operating expenses including repairs and maintenance arising from investment property that generated rental income for the year ended 31st March 2017 | 0.18 |

Fair value of investment property

The company has carried out valuation of its investment properties from independent valuer. The fair values were ₹ 29.2 crores, ₹ 24.7 crores, ₹ 15.7 crores for 31st march 2017, 31st March 2016 and 1st April 2015 respectively (Level 2).

# Consolidated Notes to the Financial Statements

for the year ended 31st March 2017

## 7. INTANGIBLE ASSETS

(₹ in Crore)

| | Technical Knowhow | Product Development | Computer Software | Total | Goodwill on Consolidation |
|---|---|---|---|---|---|
| **Carrying Amount** | | | | | |
| Balance as at 1st April 2015 | 9.78 | - | 4.98 | **14.76** | 0.20 |
| Balance as at 31st March 2016 | 8.45 | - | 3.54 | **11.99** | - |
| **Balance as at 31st March 2017** | **5.95** | **26.59** | **5.22** | **37.76** | **-** |
| **Cost or Deemed Cost** | | | | | |
| **Balance as at 1st April 2015** | **9.78** | **-** | **4.98** | 14.76 | **0.20** |
| Additions | 1.70 | - | 0.87 | **2.57** | - |
| **Balance as at 31st March 2016** | **11.48** | **-** | **5.85** | 17.33 | **0.20** |
| Additions | 0.68 | 28.85 | 4.40 | **33.93** | - |
| **Balance as at 31st March 2017** | **12.16** | **28.85** | **10.25** | **51.26** | **0.20** |
| **Amortisation** | | | | | |
| **Balance as at 1st April 2015** | **-** | **-** | **-** | **-** | **-** |
| Amortisation expense | (3.03) | - | (2.31) | **(5.34)** | (0.20) |
| **Balance as at 31st March 2016** | **(3.03)** | **-** | **(2.31)** | **(5.34)** | **(0.20)** |
| Amortisation expense | (3.18) | (2.26) | (2.72) | **(8.16)** | - |
| **Balance as at 31st March 2017** | **(6.21)** | **(2.26)** | **(5.03)** | **(13.50)** | **(0.20)** |
| **Carrying Amount** | | | | | |
| **Balance as at 1st April 2015** | **9.78** | **-** | **4.98** | 14.76 | **0.20** |
| Additions | 1.70 | - | 0.87 | **2.57** | - |
| Amortisation expense | (3.03) | - | (2.31) | **(5.34)** | (0.20) |
| **Balance as at 31st March 2016** | **8.45** | **-** | **3.54** | 11.99 | **-** |
| Additions | 0.68 | 28.85 | 4.40 | **33.93** | - |
| Amortisation expense | (3.18) | (2.26) | (2.72) | **(8.16)** | - |
| **Balance as at 31st March 2017** | **5.95** | **26.59** | **5.22** | **37.76** | **-** |
| **Intangible assets under development** | | | | | |
| Balance as at 1st April 2015 | | | | 6.06 | |
| Balance as at 31st March 2016 | | | | 21.09 | |
| **Balance as at 31st March 2017** | | | | **6.79** | |

# Consolidated Notes to the Financial Statements

for the year ended 31st March 2017

## 8. INVESTMENTS

(₹ in Crore)

| | As at 31st March 2017 | As at 31st March 2016 | As at 1st April 2015 |
|---|---|---|---|
| **Non- current (Unquoted)** | | | |
| **8A Other Investments** | **271.95** | **251.98** | **0.04** |
| Aggregate carrying value of unquoted investments (Net of provision) - Non current | 271.95 | 251.98 | 0.04 |
| **Current (Unquoted)** | | | |
| **8B Other Investments** | | | |
| Investments in Mutual Funds (at fair value) | **138.95** | **106.26** | **293.04** |
| Aggregate carrying value of unquoted investments - Current | 138.95 | 106.26 | 293.04 |

1. The fair value of other investments (Non-current and Current) as at 31st March 2017, 31st March 2016 and 1st April 2015 have been arrived at on the basis of Net Asset Value (NAV) declared by the Mutual Funds (Level 1).
2. Also refer Note 34B.

## 9. OTHER FINANCIAL ASSETS

(₹ in Crore)

| | As at 31st March 2017 | As at 31st March 2016 | As at 1st April 2015 |
|---|---|---|---|
| **9A Non-current** | | | |
| Security Deposits | 5.38 | 5.11 | 5.38 |
| Margin money deposits | 1.66 | 1.29 | 1.84 |
| **Non-current total** | **7.04** | **6.40** | **7.22** |
| **9B Current** | | | |
| Security Deposits | 7.82 | 3.80 | 4.68 |
| Derivative financial instruments | 0.40 | 0.20 | - |
| Fixed Deposit with Financial Institutions | 21.55 | 75.85 | 25.00 |
| Interest receivable | 1.42 | 3.21 | 1.19 |
| Other assets | 6.75 | 3.57 | 4.32 |
| **Current total** | **37.94** | **86.63** | **35.19** |
| **Total** | **44.98** | **93.03** | **42.41** |

For the financial assets that are measured at amortised cost, the fair values are not materially different from their carrying amounts, since they are either of short term nature or interest receivable is close to current market rates. (Refer Note 34B)

# Consolidated Notes to the Financial Statements

for the year ended 31st March 2017

## 10. OTHER ASSETS

(₹ in Crore)

| | As at 31st March 2017 | As at 31st March 2016 | As at 1st April 2015 |
|---|---|---|---|
| **10A Non-current** | | | |
| Capital advances | 4.61 | 3.46 | 3.07 |
| Prepaid expenses | 0.06 | 0.12 | 0.25 |
| Deposits with Customs, Port Trust, Central Excise etc. | 0.24 | 0.24 | 0.24 |
| Advance recoverable in Cash or kind | 0.78 | 2.12 | 2.05 |
| Advances to Suppliers | 3.00 | 3.52 | 4.00 |
| Less: Allowance for bad and doubtful assets | (3.00) | (3.52) | (4.00) |
| **Non-current total** | **5.69** | **5.94** | **5.61** |
| **10B Current** | | | |
| Export benefit receivables | 2.74 | 1.76 | 3.19 |
| Advances to Suppliers | 13.24 | 7.26 | 3.12 |
| Prepaid expenses | 0.72 | 2.01 | 1.46 |
| Balances with Customs, Port Trust, Central Excise etc. | 14.73 | 25.80 | 29.60 |
| Other advances | 3.21 | 2.92 | 0.11 |
| **Current total** | **34.64** | **39.75** | **37.48** |
| **Total** | **40.33** | **45.69** | **43.09** |

## 11. INVENTORIES

(₹ in Crore)

| | As at 31st March 2017 | As at 31st March 2016 | As at 1st April 2015 |
|---|---|---|---|
| **Inventories (lower of cost and net realisable value)** | | | |
| Raw Materials | 50.93 | 36.05 | 47.27 |
| Work-in-progress | 5.54 | 5.36 | 5.92 |
| Finished goods | 51.97 | 47.64 | 34.99 |
| Stock-in-trade | 13.88 | 12.59 | 11.51 |
| Stores and Spares | 3.65 | 3.10 | 2.64 |
| Loose Tools | 3.44 | 3.39 | 4.11 |
| **Total** | **129.41** | **108.13** | **106.44** |

1 The inventories recognised as an expense includes ₹ 1.38 crore (previous year ₹ Nil) in respect of write-downs of inventory to net realisable value, and has been reduced by ₹ 1 crore (previous year ₹ 9 crore) in respect of reversal of such earlier write-downs.

2

| | As at 31st March 2017 | As at 31st March 2016 | As at 1st April 2015 |
|---|---|---|---|
| Raw Materials include in transit | 4.62 | 3.65 | 3.96 |
| Stock-in-trade include in transit | 0.83 | - | 0.01 |

3 The mode of valuation of inventories has been stated in Note 3.15.

# Consolidated Notes to the Financial Statements

for the year ended 31st March 2017

## 12. TRADE RECEIVABLES

(₹ in Crore)

| | As at 31st March 2017 | As at 31st March 2016 | As at 1st April 2015 |
|---|---|---|---|
| Secured, Considered good * | 190.15 | 140.66 | 137.55 |
| Unsecured, considered good | 80.05 | 59.94 | 93.86 |
| Doubtful | 23.75 | 22.10 | 26.92 |
| Allowance for doubtful debts (expected credit loss allowance) | (23.75) | (22.10) | (26.92) |
| | **270.20** | **200.60** | **231.41** |

Also refer Note 34

* Secured trade receivables are against letters of credit, bank guarantees and security deposits.

**Provision Matrix**

The company has robust policy of provisioning. The overdue above 1 year is critically reviewed and necessary provisions between 50% to 100% is done.

## 13. CASH AND CASH EQUIVALENTS

(₹ in Crore)

| | As at 31st March 2017 | As at 31st March 2016 | As at 1st April 2015 |
|---|---|---|---|
| Cash on hand | 0.02 | 0.02 | 0.04 |
| Cheques, drafts on hand | 4.82 | 5.08 | 8.52 |
| Balances with Banks | - | - | - |
| In current accounts | 5.38 | 2.73 | 5.51 |
| | **10.22** | **7.83** | **14.07** |

**Specified Bank Notes Disclosure (SBN's)**

During the year, the Company had specified bank notes or other denomination note (ODN) as defined in the MCA notification G.S.R. 308(E) dated 30th March 2017 on the details of SBN held and transacted during the period from 8th November 2016 to 30th December 2016, the denomination wise SBNs and other notes as per the notification is given below:

(Amount in ₹)

| | SBNs | ODNs | Total |
|---|---|---|---|
| Closing cash on hand as on 8th November 2016 | 1,58,000 | 27,471 | 1,85,471 |
| (+) Permitted receipts | - | 2,90,731 | 2,90,731 |
| (-) Permitted payments | - | (1,95,476) | (1,95,476) |
| (-) Amounts Deposited in Banks | (1,58,000) | - | (1,,58,000) |
| **Closing cash on hand as on 30th December 2016** | **-** | **1,22,726** | **122,726** |

## 14. BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

(₹ in Crore)

| | As at 31st March 2017 | As at 31st March 2016 | As at 1st April 2015 |
|---|---|---|---|
| Term deposits with maturity exceeding 3 months and less than 12 months | @ | 10.86 | 20.00 |
| Unpaid dividend Accounts | 2.67 | 2.47 | 1.69 |
| | **2.67** | **13.33** | **21.69** |

@ Represents amount less than ₹ 1 lac

# Consolidated Notes to the Financial Statements

for the year ended 31st March 2017

## 15. ASSETS CLASSIFIED AS HELD FOR SALE

(₹ in Crore)

| | As at 31st March 2017 | As at 31st March 2016 | As at 1st April 2015 |
|---|---|---|---|
| Buildings | 12.47 | 22.09 | 22.17 |
| Leasehold Land | 0.12 | 2.68 | 1.24 |
| Property, plant and equipment | 2.25 | 2.45 | 0.78 |
| Furniture and Fixtures | 0.03 | 0.03 | 1.23 |
| Office equipment | 0.14 | 0.14 | 0.25 |
| Intangible Assets | 0.01 | 0.01 | 1.15 |
| | 15.02 | 27.40 | 26.82 |
| Less: Impairment | (6.04) | (7.47) | (6.67) |
| | **8.98** | **19.93** | **20.15** |

On 18th September, 2014, the company discontinued manufacturing operations of Construction Equipment due to non-viability and accordingly the related assets will be eventually disposed off, the same is reclassified as assets held for sale.

During the year, the company carried out review of recoverable amount of leasehold land and freehold building. Review led to recognition of impairment loss of ₹ 3.44 crore (previous year ₹ 1.44 crore) which has been recognised in Statement of profit and loss in Note no.36. The recoverable value was estimated based on the fair value less cost of disposal of the asset.

## 16. EQUITY SHARE CAPITAL

(₹ in Crore)

| | As at 31st March 2017 | As at 31st March 2016 | As at 1st April 2015 |
|---|---|---|---|
| Authorised | | | |
| 25,00,00,000 Equity Shares of ₹ 2 each | 50.00 | 50.00 | 50.00 |
| 25,00,000 Redeemable Preference Shares of ₹ 100 each | 25.00 | 25.00 | 25.00 |
| Issued, subscribed and fully paid up | | | |
| 24,42,06,795 Equity Shares of ₹ 2 each | 48.84 | 48.84 | 48.84 |
| | **48.84** | **48.84** | **48.84** |

| | No. of shares | ₹ in Crore |
|---|---|---|
| **16A Fully paid equity shares** | | |
| As at 1st April 2015 | 24,42,06,795 | 48.84 |
| As at 31st March 2016 | 24,42,06,795 | 48.84 |
| As at 31st March 2017 | 24,42,06,795 | 48.84 |

# Consolidated Notes to the Financial Statements

for the year ended 31st March 2017

## 16. EQUITY SHARE CAPITAL (CONTD.)

| | As at 31st March 2017 | | As at 31st March 2016 | | As at 1st April 2015 | |
|---|---|---|---|---|---|---|
| | Number of shares held in the Company | Percentage of shares held | Number of shares held in the Company | Percentage of shares held | Number of shares held in the Company | Percentage of shares held |
| **16B Shares in the Company held by each shareholder holding more than 5% shares** | | | | | | |
| **Fully paid equity shares** | | | | | | |
| DBH International Private Limited | 9,84,69,662 | 40.32% | 9,84,69,662 | 40.32% | 9,84,69,662 | 40.32% |
| Reliance Capital Trustee Company Limited | - | - | - | - | 1,43,32,027 | 5.87% |
| Bharat Starch Products Limited | 1,37,75,865 | 5.64% | 1,37,75,865 | 5.64% | 1,37,75,865 | 5.64% |
| Karun Carpets Private Limited | 1,23,08,199 | 5.04% | 1,23,08,199 | 5.04% | 1,36,07,199 | 5.57% |

**16C Terms / Rights attached to equity shares**

(i) The Company has only one class of equity shares having face value of ₹ 2 per share. The equity share rank pari passu in all respects including voting rights and entitlement of dividend.

(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.

(₹ in Crore)

| | For the year ended 31st March 2017 | For the year ended 31st March 2016 |
|---|---|---|
| **16D Dividends** | | |
| Interim dividend was declared by the Board of Directors in the meeting held on 14th February 2017, ₹ 4.00 per share. | 97.72 | - |
| Interim dividend was declared by the Board of Directors in the meeting held on 3rd February 2016, ₹ 4.50 per share. | - | 109.91 |
| Final dividend for the year ended 31st March 2016, ₹ 1.00 per share (Proposed by Board of Directors in the meeting held on 6th May 2016 and was approved by Shareholders in the meeting held on 26th September 2016) | 24.43 | - |
| Final dividend for the year ended 31st March 2015, ₹ 1.10 per share (Proposed by Board of Directors in the meeting held on 6th May 2015 and was approved by Shareholders in the meeting held on 6th August 2015) | - | 26.87 |
| Dividend distribution tax on above | 25.00 | 28.28 |

**16E** On 4th May 2017, the Board of Directors have proposed final dividend at the rate of ₹ 1.50 per share of face value of ₹ 2.00 (cash outgo ₹ 44.09 crores including Dividend Distribution Tax). This proposed dividend is subject to approval of the shareholder in the ensuing annual general meeting.

# Consolidated Notes to the Financial Statements

for the year ended 31st March 2017

## 17. OTHER EQUITY

(₹ in Crore)

| | As at 31st March 2017 | As at 31st March 2016 | As at 1st April 2015 |
|---|---|---|---|
| **Reserves and surplus** | | | |
| Capital reserve | 1.34 | 1.34 | 1.34 |
| Capital reserve on consolidation | 0.14 | 0.14 | 0.14 |
| Securities premium reserve | 34.59 | 34.59 | 34.59 |
| General reserve | 345.17 | 345.17 | 317.02 |
| Statutory reserve | 5.49 | 5.49 | 5.49 |
| Foreign currency translation reserve | (0.66) | (0.61) | - |
| Retained Earnings | 490.38 | 456.17 | 447.81 |
| | **876.45** | **842.29** | **806.39** |

### (i) Capital reserve

| | As at 31st March 2017 | As at 31st March 2016 |
|---|---|---|
| Opening balance | 1.34 | 1.34 |
| **Closing balance** | **1.34** | **1.34** |

This is not available for distribution of dividend but can be utilised for issuing bonus shares.

### (ii) Capital reserve on Consolidation

| | As at 31st March 2017 | As at 31st March 2016 |
|---|---|---|
| Opening balance | 0.14 | 0.14 |
| **Closing balance** | **0.14** | **0.14** |

The capital reserve is generated on consolidation due to the difference between the assets received being higher than the consideration paid.

### (iii) Securities premium reserve

| | As at 31st March 2017 | As at 31st March 2016 |
|---|---|---|
| Opening balance | 34.59 | 34.59 |
| **Closing balance** | **34.59** | **34.59** |

Securities premium reserve is used to record the premium on issue of shares. The reserve is utilised in accordance with the provision of the Act.

### (iv) General reserve

| | As at 31st March 2017 | As at 31st March 2016 |
|---|---|---|
| Opening balance | 345.17 | 317.02 |
| Transfer from Retained earnings | - | 28.15 |
| **Closing balance** | **345.17** | **345.17** |

The general reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. There is no policy of regular transfer. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the general reserve will not be reclassified subsequently to the Statement of profit and loss.

# Consolidated Notes to the Financial Statements

for the year ended 31st March 2017

## 17. OTHER EQUITY (CONTD.)

### (v) Statutory reserve

| | As at 31st March 2017 | As at 31st March 2016 |
|---|---|---|
| Opening balance | 5.49 | 5.49 |
| **Closing balance** | **5.49** | **5.49** |

The reserve is created as per the requirements under section 45-IC of Reserve Bank of India Act, 1934.

### (vi) Foreign currency translation reserve

| | As at 31st March 2017 | As at 31st March 2016 |
|---|---|---|
| Opening balance | (0.61) | - |
| Addition during the year | (0.05) | (0.61) |
| **Closing balance** | **(0.66)** | **(0.61)** |

Exchange differences relating to the translation of results and net assets of Group's foreign operations from its functional currency to the Group's presentation currency (i.e. ₹).

### (vii) Retained earnings

| | As at 31st March 2017 | As at 31st March 2016 |
|---|---|---|
| Opening balance | 456.17 | 447.81 |
| Add: Profit attributable to the owners of the Company | 180.66 | 200.88 |
| Add: Other comprehensive income arising from remeasurement of defined benefit obligation net of income tax | 0.66 | 0.99 |
| Less: Dividend paid on equity shares | 122.11 | 136.75 |
| Less: Dividend distribution tax paid | 25.00 | 28.61 |
| Less: Transfer to general reserve | - | 28.15 |
| **Closing balance** | **490.38** | **456.17** |

## 18. OTHER FINANCIAL LIABILITIES

(₹ in Crore)

| | As at 31st March 2017 | As at 31st March 2016 | As at 1st April 2015 |
|---|---|---|---|
| **Current** | | | |
| Employee Benefits payable | 7.52 | 8.59 | 6.53 |
| Others - Provision for Bonus, Commission etc. | 7.70 | 7.50 | 5.46 |
| Unpaid dividends* | 2.67 | 2.47 | 1.69 |
| Deposits from Dealers | 7.68 | 4.59 | 4.01 |
| Capital Creditors | 5.07 | 5.70 | 5.18 |
| Provision for interest on MSMED | 1.34 | 2.72 | 3.10 |
| Derivative financial instruments | 0.27 | - | 0.12 |
| **Total** | **32.25** | **31.57** | **26.09** |

*There are no amounts due for payment to the Investor Education and Protection Fund Under Section 125 of the Companies Act, 2013 as at the year end.

For the financial liabilities that are measured at amortised cost, the fair values are not materially different from their carrying amounts, since they are of short term nature. (Refer Note 34B)

# Consolidated Notes to the Financial Statements

for the year ended 31st March 2017

## 19. PROVISIONS

(₹ in Crore)

| | As at 31st March 2017 | As at 31st March 2016 | As at 1st April 2015 |
|---|---|---|---|
| **19A Non-current** | | | |
| Provision for employee benefits | | | |
| Compensated absences | 7.87 | 7.58 | 5.13 |
| Gratuity | - | 0.21 | 4.94 |
| Ex-gratia | 2.20 | 0.06 | 0.31 |
| **Non-current total** | **10.07** | **7.85** | **10.38** |
| **19B Current** | | | |
| Provision for employee benefits | | | |
| Compensated absences | 1.78 | 1.62 | 0.84 |
| Ex-gratia | 0.24 | 0.14 | - |
| Provisions for Warranty | 8.96 | 8.19 | 7.10 |
| **Current total** | **10.98** | **9.95** | **7.94** |
| **Total** | **21.05** | **17.80** | **18.32** |

**Movement in provision for warranties**

| | As at 31st March 2017 | As at 31st March 2016 |
|---|---|---|
| Opening balance | 8.19 | 7.10 |
| Provision recognised during the year | 8.44 | 7.17 |
| Amount utilised during the year | (7.67) | (6.08) |
| **Closing balance** | **8.96** | **8.19** |

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 based on the historical data available. The timing of the outflows is expected to be within a period of eighteen months.

# Consolidated Notes to the Financial Statements

for the year ended 31st March 2017

## 20. DEFERRED TAX BALANCES

(₹ in Crore)

| | As at 31st March 2017 | As at 31st March 2016 | As at 1st April 2015 |
|---|---|---|---|
| **20A Analysis of deferred tax liabilities presented in the balance sheet:** | | | |
| Deferred tax assets | 18.44 | 17.99 | 21.09 |
| Deferred tax liabilities | (35.72) | (37.02) | (33.17) |
| **Deferred tax liabilities (net)** | **(17.28)** | **(19.03)** | **(12.08)** |

| | Opening Balance | Recognised in profit or loss | Recognised in other comprehensive income | Closing Balance |
|---|---|---|---|---|
| **20B Movement in deferred taxes during the year ended 31st March 2017** | | | | |
| Deferred tax asset/(liability) in relation to: | | | | |
| Depreciation | (36.67) | 4.51 | - | (32.16) |
| Provision for post retirement benefits and other employee benefits | 3.54 | 0.95 | - | 4.49 |
| Allowance for doubtful debts and advances | 8.87 | 0.39 | - | 9.26 |
| Fair value of financial instruments | (0.34) | (3.22) | - | (3.56) |
| Other temporary differences | 5.57 | (0.88) | - | 4.69 |
| | **(19.03)** | **1.75** | **-** | **(17.28)** |

| | Opening Balance | Recognised in profit or loss | Recognised in other comprehensive income | Closing Balance |
|---|---|---|---|---|
| **20C Movement in deferred taxes during the year ended 31st March 2016** | | | | |
| Deferred tax asset/(liability) in relation to: | | | | |
| Depreciation | (33.17) | (3.50) | - | (36.67) |
| Provision for post retirement benefits and other employee benefits | 2.07 | 1.47 | - | 3.54 |
| Allowance for doubtful debts and advances | 10.72 | (1.85) | - | 8.87 |
| Fair value of financial instruments | 0.03 | (0.37) | - | (0.34) |
| Other temporary differences | 8.27 | (2.70) | - | 5.57 |
| | **(12.08)** | **(6.95)** | **-** | **(19.03)** |

| | As at 31st March 2017 | As at 31st March 2016 | As at 1st April 2015 |
|---|---|---|---|
| **20D Unrecognised deductible timing differences, unused tax losses and unused tax credits** | | | |
| Deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax assets have been recognised are attributable to the following: | | | |
| - tax losses (capital in nature) | 34.48 | 35.41 | 32.53 |
| | **34.48** | **35.41** | **32.53** |

# Consolidated Notes to the Financial Statements

for the year ended 31st March 2017

## 21. TRADE PAYABLES

(₹ in Crore)

| | As at 31st March 2017 | As at 31st March 2016 | As at 1st April 2015 |
|---|---|---|---|
| Trade payables | | | |
| Due to Micro, Small and Medium Enterprises* | 30.58 | 31.84 | 36.39 |
| Other than Micro, Small and Medium Enterprises | 189.27 | 162.23 | 148.24 |
| | **219.85** | **194.07** | **184.63** |

Also refer Note 34

*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.

| | As at 31st March 2017 | As at 31st March 2016 | As at 1st April 2015 |
|---|---|---|---|
| Principal amount and interest due: | | | |
| Principal amount | 30.58 | 31.84 | 36.39 |
| Interest due | 0.56 | 0.02 | 0.01 |
| Interest paid by Buyer in terms of section 16 of MSMED Act | - | - | - |
| Amount paid beyond the appointed day | 37.82 | 14.90 | 20.91 |
| Interest due and payable to supplier, for payment already made under MSMED Act | 0.48 | 2.75 | 3.12 |
| Amount of Interest accrued and remaining unpaid at the end of accounting year | 1.34 | 2.72 | 3.10 |
| Amount of further interest remaining due and payable even in succeeding years | - | - | - |

## 22. OTHER LIABILITIES

(₹ in Crore)

| | As at 31st March 2017 | As at 31st March 2016 | As at 1st April 2015 |
|---|---|---|---|
| **Current** | | | |
| Advances from customers | 17.00 | 5.82 | 8.01 |
| Statutory Dues | 0.40 | 4.75 | 8.89 |
| Provision for Excise duty | 5.98 | 5.42 | 4.55 |
| **Total** | **23.38** | **15.99** | **21.45** |

# Consolidated Notes to the Financial Statements

for the year ended 31st March 2017

### 23 - REVENUE FROM OPERATIONS

(₹ in Crore)

| | Year ended 31st March 2017 | Year ended 31st March 2016 |
|---|---|---|
| **Sale of Products** | | |
| (i) Finished Goods | 1,697.33 | 1,708.02 |
| (ii) Stock-in trade | 115.90 | 87.72 |
| (iii) Service Income | 2.73 | 1.18 |
| **Other operating revenue** | | |
| (i) Royalty | 0.32 | 2.49 |
| (ii) Export incentive | 2.78 | 3.15 |
| (iii) Others | 0.21 | 0.27 |
| | **1,819.27** | **1,802.83** |

### 24. OTHER INCOME

(₹ in Crore)

| | Year ended 31st March 2017 | Year ended 31st March 2016 |
|---|---|---|
| Interest income earned on financial assets not designated as at FVTPL | | |
| Bank deposits | 5.65 | 6.34 |
| Other financial assets | 0.36 | 0.27 |
| Dividend income | | |
| From other investments | 0.41 | 3.53 |
| Fair value gain | | |
| Investments measured at FVTPL | 25.79 | 1.88 |
| Profit on sale of investments (Net) | 5.65 | 23.33 |
| Profit on sale of assets (Net) | 0.43 | 0.01 |
| Exchange Fluctuation - Gain (Net) | - | 2.23 |
| Scrap Sales | 1.92 | 2.13 |
| Miscellaneous Income | 10.28 | 8.78 |
| | **50.49** | **48.50** |

### 25. COST OF MATERIALS CONSUMED

(₹ in Crore)

| | Year ended 31st March 2017 | Year ended 31st March 2016 |
|---|---|---|
| Raw materials consumed | | |
| Opening Stock | 36.05 | 47.27 |
| Purchases | 1,003.48 | 974.58 |
| Less : Closing Stock | 50.93 | 36.05 |
| | **988.60** | **985.80** |

### 26. PURCHASES OF STOCK-IN-TRADE

(₹ in Crore)

| | Year ended 31st March 2017 | Year ended 31st March 2016 |
|---|---|---|
| Purchases of Stock-in-Trade | | |
| Power Tillers | 21.90 | 23.18 |
| Lubricant Oil | 4.25 | 3.61 |
| Others | 51.10 | 38.04 |
| | **77.25** | **64.83** |

# Consolidated Notes to the Financial Statements

for the year ended 31st March 2017

## 27. CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-TRADE AND WORK-IN-PROGRESS

(₹ in Crore)

| | Year ended 31st March 2017 | Year ended 31st March 2016 |
|---|---|---|
| **Opening inventories** | | |
| Finished goods | 47.64 | 34.99 |
| Work-in-progress | 5.36 | 5.92 |
| Stock-in-trade | 12.59 | 11.51 |
| | **65.59** | **52.42** |
| **Closing inventories** | | |
| Finished goods | 51.97 | 47.64 |
| Work-in-progress | 5.54 | 5.36 |
| Stock-in-trade | 13.88 | 12.59 |
| | **71.39** | **65.59** |
| **Total** | **(5.80)** | **(13.17)** |

## 28. EMPLOYEE BENEFITS EXPENSE

(₹ in Crore)

| | Year ended 31st March 2017 | Year ended 31st March 2016 |
|---|---|---|
| Salaries and wages | 131.47 | 132.34 |
| Contribution to provident funds and other funds | 17.16 | 11.45 |
| Staff welfare expenses | 11.45 | 11.59 |
| | **160.08** | **155.38** |

**Employee benefit plans**

**28A Defined contribution plans**

The amount recognised as an expense during the year ended 31st March 2017 towards Provident Fund (including admin charges), ESIC contribution and Superannuation is ₹ 6.44 crore (previous year ₹ 6.27 crore), ₹ 0.27 crore (previous year ₹ 0.21 crore) and ₹ 3.66 crore (previous year ₹ 3.33 crore) respectively.

**28B Defined benefit plans**

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.

| | |
|---|---|
| Investment risk | The present value of the defined benefit plan obligation is based on the Indian government security yields prevailing as at 20th January 2017 for estimated terms of obligation. The trustees of the fund have outsourced the investment management to the AMCs. The investments are in Unit Linked Insurance Plans, fixed income funds and debt funds. |
| Interest risk | A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's debt investments. |
| Longevity risk | The present value of the defined benefit plan obligation is calculated with reference to the published rates under the Indian Assured Lives Mortality (2006-08) Ult table. An increase in the life expectancy of the plan participants will increase the plan's liability. |
| Salary risk | The present value of the defined benefit plan liability is calculated by reference to the future salaries taking into account the inflation, seniority, promotion and other relevant factors. |

# Consolidated Notes to the Financial Statements

for the year ended 31st March 2017

## 28. EMPLOYEE BENEFITS EXPENSE (CONTD.)

The principal assumptions used for the purposes of the actuarial valuations were as follows.

| | Valuation as at | | | | | |
|---|---|---|---|---|---|---|
| | 31st March 2017 | | 31st March 2016 | | 1st April 2015 | |
| Discount rate(s) | 6.85% | | 7.90% | | 7.80% | |
| Expected rate(s) of salary increase | MGMT : 8%, NMGT : 6% | | MGMT : 8%, NMGT : 6% | | MGMT : 8%, NMGT : 6% | |
| Mortality rates | Age (Years) | Rates (p.a.) | Age(Years) | Rates (p.a.) | Age(Years) | Rates (p.a.) |
| | 18 | 0.000800 | 18 | 0.000800 | 18 | 0.000800 |
| | 23 | 0.000961 | 23 | 0.000961 | 23 | 0.000961 |
| | 28 | 0.001017 | 28 | 0.001017 | 28 | 0.001017 |
| | 33 | 0.001164 | 33 | 0.001164 | 33 | 0.001164 |
| | 38 | 0.001549 | 38 | 0.001549 | 38 | 0.001549 |
| | 43 | 0.002350 | 43 | 0.002350 | 43 | 0.002350 |
| | 48 | 0.003983 | 48 | 0.003983 | 48 | 0.003983 |
| | 53 | 0.006643 | 53 | 0.006643 | 53 | 0.006643 |
| | 58 | 0.009944 | 58 | 0.009944 | 58 | 0.009944 |

Amounts recognised in the Statement of profit and loss in respect of these defined benefit plans are as follows.

(₹ in Crore)

| | Year ended 31st March 2017 | Year ended 31st March 2016 |
|---|---|---|
| Service cost: | | |
| Current service cost | 2.43 | 2.07 |
| Past service cost and gain from settlements | - | (1.04) |
| Interest on net defined benefit asset | (0.29) | (0.04) |
| **Components of defined benefit costs recognised in profit or loss** | **2.14** | **0.99** |
| Opening amount recognised in other comprehensive income | | |
| Re-measurement on the net defined benefit liability | (1.51) | - |
| Return on plan assets (excluding amounts included in net interest expense) | (0.81) | (0.64) |
| Actuarial (gains) / losses arising from changes in financial assumptions | 1.68 | (1.59) |
| Actuarial (gains) / losses arising from experience adjustments | (1.88) | 0.72 |
| **Components of defined benefit costs recognised in other comprehensive income** | **(2.53)** | **(1.51)** |

The current service cost and the net interest expense for the year are included in the 'Employee benefits expense' line item in the statement of profit and loss.

The re-measurement of the net defined benefit liability is included in other comprehensive income.

**The amount included in the balance sheet arising from the entity's obligation in respect of its defined benefit plans is as follows:**

(₹ in Crore)

| | As at 31st March 2017 | As at 31st March 2016 | As at 1st April 2015 |
|---|---|---|---|
| Present value of funded defined benefit obligation | 33.25 | 32.42 | 34.29 |
| Fair value of plan assets | 35.83 | 34.71 | 29.82 |
| Funded status | (2.58) | (2.29) | 4.46 |
| Net liability/(asset) arising from defined benefit obligation | (2.58) | (2.29) | 4.46 |

Movements in the present value of the defined benefit obligation are as follows.

(₹ in Crore)

| | Year ended 31st March 2017 | Year ended 31st March 2016 |
|---|---|---|
| Opening defined benefit obligation | 32.42 | 34.29 |
| Current service cost | 2.43 | 2.07 |
| Interest cost | 2.41 | 2.35 |
| Re-measurement (gains)/losses: | | |
| Actuarial gains and losses arising from changes in financial assumptions | 1.68 | (1.59) |
| Actuarial gains and losses arising from experience adjustments | (1.88) | 0.72 |
| Past service cost, including losses/(gains) on curtailments | - | (1.04) |
| Benefits paid | (3.81) | (4.38) |
| **Closing defined benefit obligation** | **33.25** | **32.42** |

# Consolidated Notes to the Financial Statements

for the year ended 31st March 2017

## 28. EMPLOYEE BENEFITS EXPENSE (CONTD.)

Movements in the fair value of the plan assets are as follows.

(₹ in Crore)

| | Year ended 31st March 2017 | Year ended 31st March 2016 |
|---|---|---|
| Opening fair value of plan assets | 34.71 | 29.82 |
| Interest income | 2.70 | 2.40 |
| Re-measurement gain (loss): | | |
| Return on plan assets (excluding amounts included in net interest expense) | 0.81 | 0.64 |
| Contributions from the employer | 1.42 | 6.22 |
| Benefits paid | (3.81) | (4.37) |
| **Closing fair value of plan assets** | **35.83** | **34.71** |

The fair value of the plan assets at the end of the reporting period for each category, are as follows.

(₹ in Crore)

| | Fair Value of plan asset as at | | |
|---|---|---|---|
| | As at 31st March 2017 | As at 31st March 2016 | As at 1st April 2015 |
| Cash and cash equivalents | 0.38 | 0.09 | 0.10 |
| Non Quoted Value : | | | |
| Insurer Managed Fund | 35.45 | 34.62 | 29.72 |
| Total | **35.83** | **34.71** | **29.82** |

**Sensitivity Analysis:**

Gratuity is a lump sum plan and the cost of providing these benefits is typically less sensitive to small changes in demographic assumptions. The key actuarial assumptions to which the benefit obligation results are particularly sensitive to are discount rate and future salary escalation rate. The following table summarizes the impact in percentage terms on the reported defined benefit obligation (DBO) at the end of the reporting period arising on account of an increase or decrease in the reported assumption by 50 basis points.

(₹ in Crore)

| | Period Ended As at 31st March 2017 | | Period Ended As at 31st March 2016 | |
|---|---|---|---|---|
| | Discount Rate | Salary Escalation Rate | Discount Rate | Salary Escalation Rate |
| Impact of increase in 50 bps on DBO | (0.82) | 0.71 | (0.72) | 0.74 |
| Impact of decrease in 50 bps on DBO | 0.87 | (0.70) | 0.75 | (0.71) |

These sensitivities have been calculated to show the movement in defined benefit obligation in isolation and assuming there are no other changes in market conditions at the accounting date. There have been no changes from the previous periods in the methods and assumptions used in preparing the sensitivity analysis.

The average duration of the benefit obligation at 31st March 2017 is 12.16 years, (as at 31st March 2016: 12.29 years; as at 1st April 2015: 12.10 years).

**Projected Plan Cash Flow :**

The table below shows the expected cash flow profile of the benefits to be paid to the current membership of the plan based on past service of the employees as at the valuation date :

(₹ in Crore)

| Maturity Profile | 2016-2017 | 2015-2016 | 2014-2015 |
|---|---|---|---|
| Expected benefits for year 1 to 3 | 16.38 | 14.01 | 14.75 |
| Expected benefits for year 4 to 6 | 7.96 | 10.83 | 11.14 |
| Expected benefits for year 7 and above | 26.63 | 23.78 | 24.76 |

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# Consolidated Notes to the Financial Statements

for the year ended 31st March 2017

## 29. FINANCE COSTS

(₹ in Crore)

| | Year ended 31st March 2017 | Year ended 31st March 2016 |
|---|---|---|
| Interest on short term borrowings | 0.81 | 0.92 |
| Other borrowing costs | - | 0.09 |
| | **0.81** | **1.01** |

## 30. DEPRECIATION AND AMORTISATION EXPENSE

(₹ in Crore)

| | Year ended 31st March 2017 | Year ended 31st March 2016 |
|---|---|---|
| Depreciation of Property, Plant and Equipment pertaining to continuing operations (Note 5) | 38.50 | 40.07 |
| Depreciation of Investment property (Note 6) | 0.23 | 0.21 |
| Amortisation of Intangible assets (Note 7) | 8.16 | 5.34 |
| | **46.89** | **45.62** |

## 31. OTHER EXPENSES

(₹ in Crore)

| | Year ended 31st March 2017 | Year ended 31st March 2016 |
|---|---|---|
| Stores and Spares Consumed | 7.49 | 7.17 |
| Power, fuel and Electricity | 13.36 | 15.77 |
| Repairs and Maintenance: | | |
| Buildings | 0.62 | 1.01 |
| Plant & Equipment | 4.30 | 3.81 |
| Others | 2.43 | 2.29 |
| Excise duty paid | 0.60 | 1.19 |
| Brokerage and Commission | 6.54 | 2.75 |
| Rent | 9.76 | 9.84 |
| Lease Rentals | 2.19 | 3.11 |
| Insurance | 1.92 | 1.70 |
| Bad debts | 0.91 | 0.09 |
| Allowance for Doubtful Debts/Advances | 6.14 | (2.46) |
| Rates and Taxes | 1.70 | 6.83 |
| Advertisement and Sales Promotion Expenses | 4.39 | 1.89 |
| Travelling | 13.04 | 12.85 |
| Loss on sale of assets | - | 0.13 |
| Carriage and Freight | 17.18 | 15.55 |
| Director Sitting Fees | 0.14 | 0.09 |
| Printing & Stationery | 0.83 | 0.89 |
| Postage, Telephone and Fax | 2.77 | 2.66 |
| Warranty Expenses | 8.59 | 7.18 |
| Legal, Professional and Consultancy Charges | 14.11 | 17.27 |
| Exchange Fluctuation - Loss (net) | 0.25 | - |
| Impairment of Goodwill on Consolidation | - | 0.20 |
| Contracting Expenses | 21.86 | 18.71 |
| Miscellaneous Expenses | 29.80 | 25.30 |
| | **170.92** | **155.82** |

# Consolidated Notes to the Financial Statements

for the year ended 31st March 2017

### 31. OTHER EXPENSES (CONTD.)

(₹ in Crore)

| | Year ended 31st March 2017 | Year ended 31st March 2016 |
|---|---|---|
| **31A Expenditure incurred on corporate social responsibility activities** | | |
| **(1) Gross amount required to be spent by the company during the year** | 3.69 | 3.53 |
| **(2) Amount spent during the year on** | | |
| (i) Construction/acquisition of any asset | - | - |
| (ii) On purposes other than (i) above | - | - |
| **31B (b) Direct operating expenses arising from investment property** | | |
| Direct expenses arising from investment property that generated rental income during the year | 0.50 | 0.37 |
| Direct expenses arising from investment property that did not generate rental income during the year | - | - |

### 32. EXCEPTIONAL ITEMS

(₹ in Crore)

| | Year ended 31st March 2017 | Year ended 31st March 2016 |
|---|---|---|
| Profit on sale of assets (Note 1) | 16.35 | 33.96 |
| **Total exceptional income (A)** | **16.35** | **33.96** |
| Impairment of Assets | - | (5.39) |
| Employee separation cost (note 2) | (4.39) | (1.73) |
| Allowance for Inventory devaluation | (1.38) | - |
| Employee Pension Scheme (note 3) | (4.60) | - |
| **Total exceptional expenditure (B)** | **(10.37)** | **(7.12)** |
| **Exceptional items (net) (A-B)** | **5.98** | **26.84** |

1) Profit on sale of assets includes sale of some of company's immovable properties.

2) During the year, Company shifted operations of one of its plants from Gummidipoondi to Ranipet to achieve efficiencies in operations. The work force at Gummidipoondi was offered compensation for separation.

3) The company had employees in its branch in UK. The Company used to make yearly provision on regular basis towards the pension liability of these employees. During the year, Company decided to buy out the future liability by taking annuities to secure the pension.

# Consolidated Notes to the Financial Statements

for the year ended 31st March 2017

## 33. INCOME TAXES RELATING TO CONTINUING OPERATIONS

(₹ in Crore)

| | Year ended 31st March 2017 | Year ended 31st March 2016 |
|---|---|---|
| **33A Tax expense recognised in the Statement of Profit and Loss** | | |
| **Current tax** | | |
| In respect of current year | 69.77 | 86.57 |
| **Total current tax** | **69.77** | **86.57** |
| Deferred tax | | |
| In respect of current year | (1.75) | 6.95 |
| **Total deferred income tax (credit) / expense** | **(1.75)** | **6.95** |
| **Total income tax expense** | **68.02** | **93.52** |

**The income tax expense for the year can be reconciled to the accounting profit as follows:**

| | Year ended 31st March 2017 | Year ended 31st March 2016 |
|---|---|---|
| **Profit before tax (Continuing & Discontinued business)** | **248.66** | **293.48** |
| Income tax expenses calculated at 34.608% (previous year 34.608%) | 86.06 | 101.57 |
| **Differences due to:** | | |
| Expenses not deductible for tax purposes (14A disallowance) | 0.04 | 0.28 |
| Income exempt from Income taxes (Dividend) | (0.14) | (1.14) |
| Notional income on account of fair value of investments | (6.07) | - |
| Standard deduction for Rent Income | (0.07) | (0.05) |
| Weighted Deduction u/s 35(2AB) | (9.42) | (7.71) |
| Tax on long term investments | (2.43) | - |
| Tax on Discontinued Operations | 0.02 | 0.92 |
| Others | 0.03 | (0.35) |
| **Total income tax expense** | **68.02** | **93.52** |

| | Year ended 31st March 2017 | Year ended 31st March 2016 |
|---|---|---|
| **33B Income tax recognised in other comprehensive income** | | |
| **Current tax** | | |
| Re-measurement of defined benefit obligation | 0.35 | 0.52 |
| **Total deferred income tax expense** | **0.35** | **0.52** |

# Consolidated Notes to the Financial Statements

for the year ended 31st March 2017

## 34. RISK MANAGEMENT

### 34A Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the returns to stakeholders. The company has no borrowings, except cash credit facilities.

### 34B Financial instruments

The significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income & expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are as disclosed in note no. 8, 9 & 18 to financial statements.

(₹ in Crore)

| | As at 31st March 2017 | As at 31st March 2016 | As at 1st April 2015 |
|---|---|---|---|
| **Financial assets** | | | |
| **Measured at fair value through profit or loss (FVTPL)** | | | |
| Mutual fund | 410.90 | 358.24 | 293.08 |
| Derivative financial instruments | 0.40 | 0.20 | - |
| **Measured at amortised cost @** | | | |
| Cash and bank balances | 12.89 | 21.16 | 35.76 |
| Trade receivable | 270.20 | 200.60 | 231.41 |
| Security Deposits | 13.20 | 8.91 | 10.06 |
| Margin Money | 1.66 | 1.29 | 1.84 |
| Fixed Deposit with Financial Institution | 21.55 | 75.85 | 25.00 |
| Others | 8.17 | 6.78 | 5.51 |
| **Financial liabilities** | | | |
| **Measured at Fair value through profit or loss (FVTPL)** | | | |
| Derivative financial instruments | 0.27 | - | 0.12 |
| **Measured at amortised cost @** | | | |
| Trade payable | 219.85 | 194.07 | 184.63 |
| Unpaid dividends | 2.67 | 2.47 | 1.69 |
| Deposits from Dealers | 7.68 | 4.59 | 4.01 |
| Capital Creditors | 5.07 | 5.70 | 5.18 |
| Provision for interest on MSMED | 1.34 | 2.72 | 3.10 |
| Employee Benefits payable | 7.52 | 8.59 | 6.53 |
| Others - Provision for Bonus, Commission etc. | 7.70 | 7.50 | 5.46 |

@ The management considers that the carrying amount of financials assets & financial liabilities recognised in the financial statement approximate their fair values.

### 34C Financial and liquidity risk management objectives

i) The Company has a very conservative policy on investing surplus funds. The investments are in debt schemes of mutual funds and fixed deposits with banks and financial institutions. Highest rated portfolios of the mutual funds are selected with high liquidity.

ii) The average payment terms of creditors (trade payables) is 76 days. In case of MSMED creditors the payment terms are within 45 days. Other financial liabilities viz. employee payments, dealer deposits are payable within one year.

iii) Trade receivables are secured against letters of credit, bank guarantees and security deposits. At the end of the year, there is no significant concentration of credit risk for trade receivables as only three parties constitutes more than 5% of the total outstanding amount and is fully secured by letter of credit.

iv) Of the total outstanding as at reporting date, 70% of the total debts are secured receivables. In case of unsecured receivables the company has a credit policy where the provision for debts outstanding is made based on provision matrix to compute the expected credit loss allowance taking into account historical experience of customers and the credit limit as determined by the management.

v) The products of the company under engine segment include application of engines in farm equipment and gensets. The products under engine segment includes products traded by International Business and After Market Business.

# Consolidated Notes to the Financial Statements

for the year ended 31st March 2017

## 34. RISK MANAGEMENT (CONTD.)

### 34D Foreign currency risk management

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 uses foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and forecasted transactions for amounts in excess of natural hedge available on export realisations against import payments. The Company does not use forward contracts for speculative purposes.

The carrying amounts of the Company's foreign currency denominated monetary assets and liabilities at the end of the reporting period are as follows.

(₹ in Crore)

| | Assets | | | Liabilities | | |
|---|---|---|---|---|---|---|
| | As at 31st March 2017 | As at 31st March 2016 | As at 1st April 2015 | As at 31st March 2017 | As at 31st March 2016 | As at 1st April 2015 |
| USD | 19.59 | 10.90 | 5.87 | 0.41 | 0.32 | 0.31 |
| EUR | 0.92 | 0.88 | 0.28 | - | - | 0.25 |

(i) This is mainly attributable to the exposure outstanding on foreign currency receivables and payables in the Company at the end of the reporting period.

(ii) The company hedges its net exposure in foreign currencies and as such the profit or loss of the company is not subject to foreign exchange fluctuation.

### 34E Credit risk management

The company has credit policy for its trade receivables. To minimise the risk company takes letters of credit, bank guarantees and security deposits from the customers based on the credit worthiness. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

### 34F Fair value measurements

This note provides information about how the Company determines fair value of various financial asset and financial liabilities.

(a) Fair value of the Company`s financial assets and financial liabilities that are measured at fair value on recurring basis:

Some of Company financial asset and financial liabilities are measured at fair value at end of the reporting period.
The following table gives information about how the fair value of these financial assets and liabilities are determined

(₹ in Crore)

| Financial asset / Financial liabilities | Fair values | | | Fair value hierarchy | Valuation technique and key input |
|---|---|---|---|---|---|
| | As at 31st March 2017 | As at 31st March 2016 | As at 1st April 2015 | | |
| **Financial assets** | | | | | |
| Mutual fund | 410.90 | 358.24 | 293.08 | Level 1 | |
| Derivative financial instruments | 0.40 | 0.20 | - | Level 2 | Discounted Cash Flows used by Banks for Mark to Market |
| **Financial Liabilities** | | | | | |
| Derivative financial instruments | 0.27 | - | 0.12 | Level 2 | Discounted Cash Flows used by Banks for Mark to Market |

# Consolidated Notes to the Financial Statements

for the year ended 31st March 2017

## 35. SEGMENT INFORMATION

**Segment Identification:**

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

**Reportable Segments:**

Reportable segments have been identified as per the aggregation criteria specified in Ind AS-108:'Operating Segments'

**Segment Composition:**

1. Engines include application of engines in farm equipment and gensets.
2. Others include products traded by International Business and After Market Business.

**Operating segments:**

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

The expenses and incomes which are not directly attributable to the business segments are shown as central administration costs. Unallocated assets mainly comprise of investments, cash and bank balances, advance tax and unallocated liabilities mainly include tax provisions and provisions for employee retirement benefits.

### 35A Segment revenue and results

The following is an analysis of the companies revenue and results from continuing operations by reportable segment.

(₹ in Crore)

| | Segment revenue | | Segment profit | |
|---|---|---|---|---|
| | Year ended 31st March 2017 | Year ended 31st March 2016 | Year ended 31st March 2017 | Year ended 31st March 2016 |
| Engines | 1,756.48 | 1,745.75 | 270.95 | 297.65 |
| Others | 62.79 | 57.09 | 4.85 | 1.76 |
| **Total for continuing operations** | 1,819.27 | 1,802.83 | 275.80 | 299.41 |
| Other Income | | | 48.99 | 70.14 |
| Central administration costs | | | (71.83) | (72.40) |
| Finance costs | | | (0.81) | (1.01) |
| **Profit before tax continuing operations** | | | **252.16** | **296.14** |

Segment revenue reported above represents revenue generated from external customers.

Segment profit represents the profit before tax earned by each segment without allocation of central administration costs , investment income, other gains and losses, as well as finance costs.

### 35B Segment assets and liabilities

(₹ in Crore)

| Segment assets | Year ended 31st March 2017 | Year ended 31st March 2016 | As at 1st April 2015 |
|---|---|---|---|
| Engines | 681.07 | 597.92 | 646.23 |
| Others | 31.85 | 20.66 | 37.78 |
| **Total segment assets** | **712.92** | **618.59** | **684.00** |
| Assets related to manufacturing operations of Construction Equipment (Infrastructure) Business (now discontinued) | 8.98 | 19.93 | 20.15 |
| Unallocated | 521.55 | 538.98 | 420.90 |
| **Total Assets** | **1,243.45** | **1,177.49** | **1,125.05** |

# Consolidated Notes to the Financial Statements

for the year ended 31st March 2017

## 35. SEGMENT INFORMATION (CONTD.)

(₹ in Crore)

| Segment liabilities | Year ended 31st March 2017 | Year ended 31st March 2016 | As at 1st April 2015 |
|---|---|---|---|
| Engines | 233.27 | 201.42 | 199.92 |
| Others | 16.52 | 9.12 | 16.27 |
| **Total segment liabilities** | **249.79** | **210.54** | **216.19** |
| Liabilities related to manufacturing operations of Construction Equipment (Infrastructure) Business (now discontinued) | - | - | - |
| Unallocated | 68.37 | 75.82 | 53.63 |
| **Total liabilities** | **318.16** | **286.36** | **269.82** |

All assets as identified to the reportable segment are shown under respective segment. Assets such as investments and income tax receivables are not allocable to reportable segment.

All liabilities as identified to the reportable segment are shown under respective segment. Liabilities such as employee benefits arising on actuarial valuation and income tax liabilities are not allocable to reportable segment.

### 35C Other segment information

(₹ in Crore)

| | Depreciation and amortisation | | Additions to non-current assets | |
|---|---|---|---|---|
| | Year ended 31st March 2017 | Year ended 31st March 2016 | Year ended 31st March 2017 | Year ended 31st March 2016 |
| Engines | 41.49 | 40.95 | 47.15 | 16.03 |
| Others | - | - | 0.04 | 0.01 |
| Unallocable | 5.40 | 4.67 | 7.56 | 1.64 |
| | **46.89** | **45.62** | **54.75** | **17.68** |

In addition to the depreciation and amortisation reported above, impairment losses of ₹ Nil (2016: ₹ 5.39 crore). ₹ Nil (2016: ₹ 2.04 crore, ₹ 3.14 crore and ₹ 0.21 crore) were recognised in respect of freehold building, property, plant and equipment and furniture and fixture, respectively. These impairment losses were attributable to the following reportable segments.

**Impairment losses recognised for the year in respect of property, plant and equipment:**

(₹ in Crore)

| | Year ended 31st March 2017 | Year ended 31st March 2016 |
|---|---|---|
| Engines | - | 5.39 |
| Others | - | - |
| | **-** | **-** |

### 35D Geographical information

The company's revenue from continuing operations from external customers by location of operations and information about its non-current assets* by location of assets are detailed below.

(₹ in Crore)

| | Revenue from external customers | | Non-current assets* | | |
|---|---|---|---|---|---|
| | Year ended 31st March 2017 | Year ended 31st March 2016 | Year ended 31st March 2017 | Year ended 31st March 2016 | As at 1st April 2015 |
| Domestic | 1,747.45 | 1,739.93 | 312.52 | 317.67 | 338.93 |
| Overseas | 71.82 | 62.90 | - | 0.09 | 0.04 |
| | **1,819.27** | **1,802.83** | **312.52** | **317.76** | **338.97** |

# Consolidated Notes to the Financial Statements

for the year ended 31st March 2017

## 36. DISCONTINUED OPERATIONS

### 36A Plan to dispose of the manufacturing operations of Construction Equipment (Infrastructure) Bussiness

On 18th September 2014, the Company discontinued manufacturing operations of Construction Equipment (Infrastructure) business due to non-viability and accordingly the related assets are disclosed as assets held for sale.

### 36B Analysis of profit for the year from discontinued operations

The result of the discontinued operations included in the profit for the year are set out below. The comparative profit and cash flows from discontinued operations have been presented as if these operations were discontinued in the prior years as well.

(₹ in Crore)

| | Year ended 31st March 2017 | Year ended 31st March 2016 |
|---|---|---|
| **Loss for the year from discontinued operations** | | |
| Revenue | - | 1.16 |
| Other gains | 0.33 | 0.06 |
| | **0.33** | **1.22** |
| Depreciation | - | 1.45 |
| Other miscellaneous expenses | 0.39 | 2.43 |
| Impairment on assets held for sale | 3.44 | - |
| **Loss from discontinued operations before tax** | **(3.50)** | **(2.66)** |
| Tax expense of discontinued operations | 0.02 | 0.92 |
| **Loss from discontinued operations (after tax)** | **(3.48)** | **(1.74)** |
| **Loss from discontinued operations attributable to owners of the company** | **(3.48)** | **(1.74)** |

(₹ in Crore)

| | Year ended 31st March 2017 | Year ended 31st March 2016 |
|---|---|---|
| Cash flow from discontinued operations | | |
| Net cash (outflows)/inflows from operating activities | (1.06) | 0.10 |
| Net cash inflows/(outflows) from investing activities | 7.50 | (1.28) |
| Net cash (outflows)/inflows from financing activities | (6.44) | 0.94 |
| **Net cash inflow/(outflow)** | **0.01** | **(0.24)** |

The manufacturing operations of Construction Equipment (Infrastructure) Business has been classified and accounted for as at 31st March 2017 as assets held for sale (see note 15).

# Consolidated Notes to the Financial Statements

for the year ended 31st March 2017

## 37. EARNINGS PER SHARE

| | Year ended 31st March 2017 | Year ended 31st March 2016 |
|---|---|---|
| **Basic / Diluted earnings per share** | | |
| From continuing operations attributable to the owners of the company | 7.54 | 8.30 |
| From discontinued operation | (0.14) | (0.07) |
| **Total basic earnings per share attributable to the owners of the company** | **7.40** | **8.23** |

**Basic / Diluted earnings per share**

The earnings and weighted average number of equity share used in the calculations of basic earnings per share are as follows.

(₹ in Crore)

| | Year ended 31st March 2017 | Year ended 31st March 2016 |
|---|---|---|
| Profit for the year atributable to the owners of the company | 180.66 | 200.88 |
| **Earnings used in the calculation of basic earning per share** | **180.66** | **200.88** |
| Loss for the year from discontinued operations attributable to the owners of the company | (3.48) | (1.74) |
| **Earnings used in the calculation of basic earnings per share from continuing operations** | **184.14** | **202.62** |

| | Year ended 31st March 2017 | Year ended 31st March 2016 |
|---|---|---|
| Weighted average number of equity shares for the purpose of basic / diluted earnings per share | 24,42,06,795 | 24,42,06,795 |

## 38. RELATED PARTY TRANSACTIONS

**38A List of related parties :**

| | |
|---|---|
| Bharat Starch Products Limited | Associate Company |
| DBH Consulting Limited | Associate Company |
| DBH Global Holdings Limited | Associate Company |
| DBH International Private Limited | Associate Company |
| DBH Investments Private Limited | Associate Company |
| DBH Stephan Limited | Associate Company |
| EICL Limited | Associate Company |
| Karun Carpets Private Limited | Associate Company |
| Pembril Industrial & Engineering Company Private Limited | Associate Company |
| Premium Stephan BV.,Netherlands | Associate Company |
| Premium Transmission Cooperatie UA | Associate Company |
| Premium Transmission Limited | Associate Company |

**38B Key Management Personnel :**

| | |
|---|---|
| Mr Nagesh A Basavanhalli | Managing Director & CEO from 27th September, 2016 |
| Mr Sunil Pahilajani | Managing Director & CEO upto 15th September, 2016 |
| Mr Narayan Barasia | Chief Financial Officer |
| Ms Monica Chopra | Executive Director - Legal & Company Secretary upto 25th December, 2016 |

**38C** Mr Karan Thapar, Chairman

# Consolidated Notes to the Financial Statements

for the year ended 31st March 2017

## 38. RELATED PARTY TRANSACTIONS (CONTD.)

### 38D Transactions with related parties

The following transactions occurred with the related parties:

(₹ in Crore)

| | Year ended 31st March 2017 | Year ended 31st March 2016 |
|---|---|---|
| **Sales and purchases of goods and services** | | |
| **Sale of goods and contract revenue** | | |
| Premium Transmission Ltd. | 0.01 | 0.01 |
| **Rendering of services/Reimbursement of expenses** | | |
| Premium Transmission Ltd. | 0.19 | 0.16 |
| **Flat given on rent** | | |
| Mr Akshay Pahilajani | 0.03 | 0.04 |
| **Receipt of services from other related parties** | | |
| Conexus Social Responsibility | 0.03 | - |
| **Other transactions** | | |
| **Commission and sitting fees to Chairman** | | |
| Mr Karan Thapar | 1.82 | 1.07 |
| **Rendering of services/Reimbursement of expenses** | | |
| DBH International Private Limited | 49.23 | 55.14 |
| Bharat Starch Products Limited | 6.89 | 7.71 |
| Karun Carpets Private Limited | 6.15 | 6.89 |

The following balances were outstanding as at end of the reporting period:

(₹ in Crore)

| | Amounts owed by related parties as at | | | Amounts owed to related parties as at | | |
|---|---|---|---|---|---|---|
| | 31st March 2017 | 31st March 2016 | 1st April 2015 | 31st March 2017 | 31st March 2016 | 1st April 2015 |
| Associate Companies | 0.03 | 0.03 | 0.04 | - | 0.12 | 0.12 |

During the year under review, the Company did not enter into any Material transaction (as defined in the Company's Policy on Related Party Transactions) with related parties. All other transactions of the Company with related parties were in the ordinary course of business and at an arm's length.

The amounts outstanding are unsecured and will be settled in cash. No amounts are written off / written back during the year (Previous Year Nil).

### 38E Compensation of key management personnel

The remuneration of directors and other members of the key management personnel during the year were as follows:

(₹ in Crore)

| | Year ended 31st March 2017 | Year ended 31st March 2016 |
|---|---|---|
| Short-term employee benefits | 5.38 | 5.18 |
| Post-employment benefits | 0.21 | 0.21 |
| Long-term employee benefits | 0.44 | 1.20 |
| Termination benefits | - | - |
| Employee share-based payment | - | - |
| | **6.03** | **6.59** |
| Deposit paid on behalf of MD | 0.75 | 0.20 |

**Notes :**

1. The remuneration of directors and key executives is determined by the remunertion committee having regard to the performance of individuals and market trends.
2. Transactions when rounded off are lower than ₹ 1 lac, have not been disclosed in the above details.

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# Consolidated Notes to the Financial Statements

for the year ended 31st March 2017

## 39. CONTINGENT LIABILITES AND CONTINGENT ASSETS

(₹ in Crore)

| | As at 31st March 2017 | As at 31st March 2016 | As at 1st April 2015 |
|---|---|---|---|
| a) Sales Tax liability that may arise in respect of matters in appeal | 9.16 | 4.23 | 11.04 |
| b) Sales Tax Liability that may arise on account of uncollected 'C' Forms | 1.70 | 2.53 | 3.50 |
| c) Excise Duty liability that may arise in respect of matters in appeal | 5.43 | 7.63 | 3.94 |
| d) Claims made against the Company, not acknowledged as debts | 55.09 | 40.32 | 44.53 |
| e) Bonds executed in favour of Collector of Customs / Central Excise | 11.62 | 11.59 | 11.79 |
| f) Wage demand not acknowledged by the Company in respect of matter in appeal | 1.49 | 1.20 | 1.43 |

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 (d) and (f) above, pending resolution of the appellate proceedings.

## 40. COMMITMENTS

(₹ in Crore)

| | As at 31st March 2017 | As at 31st March 2016 | As at 1st April 2015 |
|---|---|---|---|
| Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances). | 14.94 | 15.33 | 30.78 |

## 41. OPERATING LEASE ARRANGEMENTS

**41A Certain properties and vehicles are taken on non-cancellable operating lease by the company.**

(a) Payments recognised as an expense

(₹ in Crore)

| | Year ended 31st March 2017 | Year ended 31st March 2016 |
|---|---|---|
| Minimum lease payments | 2.26 | 3.11 |
| | **2.26** | **3.11** |

(b) Non-cancellable operating lease commitments

(₹ in Crore)

| | Year ended 31st March 2017 | Year ended 31st March 2016 |
|---|---|---|
| Not later than 1 year | 0.58 | 7.31 |
| Later than 1 year and not later than 5 years | - | 0.58 |
| | **0.58** | **7.89** |

**41B** The lease agreements provide an option to the company to renew the lease at the end of non-cancellable period. There are no exceptional / restrictive covenants in the lease agreements.

## 42. EXPENDITURE ON RESEARCH AND DEVELOPMENT

(₹ in Crore)

| | Year ended 31st March 2017 | Year ended 31st March 2016 |
|---|---|---|
| a) Revenue expenditure charged to Statement of Profit and Loss (Under Note Nos. 25, 28 & 31) | 19.99 | 20.87 |
| b) Capital Expenditure | 7.23 | 1.42 |
| | **27.22** | **22.29** |

# Consolidated Notes to the Financial Statements

for the year ended 31st March 2017

**43.** Short Term Finance facilities from Banks and Cash Credit facilities (Nil balance as at Balance Sheet date) are secured by hypothecation of all inventory, 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 ₹ 6.57 crore (previous year ₹ 2.49 crore) and ₹ 6.88 crore (previous year ₹ 3.14 crore) respectively.

**44.** i) The income tax assets (Net) under non current assets represents the diffrence between the advance taxes paid for past years net of provisions.

ii) The income tax liabilities (Net) under current liabilities represents the income tax liabilities for current and past years net of advance taxes paid.

**45. RECENT ACCOUNTING PRONOUNCEMENTS - STANDARDS ISSUED BUT NOT YET EFFECTIVE:**

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows' and Ind AS 102, 'Share-based payment'. These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IAS 7, 'Statement of cash flows' and IFRS 2, 'Share-based payment', respectively. The amendments are applicable to the company from 1st April 2017.

**Amendment to Ind AS 7:**

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconcilliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement.

The company is evaluating the requirements of the amendment and its effect on the financial statements.

**Amendment to Ind AS 102:**

The amendments to Ind AS 102 provides specific guidance to measurement of cash-settled awards, modification of cash-settled awards and awards that include a net settlement feature in respect of withholding taxes.

The company does not expect this amendment to have any impact on its financial statements.

# Consolidated Notes to the Financial Statements

for the year ended 31st March 2017

## 46. EFFECT OF IND AS ADOPTION ON THE BALANCE SHEET AS AT:

### 46A Reconciliation of Equity as at April 1, 2015

(₹ in Crore)

| | Notes to first time adoption | Previous GAAP | Adjustments | Ind AS |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **Non-current assets** | | | | |
| (a) Property, Plant and Equipment | (d) | 311.37 | (5.64) | 305.73 |
| (b) Capital work - in - progress | | 2.33 | - | 2.33 |
| (c) Investment Properties | (d) | - | 4.28 | 4.28 |
| (d) Goodwill | | 0.20 | - | 0.20 |
| (e) Intangible assets | | 14.76 | - | 14.76 |
| (f) Intangible assets under development | | 6.06 | - | 6.06 |
| (g) Financial Assets | | - | - | - |
| (i) Investments | | | | |
| (a) Other investments | | 0.01 | 0.03 | 0.04 |
| (ii) Other Financial Assets | | 7.48 | (0.26) | 7.22 |
| (h) Income Tax Assets (Net) | | 19.35 | - | 19.35 |
| (i) Other non - current assets | | 5.36 | 0.25 | 5.61 |
| **Total Non-current assets** | | **366.92** | **(1.34)** | **365.58** |
| **Current assets** | | | | |
| (a) Inventories | | 106.44 | - | 106.44 |
| (b) Financial Assets | | - | - | - |
| (i) Other investments | (b) | 292.53 | 0.51 | 293.04 |
| (ii) Trade receivables | | 231.41 | - | 231.41 |
| (iii) Cash and cash equivalents | | 14.07 | - | 14.07 |
| (iv) Bank balances other than (iii) above | | 21.69 | - | 21.69 |
| (v) Other financial assets | (e) | 35.38 | (0.19) | 35.19 |
| (c) Other current assets | | 37.48 | - | 37.48 |
| (d) Assets classified as held for sale | | 20.15 | - | 20.15 |
| **Total current assets** | | **759.15** | **0.32** | **759.47** |
| **Total assets** | | **1,126.07** | **(1.02)** | **1,125.05** |
| **EQUITY AND LIABILITIES** | | | | |
| **EQUITY** | | | | |
| (a) Equity Share capital | | 48.84 | - | 48.84 |
| (b) Other equity | | 774.23 | 32.16 | 806.39 |
| **Total equity** | | **823.07** | **32.16** | **855.23** |
| **LIABILITIES** | | | | |
| **Non-current liabilities** | | | | |
| (a) Provisions | | 10.38 | - | 10.38 |
| (b) Deferred tax liabilities (Net) | | 12.58 | (0.50) | 12.08 |
| **Total non-current liabilities** | | **22.96** | **(0.50)** | **22.46** |
| **Current liabilities** | | | | |
| (a) Financial Liabilities | | | | |
| (i) Trade payables | | 184.63 | - | 184.630 |
| (ii) Other financial liabilities | (e) | 26.22 | (0.13) | 26.09 |
| (b) Provisions | (a) | 40.09 | (32.15) | 7.94 |
| (c) Income Tax Liabilities (Net) | | 7.25 | - | 7.25 |
| (d) Other current liabilities | | 21.85 | (0.40) | 21.45 |
| **Total current liabilities** | | **280.04** | **(32.68)** | **247.36** |
| **Total liabilities** | | **303.00** | **(33.18)** | **269.82** |
| **Total equity and liabilities** | | **1,126.07** | **(1.02)** | **1,125.05** |

# Consolidated Notes to the Financial Statements

for the year ended 31st March 2017

## 46. EFFECT OF IND AS ADOPTION ON THE BALANCE SHEET AS AT: (CONTD.)

### 46B Reconciliation of Equity as at March 31, 2016

(₹ in Crore)

| | Notes to first time adoption | Previous GAAP | Adjustments | Ind AS |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **Non-current assets** | | | | |
| (a) Property, Plant and Equipment | (d) | 275.37 | (4.08) | 271.29 |
| (b) Capital work - in - progress | | 3.37 | - | 3.37 |
| (c) Investment Properties | (d) | - | 4.08 | 4.08 |
| (d) Goodwill | | 0.15 | (0.15) | - |
| (e) Intangible assets | | 11.99 | - | 11.99 |
| (f) Intangible assets under development | | 21.09 | - | 21.09 |
| (g) Financial Assets | | - | - | - |
| (i) Investments | | - | - | - |
| (a) Other investments | | 251.94 | 0.04 | 251.98 |
| (ii) Other Financial Assets | (c) | 6.53 | (0.13) | 6.40 |
| (h) Income Tax Assets (Net) | | 18.89 | - | 18.89 |
| (i) Other non - current assets | (c) | 5.82 | 0.12 | 5.94 |
| **Total Non-current assets** | | **595.15** | **(0.12)** | **595.03** |
| **Current assets** | | | | |
| (a) Inventories | | 108.13 | - | 108.13 |
| (b) Financial Assets | | - | - | - |
| (i) Other investments | (b) | 103.92 | 2.34 | 106.26 |
| (ii) Trade receivables | | 200.60 | - | 200.60 |
| (iii) Cash and cash equivalents | | 7.83 | - | 7.83 |
| (iv) Bank balances other than (iii) above | | 13.33 | - | 13.33 |
| (v) Other financial assets | (e) | 86.45 | 0.18 | 86.63 |
| (c) Other current assets | | 39.75 | - | 39.75 |
| (d) Assets classified as held for sale | | 19.93 | - | 19.93 |
| **Total current assets** | | **579.94** | **2.52** | **582.46** |
| **Total assets** | | **1,175.09** | **2.40** | **1,177.49** |
| **EQUITY AND LIABILITIES** | | | | |
| **EQUITY** | | | | |
| (a) Equity Share capital | | 48.84 | - | 48.84 |
| (b) Other equity | | 810.79 | 31.50 | 842.29 |
| **Total equity** | | **859.63** | **31.50** | **891.13** |
| **LIABILITIES** | | | | |
| **Non-current liabilities** | | | | |
| (a) Provisions | | 7.85 | - | 7.85 |
| (b) Deferred tax liabilities (Net) | | 18.68 | 0.35 | 19.03 |
| **Total non-current liabilities** | | **26.53** | **0.35** | **26.88** |
| **Current liabilities** | | | | |
| (a) Financial Liabilities | | | | |
| (i) Trade payables | | 194.07 | - | 194.07 |
| (ii) Other financial liabilities | (e) | 31.44 | 0.13 | 31.57 |
| (b) Provisions | (a) | 39.53 | (29.58) | 9.95 |
| (c) Income Tax Liabilities (Net) | | 7.90 | - | 7.90 |
| (d) Other current liabilities | | 15.99 | - | 15.99 |
| **Total current liabilities** | | **288.93** | **(29.45)** | **259.48** |
| **Total liabilities** | | **315.46** | **(29.10)** | **286.36** |
| **Total equity and liabilities** | | **1,175.09** | **2.40** | **1,177.49** |

# Consolidated Notes to the Financial Statements

for the year ended 31st March 2017

## 46. EFFECT OF IND AS ADOPTION ON THE BALANCE SHEET AS AT: (CONTD.)

### 46C Reconciliation of total equity as at 31st March 2016 and 1st April 2015:

(₹ in Crore)

| | Notes to first time adoption | 31st March 2016 | 1st April 2015 |
|---|---|---|---|
| **Total equity (shareholder's funds) as per previous GAAP** | | 859.63 | 823.07 |
| Adjustments: | | - | - |
| Reversal of proposed ordinary dividends payable | (a) | 29.53 | 32.48 |
| Fair valuation of Investment | (b) | 1.86 | 0.52 |
| Fair valuation of interest free loan and deposits given | (c) | (0.01) | (0.01) |
| Marked to Market of Forward as per IGAAP and Ind As | (e) | 0.18 | 0.07 |
| Depreciation due to Componetisation of Fixed assets | | - | (1.36) |
| Loss on impairment of goodwill | | (0.15) | - |
| Tax Adjustments | | 0.09 | 0.46 |
| **Total adjustments** | | **31.50** | **32.16** |
| **Total equity as per Ind AS** | | **891.13** | **855.23** |

### 46D Reconciliation of Total comprehensive income for the year ended 31st March 2016

| | Notes to first time adoption | Previous GAAP | Adjustments | Ind AS |
|---|---|---|---|---|
| **Income** | | | | |
| Revenue from Operations | (b,c) | 1,618.85 | 183.98 | 1,802.83 |
| Other Income | | 45.53 | 2.97 | 48.50 |
| **Total income** | | **1,664.38** | **186.95** | **1,851.33** |
| **Expenses** | | | | |
| Cost of materials consumed | | 992.55 | (6.75) | 985.80 |
| Purchases of Stock-in-Trade | | 64.83 | - | 64.83 |
| Changes in inventories of finished goods, Stock-in-Trade and work-in progress | | (13.17) | - | (13.17) |
| Excise duty | | - | 186.74 | 186.74 |
| Employee benefits expense | (f) | 154.71 | 0.67 | 155.38 |
| Finance costs | | 1.01 | - | 1.01 |
| Depreciation and amortization expense | | 45.71 | (0.09) | 45.62 |
| Other expenses | | 150.81 | 5.01 | 155.82 |
| **Total expenses** | | **1,396.45** | **185.58** | **1,582.03** |
| **Profit before exceptional items and tax** | | 267.93 | 1.37 | 269.30 |
| Exceptional Items | | 25.22 | 1.62 | 26.84 |
| **Profit before tax** | | **293.15** | **2.99** | **296.14** |
| **Tax expense** | | | | |
| Current tax | | 86.17 | 0.40 | 86.57 |
| Deferred tax charge/(credit) | (f) | 6.57 | 0.38 | 6.95 |
| **Profit from continuing operations after tax** | | **200.41** | **2.21** | **202.62** |
| **Loss from discontinued operations** | | - | (2.66) | (2.66) |
| **Tax expense of discontinued operations** | | - | 0.92 | 0.92 |
| **Loss from discontinued operations after tax** | | **-** | **(1.74)** | **(1.74)** |
| **Profit for the year (A)** | | **200.41** | **0.47** | **200.88** |
| **Other Comprehensive Income** | | | | |
| **Items that will not be reclassified to profit or loss** | | | | |
| Remeasurements of net defined benefit plans | (f) | - | 1.51 | 1.51 |
| Income tax relating to items that will not be reclassified to profit or loss | (f) | - | (0.52) | (0.52) |
| Exchange differences on translation of Foreign Operations | (f) | | (0.61) | (0.61) |
| **Other Comprehensive Income for the year (B)** | | **-** | **0.38** | **0.38** |
| **Total Comprehensive Income for the year (A+B)** | | **200.41** | **0.85** | **201.26** |

# Consolidated Notes to the Financial Statements

for the year ended 31st March 2017

## 46. EFFECT OF IND AS ADOPTION ON THE BALANCE SHEET AS AT: (CONTD.)

### 46E Reconciliation of total compehensive income for the year ended 31st March 2016:

(₹ in Crore)

| | Notes to first time adoption | 31st March 2016 |
|---|---|---|
| **Profit after tax as reported under previous GAAP** | | **200.41** |
| ADD : Interest Income due to fair valuation of interest free security deposit given | (c) | 0.13 |
| (LESS)/ ADD : Effect of measuring investments at fair value through Profit & Loss account | (b) | 1.86 |
| (LESS)/ ADD : Effect of measuring forward contract at fair value | (e) | 0.11 |
| LESS : Rent expense: Prepaid Rent due to fair value of interest free security deposit amortised | (c) | (0.13) |
| LESS : Reclassification of actuarial gains/ losses, arising in respect of employee benefit schemes, to Other Comprehensive Income (OCI) | (f) | (1.51) |
| ADD/ (LESS) : Tax Adjustment on above items | | 0.16 |
| Less: Impairment of Goodwill and reversal of amortisation of goodwill | | (0.15) |
| **Total Ind AS Adjustments** | | 0.47 |
| **Profit after Tax as reported under Ind AS** | | 200.88 |
| ADD : Other Comprehensive Income (net of tax) | | 0.38 |
| **Total Comprehensive Income as reported under Ind AS** | | **201.26** |

### 46F Adjustments to Statement of Cash flows

There were no material differences between the Statement of Cash Flows presented under Ind AS and the previous GAAP.

### 46G Notes to first time adoption

(a) Under the previous GAAP, dividends proposed by the Board of Directors after the balance sheet date but before the approval of the financial statements were considered as adjusting events. Accordingly, provision for proposed dividend was recognised as a liability. Under Ind AS, such dividends are recognised when the same is approved by the Shareholders in the general meeting. Accordingly, the liability for proposed dividend of ₹ 29.53 crore as at 31st March 2016 (1st April 2015 - ₹ 32.15 crore) included under provisions has been reversed with corresponding adjustment to retained earnings. Consequently, the total equity increased by an equivalent amount.

(b) Under the previous GAAP, investments in equity instruments and mutual funds were classified as long-term investments or current investments based on the intended holding period and realisability. Long-term investments were carried at cost less permanent diminution in the value of such investments. Current investments were carried at lower of cost and fair value. Under Ind AS, these investments are required to be measured at fair value. The resulting fair value changes of these investments have been recognised in retained earnings as at the date of transition and subsequently in the profit or loss for the year ended 31st March 2016. This increased the retained earnings by ₹ 1.86 crore as at 31st March 2016 (1st April 2015 - ₹ 0.52 crore).

(c) Under the previous GAAP, interest free lease security deposits (that are refundable in cash on completion of the lease term) are recorded at their transaction value. Under Ind AS, all financial assets are required to be recognised at fair value. Accordingly, the Company has fair valued these security deposits and under Ind AS. Difference between the fair value and transaction value of the security deposit has been recognised as prepaid rent. Consequent to this change, the amount of security deposits decreased by ₹ 0.13 crore as at 31st March 2016 (1st April 2015 - ₹ 0.26 crore). The prepaid rent increased by ₹ 0.12 crore as at 31st March 2016 (1st April 2015 - ₹ 0.25 crore). Total equity decreased by ₹ 0.01 crore as on 1st April 2015. The profit for the year and total equity as at 31st March 2016 decreased by ₹ 0.01 crore due to amortisation of the prepaid rent of ₹ 0.13 crore which is partially off-set by the notional interest income of ₹ 0.12 crore recognised on security deposits.

(d) Under Ind AS, investment property is required to be presented separately in the balance sheet and depreciation is charged on it. Accordingly, the carrying value of investment property as at 1st April 2015 of ₹ 4.28 crore and as at 31st March 2016 of ₹ 4.08 crore under previous GAAP has been reclassified to a separate line item on the face of the balance sheet. The Company has opted for the deemed cost exemption available to it in accordance with Ind AS 101. There was no impact on total equity or total comprehensive income due to this adjustment.

# Consolidated Notes to the Financial Statements

for the year ended 31st March 2017

### 46. EFFECT OF IND AS ADOPTION ON THE BALANCE SHEET AS AT: (CONTD.)

e) Under the previous GAAP, the premium or discount arising at the inception of forward exchange contracts entered into to hedge an existing asset / liability, is amortised as expense or income over the life of the contract. Exchange differences on such a contract are recognised in the statement of profit and loss in the reporting period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such a forward exchange contract is recognised as income or as expense for the period.

Forward exchange contracts outstanding as at the year-end on account of firm commitment / highly probable forecast transactions are marked to market and the losses, if any are recognised in the statement of profit and loss and gains are ignored in accordance with the announcement by the Institute of Chartered Accountants of India on “Accounting for Derivatives” issued in March 2008.

Under Ind AS 109, derivatives which are not designated as hedging instruments are fair valued with resulting changes being recognised in statement of profit and loss. Consequent to this adjustment, the equity of the company increased by ₹ 0.18 crore as at 31st March 2016 (increased by ₹ 0.07 crore as at 1st April 2015).

f) Under Ind AS 19, remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of statement of profit and loss. Under the previous GAAP, these remeasurements were forming part of the statement of profit and loss for the year. As a result of this change, the Statement of profit for the year ended 31st March 2016 decreased by ₹ 0.99 crore (Net of tax). There is no impact on the total equity as at 31st March 2016.

Under Ind AS, all items of income and expense recognised in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss but are shown in the statement of profit and loss as ‘other comprehensive income’ includes remeasurements of defined benefit plans. The concept of other comprehensive income did not exist under previous GAAP.

For and on behalf of the Board

**Kewal Handa**
Director

**Narayan Barasia**
Chief Financial Officer
Mumbai, 4th May 2017

**Amit K. Vyas**
Company Secretary & Head Legal

**Nagesh Basavanhalli**
Managing Director & CEO

# Information on Subsidiary Companies

(₹ in Crore)

| Name of the Entity | Financial Year ended 31st March 2017 | | | |
|---|---|---|---|---|
| | Net Assets | | Share in Profit or Loss | |
| | As % of Consolidated net assets | ₹ Crore | As % of Consolidated profit or loss | ₹ Crore |
| a) Indian | | | | |
| Greaves Cotton Limited | 99.50% | 920.68 | 100.16% | 181.61 |
| Greaves Leasing Finance Limited | 0.47% | 4.33 | 0.06% | 0.10 |
| Dee Greaves Limited | 0.02% | 0.23 | 0.01% | 0.01 |
| b) Foreign | | | | |
| Greaves Cotton Middle East FZC | 0.01% | 0.05 | -0.22% | (0.40) |
| Minority Interest in all subsidiaries Associates (Investment as per the equity methods) | Nil | Nil | Nil | Nil |

For and on behalf of the Board

**Kewal Handa**
Director

**Narayan Barasia**
Chief Financial Officer
Mumbai, 4th May 2017

**Amit K. Vyas**
Company Secretary & Head Legal

**Nagesh Basavanhalli**
Managing Director & CEO

GREAVES
SINCE 1859

**Greaves Cotton Limited**